



22 July 20

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Department of Environment, Land, Water and Planning

Via email: tess.hutton@delwp.vic.gov.au

ECONOMICS FINANCIAL RISK MANAGEMENT - PROPOSED OPTIONS.

Dear Tess,

The Victorian Waste Management Association (VWMA) is a not-for-profit association representing Victorian waste recycling businesses. The VWMA operates as a subsidiary of the Victorian Transport Association. The VWMA has 120 business members, ranging from small, family owned and operated companies to multinational corporations. The VWMA represents;

- Waste collection specialists, operating more than 5,000 waste trucks on Victorian roads.
- large waste management providers with turnovers in excess of \$100 million each in Victoria.
- A membership with a total member turnover in excess of \$2 billion.

VWMA commit to the high standards in regard to protecting Victorian communities, workers and the environment.

Thank you for the opportunity to comment on the *Centre for International Economics Financial Risk Management – Proposed Options*. Unfortunately, you will note from our following response that we are not in favour of the options presented, and cannot support their implementation.

The VWMA note recent high costs clean-ups in Stawell, Lara and Coolaroo. However, the issue of cost and rehabilitation cannot be left to the compliant members of the industry to compensate. We strongly oppose the suggested options and are pleased to elaborate on the specific issues as below;

Option 1: A direct penalty on upstream duty holders sending waste to unlawful or non-compliant operators

The VWMA does not support an upstream levy on duty holders.

- The VWMA does not support this option as it directly penalises compliant operators should they be unknowingly coerced into providing services to a rogue operation.
- An example of this is the way upon which Councils manage their kerbside contracts whereby the operator is instructed where to deliver types of waste collected.
- The compliant operator has no option but to adhere to the terms of the contract and follow the Councils directives.

- The option does not clearly define or delineate between a rogue operator and a compliant operator nor does it define a lawful place.
- As there are already penalties in place for any operator that breaks the law it is important to note that the industry will not self-regulate in a competitive environment.

The industry would not accept this option and would see it as a discrimination towards compliant operators.

Option 2: Stockpile levy

The VWMA does not support a stockpile levy.

- Many products are stockpiled for a number of economic reasons including, saleable quantities, ongoing confirmation of supply, market demand or even developing markets.
- To then place an additional financial burden upon the operator as an impost on a stockpile that is already incurring specific cost to control would not be acceptable.
- A stockpile levy would not control the management rather it would just increase cost.
- It will not reduce waste generation.
- The structural management of stockpiles including a stockpile management plan would have a far stronger effect upon the industry and give the regulator a benchmark upon which to measure.

Option 3: Expand the coverage of financial assurance

The VWMA does not support financial assurance for clean ups being extended.

- All compliant companies carry insurance for such emergencies. Another fund would only replicate and add to existing financial costs.
- The compliant operator would not accept supporting rogue operators for the cost of such clean-ups.
- If all generators and operators were instructed to sign off on a code of conduct then the assurance of having the appropriate insurances could be included in the code of conduct.

Option 4: Limiting clean-up of high-risk waste sites

The VWMA does not support the limiting of clean-up of high-risk waste sites.

- Where a rogue operator cannot meet the financial expectations of clean-up costs of high-risk sites it is not up to industry to meet these costs.
- The level of clean-up is an issue for the Department and the EPA and the government of the day.

Option 5: Mutual assurance fund administered by a government agency

The VWMA does not support a mutual assurance fund.

- This fund is a duplication of existing insurances and assurances that are already in place.
- The responsibility of clean-up of a lawful site is firmly on the owner/operator of that site.

- Competitors would not want to financially support another due to an incident involving mismanagement.

The VWMA understand the purpose of the CIE Paper is to reduce financial exposure from incidents at high-risk and hazardous waste sites. In order to meet this objective, the VWMA recommends that;

- The State Government licence every waste processing facility in Victoria, irrespective of size.
- The State Government maintain accreditation for all waste transporters.
- Local Governments also be subject to financial assurances.

Sincerely,

Alex Serpo

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