Inquiry into Recycling and Waste Management

Submission by the Victorian Local Governance Association (VLGA)

May 2018

Introduction

The Victorian Local Governance Association (VLGA) welcomes the Environment and Planning Committee's inquiry into recycling and waste management. The VLGA is a membership based, not-for-profit industry peak body representing the local government sector. We support councils and councillors in good governance by providing support, education and networking opportunities between the local government sector and its interface with other sectors such as social policy and human services. We work in partnerships with government agencies and other stakeholders to promote best practice in the local government sector and to ensure optimal outcomes for the community.

In making this submission, the VLGA has followed the accepted waste management hierarchy, from waste avoidance as the most preferable option through to waste disposal as the least preferable option. While these options are discussed in the Victorian context, the VLGA strongly urges the Victorian government to continue to lobby the Federal government and other jurisdictions on a coordinated national approach as the issue of waste and recycling requires strong national leadership and policy directives.

The VLGA will focus on domestic or municipal waste and recycling in its submission, acknowledging that other stakeholders will be contributing to this issue from other sectors such as construction, commercial and industrial operations.

Background

Our recycling industry is largely built on readily available overseas markets such as China, India and other nations willing to buy our recyclable materials. This is driven primarily by market forces – it is cheaper to ship materials overseas than it is to process and re-purpose these locally. Therefore, the strong demand from overseas is (or was) driving our recycling industry. This is supported by data from the 2018 National Waste Report, which stated "*in 2016-17, about 43% of recycled metal, 70% of recycled plastic and 43% of recycled paper and cardboard was exported for processing overseas*".[1] However, it should be noted that municipal recycling constitutes 20% of all recycling operations.[2]

The exporting of recyclable materials has diminished any significant research and development into mass recycling capacity and capabilities in Australia. In addition, there are no incentives or ready market for products made with recycled materials. Given the lack of R&D, the quality, consistency and performance of products made with recycled materials may vary. This may well act as a further deterrence to local demand for such products. The Committee may wish to examine submissions from other stakeholders to draw its own conclusion on this issue.

On the supply side, there is no shortage of materials being produced or generated through excessive packaging, particularly disposable packaging. Packaging, particularly those made from plastics and

[1] http://www.environment.gov.au/system/files/resources/7381c1de-31d0-429b-912c-91a6dbc83af7/files/national-waste-report-2018.pdf
[2] Ibid

treated paper are both pervasive and accepted in our daily lives. While some of these packaging cannot be entirely avoided, such as bottles and containers for milk and personal hygiene products, the trend towards convenience has led to excessive use of packaging (e.g. fruit and vegetables placed into a plastic tub/tray wrapped in plastic). While some of these packaging does get "recycled" (see above), some also end up in landfill.

The State Government, through its Landfill Levy imposed on councils, aims to divert recyclable materials away from landfills. It is worth noting that the Landfill Levy, first introduced in 1992, has been increasing significantly since 2010/2011 and is currently set at $63.28 per tonne for metropolitan councils and $31.71 for rural councils for non-industrial waste.[3] A report by the Victorian Auditor General's Office (VAGO) showed that the amount of municipal waste per person sent to landfill has decreased by 21% between 2006/2007 to 2016/2017.[4] In addition, the National Waste Report (2018) noted that between 2006-2007 and 2016-2017, there was a "*long-term increasing trend in export of waste materials for recycling, except for a decline between 2013-14 and 2015-16 associated mainly with scrap metals*".[5] Therefore it appears that our recyclable materials diverted from landfill are being exported for processing.

Recycling in the local government sector

Councils provide waste collection, including recyclable materials, as one of their core services. Up to the ban on low grade recyclable materials imposed by China and recently by India,[6] councils can generate some revenue from their contracts with recycling facilities. Contracted providers typically pay councils a fixed amount per tonne of materials picked up, and councils typically use this income, plus other fees such as waste charges, to offset costs associated with disposal of waste including the landfill levy and costs of contract management.

The ban on low grade recyclable materials by China in early 2018 had several immediate impacts:

1. The sorting facilities contracted by councils can no longer produce the recyclable materials to a grade acceptable to export markets without increasing their operating costs. However, they cannot pass these costs to councils due to existing contractual arrangements.
2. Existing materials, sorted to a lower grade, are being stockpiled until the market situation improves or until another country is willing to accept them.
3. In the meantime, recyclable materials are continually being sorted to the lower grades and stockpiled due to existing contracts.
4. Renegotiations have taken place between councils and sorting facilities to enable these facilities to continue to accept recyclable materials from councils. However, this has either led to councils

[3] https://www.epa.vic.gov.au/business-and-industry/guidelines/landfills-guidance/landfill-and-prescribed-waste-levies
[4] https://www.parliament.vic.gov.au/file_uploads/VAGO-Landfill-Levy_8kdrk13s.pdf
[5] http://www.environment.gov.au/system/files/resources/7381c1de-31d0-429b-912c-91a6dbc83af7/files/national-waste-report-2018.pdf
[6] http://wastemanagementreview.com.au/india-bans-solid-plastic-imports/

paying for the materials to be picked up and sorted (instead of getting paid), or, as it was revealed recently, led to the sorting facility to send some of their stockpiled low-grade recyclable materials to landfill, presumably to free up space for higher grade recyclable materials.[7]

5. The State Government responded by releasing a series of funding from the Resource Recovery Infrastructure Fund to support councils and as part of its Recycling Industry Strategic Plan,[8] including:
    a. $13.5 million to support the ongoing kerbside collection by councils.
    b. $13.9 million as part of an education campaign to increase the quality of recycled materials in Victoria.
    c. $4.2 million to support collaborative procurement projects as part of the third round and $5.5 million to further drive market demand for products made with recycled materials.

The VLGA wish to place on the record that it was not consulted in the development of the Recycling Industry Strategic Plan, even though local government was identified as key stakeholders and partners in the implementation of the plan.

The VLGA contends that the greatest damage to date from the waste and recycling crisis, besides the environmental damage, has been to the public confidence in our recycling industry, and the apparent inability of our government at all levels to deal with this issue.

The way forward

The current waste and recycling crisis did not happen overnight, but rather a confluence of various factors including those outlined above plus increased consumer awareness through TV shows such as ABC's War on Waste. There is an expectation in the community that something needs to be done to resolve this issue and resolve it domestically in Australia. Recyclable materials need to be viewed as resources and not waste, given the energy intensive nature for their extraction, refinement, manufacture, and transportation. A new paradigm in dealing with waste and recycling must be built – one that does not involve exporting these products overseas.

From a broad policy perspective, the VLGA urges the government to provide additional funding to assist councils and industry to improve community awareness on waste management and recycling practices and to increase consumer demand for products made with local recycled materials. Increased consumer awareness can lead to change in consumer attitudes and behaviours overtime. Australia has a proud history of community awareness campaigns, which, together with increased regulation has led to

[7] https://www.theage.com.au/politics/victoria/epa-allowed-recycler-to-reopen-after-waste-mountain-went-to-landfill-20190329-p518zn.html
[8] https://www.environment.vic.gov.au/__data/assets/pdf_file/0013/326110/Recycling-Industry-Strategic-Plan.pdf

measurable positive outcomes for the community. Recent examples include those aimed at reducing the incidence of skin cancer, reducing the road toll and reducing the rate of smoking.

In addition, the VLGA urges the Victorian government to lobby the Federal government in taking stronger policies and actions to improve domestic waste management and recycling. The VLGA notes that many countries are already actively implementing a "circular economy" framework aimed at reducing their waste.[9] While examples and initiatives for such an approach can be found in Australia, there lacks an overall national policy framework for action.[10]

In relation to specific policy initiatives the VLGA makes the following recommendations based on the widely accepted waste management hierarchy, from avoidance as the most preferred option through to disposal as the least preferred option. The hierarchy is shown below.

The waste management hierarchy

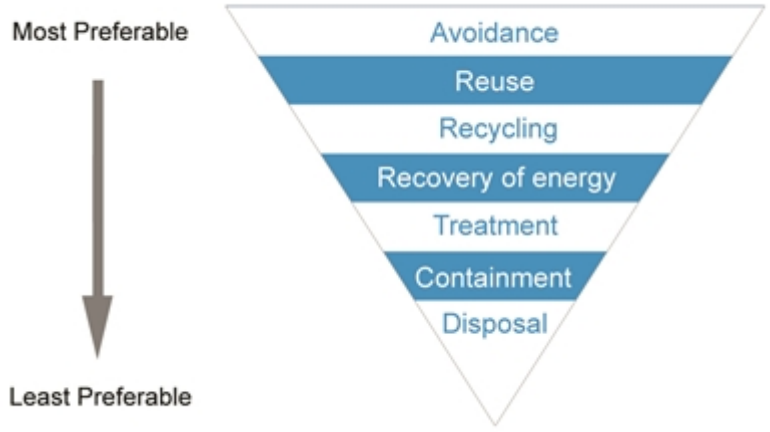

Image courtesy of the Environmental Protection Authority

Avoidance

A number of measures can be piloted and implemented to assist in the avoidance of waste, and therefore the need for recycling. Some of these are already in place in some Australian jurisdictions. These include:

a. Banning of single use plastics. The VLGA welcomes the planned banning of single use plastic bags by the Victorian government[11] but urges the banning of other single use plastics such as straws and cutlery. There are alternate products already available in the market and other

[9] https://www.parliament.vic.gov.au/publications/research-papers/download/36-research-papers/13880-the-circular-economy-an-explainer
[10] Ibd
[11] https://www.premier.vic.gov.au/victoria-says-no-to-plastic-waste/

jurisdictions are already considering such measures. In addition, the banning of single use plastics will stimulate the use of other alternatives and drive their demand.

b. Introducing targets and mandated measures under the Australian Packaging Covenant.[12]

A strong community education and awareness raising campaign is also required to empower the community to take actions to avoid unnecessary packaging. Consumer demand, together to more stringent government regulation, will drive behaviour change by retailers. Councils are ideally placed as partners in and education and awareness raising initiatives from State and Federal governments.

Reuse

There is a need for incentives and targets for procurement of goods made with recycled materials to drive local demand and therefore research and innovation in the reuse of materials. The VLGA notes that some councils are already reusing recycled materials as part of their procurement for goods. Recent examples include the use of recycled materials in pavement construction by councils.[13] However, single councils will not be able to achieve the economies of scale to deploy these practices on a sector wide basis without intervention from other two tiers of government.

The Victorian government should be mindful that the price for recycled materials may cost more initially than non-recycled materials and this will be a barrier for councils to adopt this practice, particularly within a rate capping environment. Therefore, the Government should consider supporting councils in certain procurement practices to encourage councils' participation. The Government may also want to explore funding options for councils as part of a transitional program to increase the demand for and use of recycled materials.

Recycling

A container deposit scheme is long overdue in Victoria. Evidence demonstrates that such a scheme increases recycling rate, both in Australia and overseas.[14] A similar concept of recycling is reverse vending machines, where users can exchange containers for cash refunds or credits. Wyndham City Council recently installed reverse vending machines in four locations throughout its municipality.[15]

In addition, there should be an expanded national product stewardship scheme to include all e-waste, electrical appliances, tyres and other hazardous products,[16] noting that Victoria is already set to ban e-waste from landfills from July 2019. Again, initial government funding and subsidies will be required to increase the rate of recycling.

[12] https://www.environment.gov.au/protection/waste-resource-recovery/plastics-and-packaging/packaging-covenant
[13] https://www.sustainability.vic.gov.au/Government/Waste-and-resource-recovery/Recycled-materials-in-pavement
[14] https://theconversation.com/container-deposit-schemes-work-so-why-is-industry-still-opposed-59599
[15] https://www.wyndham.vic.gov.au/services/waste-recycling/reverse-vending-machine
[16] https://www.environment.gov.au/protection/waste-resource-recovery/product-stewardship

Targeted community education should be an essential component to increase the rate of recycling throughout Victoria and to minimize contamination. This can be supported by practical steps such as standardizing the colour codes of bins to increase consistency between municipalities.

Recovery of energy

The VLGA understands that there can be savings to be made by councils by recovery of energy from food organic and garden organic (FOGO) waste.[17] This approach builds on existing garden waste collection offered by councils, often on a fortnightly basis, to include food scraps and other organics and increase the frequency of their collection to weekly. However, the inclusion of food organic is not widely adopted by Victorian councils. Contamination of FOGO waste has been identified as a barrier by some councils.[18] This strengthens the need for broader community education and awareness raising campaign to improve the initial placement of waste into various bins. In addition, while the diversion of FOGO waste from landfills can achieve savings for councils, additional investments are required from councils to establish and support the ongoing operations of FOGO waste collection. A recent report from Bayside City Council estimated that an additional $906,000 is required to implement FOGO waste management services for the 2019-2020 financial year, reducing to $320,000 in 2021-2022.[19] This highlights the need for additional State Government investment in the local government sector to assist in the transitioning to best practices in waste management within a rate capped environment.

Waste to energy plants represent another option in the recovery of energy from waste. Such plants typically incinerate materials that are not fit for recycling to produce electricity. While this is an alternative solution to our waste and recycling, there has been some concerns expressed regarding the emission from such plants, and the need for additional treatment for the residual ash from the incinerators. A waste to energy plant also requires sufficient fuel in the form of materials, which in turn may acts as a deterrent to act on other measures outlined above. The Committee may wish to examine evidence from other stakeholders to determine the current cost benefit ratio of waste to energy plants.

Treatment/Containment/Disposal

As outlined above, there is an urgent need for investment in research and development for better sorting of recyclable materials. This will enable high quality recycled materials ready to be reprocessed and reused. It will also stimulate innovation and niche manufacturing, such as those pioneered by Professor Veena Sahawalla from the University of Sydney.[20] The Committee is urged to investigate initiatives from universities, other research institutions and niche market manufacturers to form its own view on the how the State Government can best support these stakeholders. In addition to any

[17] https://www.mwrrg.vic.gov.au/waste/organics/food-organics-and-garden-organics-fogo/
[18] https://www.mwrrg.vic.gov.au/assets/resource-files/MWRRG-FOGO-Guide-Interactive.pdf
[19] https://www.bayside.vic.gov.au/sites/default/files/waste_and_recycling/recycling_and_waste_management_strategy_2018-2027__0.pdf
[20] http://www.smart.unsw.edu.au/

recommendations from other stakeholders may make on this topic, the VLGA contends that stronger policy directives, complemented by incentives and subsidies in the implementation and transition stages, will help councils and the community.

The VLGA defers any comments and recommendations on waste containment and disposal to submissions from other stakeholders.

Concluding comments

The initiatives outlined above are not mutually exclusive, several of these can be piloted and implemented simultaneously. As iterated throughout this submission, it is important to recognise that councils, particularly small rural councils, do not have the capacity to deal comprehensively with the above initiatives. While some councils have taken measures such as banning single use plastics at council events and functions (Darebin) and the use of reverse vending machines (Wyndham), they do not have the scale and reach to have significant impact on our waste and recycling crisis.

The ability of the local government sector to effectively respond to the challenges of waste management and recycling is further constrained by the current rate capping policy.

On the other hand, it has been highlighted that the State Government's Landfill Levy has been growing steadily and had an estimated balance of $513 million in July 2018.[21] The accumulated balance of the Landfill Levy presents many opportunities for state-wide programs and pilots outlined above and is consistent with the stated objectives of the Levy.

The VLGA believes that a strong national policy framework, including regulations, targets and incentives are needed to address this issue. The recently released National Waste Policy recognizes the role of the Australian Government and stated that its role in "*promote innovation, develop standards for products and materials, addresses market failure and provides national data and reporting*".[22] However, in the 2019 – 2020 Federal budget, no significant financial commitments were made to progress these aspirations. The VLGA contends that the $100 million Environmental Restoration Fund announced in the Budget, aimed at a range of measures, including to "*protect threatened and migratory species and their habitats, improve water quality and manage erosion in coasts and waterways and support the clean-up, recovery and recycling of waste*" is not sufficient.[23] The VLGA also questions the portfolio budget statements from the Department of Environment and Energy, which stated "*the Department will continue to co-ordinate the development of a National Action Plan to deliver the 2018 National Waste*

[21] https://www.parliament.vic.gov.au/file_uploads/VAGO-Landfill-Levy_8kdrk13s.pdf
[22] https://www.environment.gov.au/system/files/resources/d523f4e9-d958-466b-9fd1-3b7d6283f006/files/national-waste-policy-2018.pdf
[23] https://www.environment.gov.au/system/files/resources/c47f29fd-f85e-4789-af69-6b26630b8f4d/files/2019-20-pbs.pdf

Policy".[24] The VLGA contends that much stronger policy directives, sufficiently resourced by the Australian Government, should be driven by the Department, to progress initiatives outlined above.

At the State Government level, Victoria needs to play an active role in lobbying the Federal Government and other states and to play a leadership role in some of these initiatives. This is particularly so as other states have led the way in other initiatives, such as SA in banning single use plastic bags in 2009 and their container deposit scheme established in 1975.

In order for Victoria (and Australia) to develop and implement a closed loop system for our waste and recyclable materials – a circular economy – rather than relying on overseas markets to process these, the State Government can and should take a lead role nationally.

The VLGA looks forward to engaging with the State Government, through its ministers, departments and agencies together with the 79 Victorian municipalities in exploring the opportunities that lay ahead.

[24] Ibid