

TRANSCRIPT

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into recycling and waste management

Melbourne—Tuesday, 25 June 2019

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Mr Tim Quilty

Dr Catherine Cumming

WITNESSES

Dr Jonathan Spear, Executive Director, Advisory and Corporate, Infrastructure Victoria; and

Ms Elissa McNamara, Project Director, Waste and Resource Recovery Infrastructure Advice, Infrastructure Victoria.

The CHAIR: Good morning, everyone. Welcome. My name is Cesar Melhem. I am the chair of the committee. I declare open the environment and planning standing committee public hearing. All mobile phones are now to be turned to silent. I would like to extend a special welcome to members of the public. The committee is hearing evidence today in relation to its inquiry into recycling and waste management, and the evidence is being recorded. I extend a special welcome to Dr Spear and Ms McNamara from Infrastructure Victoria. Thank you very much for giving up your time and coming in today.

All evidence at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and further subject to the provisions of the Legislative Council standing orders. Therefore the information you give today is protected by law. However, any comments repeated outside this hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament. All evidence is being recorded, and you will be provided with a proof version of the transcript in the next few days.

I am not sure who is going to kick off first, but we can give you 5 to 10 minutes to make an opening statement and for anything you want to share with us, and then we will go through some questions from committee members. Hopefully we will have a couple of questions from each member and then we will do the round again. Thank you, Dr Spear. Do you want to take the lead?

Visual presentation.

Dr SPEAR: Yes, thank you, Chair. I am Jonathan Spear. I am executive director with Infrastructure Victoria, and with me is Elissa McNamara. Elissa is a project director for the advice we are preparing on waste and recycling infrastructure. I have a presentation we would like to go through, which will probably give you some good context about the work that Infrastructure Victoria is currently undertaking, which we think is quite complementary to the work that this inquiry is undertaking as well, and hopefully there will be some synergies between the pieces of work.

Firstly, just a reminder about what Infrastructure Victoria is and does. We are the state's independent infrastructure adviser and we have a number of functions. One of them of course is to prepare a 30-year infrastructure strategy, which is tabled in Parliament. Our first one was prepared in 2016, and it is of relevance to note that we had a number of recommendations in that first strategy in relation to waste management. We identified that as one of Victoria's infrastructure needs and made a number of recommendations about how waste management infrastructure should be pursued. That is not the focus of our presentation today, but what I would be very happy to do is leave the committee a copy of our 2016 strategy highlighting those elements of our strategy that are relevant for waste infrastructure.

The other thing that we do is prepare advice at the request of the government, and that is what I would like to focus on us discussing today: the advice that the Special Minister of State has requested that we undertake. It is probably important, too, to point out a couple of features about the way Infrastructure Victoria works. We are an independent organisation that is very much interested in an evidence-based approach, a multidisciplinary approach to looking at problems and what their solutions might be, and a very consultative approach. Hopefully you will see that in terms of the way in which we are undertaking our current work.

We have been asked by the Special Minister of State to provide advice on the infrastructure that would be required and also what the role of government is in relation to infrastructure related to waste management, specifically recycling and resource recovery infrastructure.

There are four key areas that we have been asked to examine by the Special Minister of State. Firstly, what sort of infrastructure might be required to develop the reprocessing sector for recycled material in Victoria. The

second area we are looking at is how we can better enable the use of recycled materials in a variety of Victorian industries, so really what is the opportunity for us to make better use out of the waste that we have in Victoria, what the role of infrastructure is in processing and then meeting the end uses possible. The third limb to the request for advice has been around the waste energy sector and seeking advice on what that role might be in Victoria without undermining the waste hierarchy. So we are having a very close look at that infrastructure and where it sits in the broader system of waste management in Victoria. Finally, we have been asked to look at how we can have a high level of recovery of organics, and particularly food organics. I am sure the committee is aware of the sorts of numbers and the opportunity that might be available there.

In doing so we are conscious that infrastructure is only one part of a really broad system, and so we need to be examining the whole system about how does waste management work in Victoria, how could it work in the future under different choices around policy or industry settings and what is the way that we can have a really strong, sustainable recycling industry in this state.

In terms of some of the process of how we are undertaking this advice, we were requested to undertake the advice in April of this year, with a 12-month time frame to deliver our final report. What we have been doing since receiving that request is establishing the team to undertake the work; doing a lot of consultation with stakeholders in industry, in the community and within government; and getting a really strong sense of both what the existing evidence base is that has already been created and what might some of the gaps be there, and importantly what the key issues are that everybody is identifying that are relevant to our terms of reference. We are in a process of just concluding that preliminary stage at the moment, and I think that is probably important in terms of where we are able to answer some of your questions that might come later. Of course we are not in a position yet to have recommendations or new evidence findings yet; we are at an early stage of our work.

What we will be doing next is commissioning technical studies that fill in some of the gaps and answer the key questions that have been raised both in the terms of reference and by stakeholders that we have been consulting with, and we will undertake further stakeholder consultation. Something we have found very useful so far of course is all the submissions and evidence that this committee has taken. We are very conscious of that and are appreciative of the opportunity to take that into account.

In October of this year we will be releasing our evidence base. If you are familiar with the other pieces of advice that Infrastructure Victoria has done in the past, this is very much our methodology. We gather together our assessment of the key issues and what evidence is available in relation to that and we publish that for everybody to see. We do that to both reinforce the quality of that evidence so that we can get feedback on it, but also to start getting a sense from stakeholders about what some of the most useful recommendations would be to provide at the end of our work. We will be consulting on that through October and November and December. I am conscious of this committee's timeframes. It may be that the technical and other reports that we release in that time could be of some utility to this committee in forming your final report. Then we are due to provide our advice to government in April next year, and it is our expectation that that final advice will be published, as has been the case with most of our other advice pieces in the past.

What I would like to do now do is to hand over to Elissa McNamara, the project director, who will give you a more detailed sense of some of the methodology about how we are undertaking this advice.

Ms McNAMARA: Thanks, Jonathan. What we thought might be useful is to take you a bit through the methodology and how we are approaching the problem of answering the terms of reference. We are of course very conscious that there is a lot of work already happening around waste—ongoing work and new work by both government agencies, Sustainability Victoria, the sector themselves, and the federal government is looking at stuff. So it is very much an area where we are looking to identify the gaps and leverage off the work of others and add new pieces of evidence to that rather than repeating work that has already been done.

What we are looking to do in order to answer the government's terms of reference is, firstly, to consolidate our own understanding of the current state of the waste sector. As we are all aware, there are many players with many interests. Secondly, we are looking to develop a detailed characterisation of the role and remit of the state government. There is obviously a role for state government, national government, the private sector, individuals, businesses and the waste sector—so really narrowing down that role and remit for the Victorian

government. Obviously there are many of options available to the government in terms of how interventionist or proactive they wish to be relative to the effort of other parties.

Thirdly, we are looking to characterise Victoria's waste now and likely trends in the future. There has been a lot of work that has been done looking at past waste trends and looking at the projected impacts of changes in products as they are coming onto the market—for example, the massive rise in e-waste that you would be aware of—also population growth and how that is projected to impact on waste streams. What we are doing in addition to that work and building upon that work is to look at the likely impact of potential policy levers that are available to the government and do some sensitivity testing around those current and future waste streams.

Fourthly, we will be identifying the levers that are available to the Victorian government and unpacking some of the likely costs and benefits associated with that. As you would be aware, there are landfill bans already in place, but there are a myriad of other levers including financial and policy incentives to various players within the waste sector, including households. We will obviously be identifying methods to manage and minimise any negative impacts. Equity is a key consideration, but we are also considering environmental costs, energy costs and transport costs in terms of our advice to government.

Finally, it is a very significant stakeholder and community engagement project. This is where it again does depart a bit from some of our previous pieces of advice. Because there is so much work already happening and so many stakeholders already in the space, we are putting a lot of effort into that stakeholder and community engagement.

Just looking at the methodology in a little bit more detail. As Jonathan said, we are coming to the end of the preliminary phase as we speak. We have commissioned some foundational pieces of work. One of them is an interjurisdictional scan. That is looking at some key performers internationally and within Australia in terms of how they are performing for their resource recovery targets and identifying how they are doing that—what has been the trend over time, what policy levers have they applied, how are the market sector dynamics the same or different to Victoria and whether those particular instruments might be translatable to the Victorian context. We are also looking at the social context around those. So for different jurisdictions there may be more or less of an association, for example, of identity with environmental concerns. We are looking at a range of economic, political and market factors to understand how translatable any specific action might be to the Victorian context.

We are also doing a sector mapping piece that is currently looking at identifying any market design issues in the sector. As you would be aware, there are some parts of the sector where there is a lot of concentration of market power, for example. There are some instruments that impact on pricing, like the landfill levy. They are not always transparent, so we are having some economists look at those from an outsider's point of view. They are not from within the waste sector, they are from outside, so we are getting that independent view.

We are also looking at issue identification and prioritisation. This is a massive part of our stakeholder consultation program. As you are obviously aware, the waste sector is big and hairy and is a massive, complex problem. We obviously cannot look at the entirety of every single problem, so we have been doing a lot of consultation with informed stakeholders, including government, local government and the waste sector themselves to understand where they think the key issues and priorities might be. We are now in the process of circling back through the terms of reference so that we can further refine the scope of our project.

We will very soon flow into the secondary phase. As part of that phase we are scoping up some additional work packages to identify gaps in the current technical work that is available through SV, DELWP and others. We are also putting together a draft outcomes framework. Basically that is the goal, the vision and what we are aiming for potentially in Victoria. That is based on stakeholder input, and we will put all of those things—the technical work packages and the draft outcomes framework—out to consultation to get community and stakeholder response to those. As Jonathan said, that consultation period will be around October–November. Following that we will finalise the outcomes framework and develop the recommendations based on our understanding and view for the government in terms of where their effort would be best placed, whether that might be in market intervention, policy measures, regulation or other measures to achieve a sensible recommendation around a strategic infrastructure plan for waste within Victoria. And our final advice will be delivered on 4 April.

In terms of consultation, as discussed, there are a lot of players. We have convened a sector advisory group as well as a government advisory group so that everyone can have eyes on where we are going with the project and provide input to that. We are scoping up a local government engagement program. Obviously there are 79 councils, and we need to be efficient in terms of our interactions with them. Community engagement—we have got a submissions process open at the moment. We are potentially looking at some more intensive community engagement during our consultation phase in October–November; that is still being scoped up. And as I mentioned, we have a submissions process that is open until Friday, and we are taking all comers at the moment.

Dr SPEAR: Thank you for the opportunity to present to the committee this morning. We of course are very excited about doing this work and would be very happy to take any questions that you have.

The CHAIR: Thank you again for your time this morning. I am pleased that your organisation is actually looking at that issue. I know some people were a bit nervous about the duplication, with us looking at it and you looking at it, but I think that could give a different perspective and put out a long-term plan for government to actually act on that issue. I have got a couple of quick questions. One is the community consultation process. Are you looking at focusing particularly on communities where they are surrounded by or living next to landfill operations? For example, in the west in Ravenhall or Wyndham and in the north, because I think the community will have some strong views about the current method. So is that going to be one of your focuses—to actually gauge their opinion?

Dr SPEAR: We are very conscious of those issues, and of course one of the key objectives of our work is looking at how you can avoid additional landfills or mitigate the effects that landfills have on people. We are very conscious that there are both limits to landfill capacities and also both environmental and amenity effects around them. One of our assumptions going into this work is that a key objective is to avoid, where we can, expansions of landfills and to make better use of our waste. We are still shaping up the fine detail of the next phase of our consultation program. What we will be doing is looking at what work others have already done about engagement with communities and their views around landfills in the west and the north, and there will certainly be opportunities for those communities to let us know further what they think as we continue to undertake consultation.

The CHAIR: The next one is: are you likely to look at how the various agencies—the state-based agencies, including local governments—interact with each other in relation to how the waste issue has been handled, with the recent fires and the stockpiling? The whole issue about this is there are many agencies—I say there are many chiefs and less Indians. Is that something you are looking at as a possibility—that maybe the government should look at reviewing it, or maybe having not one single authority to deal with the whole issue? Is that something on your radar or part of your brief to streamline how we deal with waste in the long-term?

Dr SPEAR: So the terms of reference explicitly asked for us to think about what the role of government is in the waste sector because, as I am sure the committee is aware and as Elissa has described, there are many players. We are focusing on the role of government in the provision of infrastructure and the creation or support of strong sustainable markets for recycled product. In the course of that I think we are likely to have a look at the role of government generally in government policies and delivery, particularly around roll in infrastructure delivery and those end markets but also under different scenarios of policy settings, how that might affect both the type of infrastructure you would need, where that might be located and what end markets that might support so we can move towards either a more circular economy or an economy that enables a very vibrant, strong recycling industry.

Ms McNAMARA: Just to add to that answer, for the interjurisdictional scan that we are wrapping up currently, specifically that does include consideration of what is the role of government in each of those particular jurisdictions in terms of policy and also infrastructure, investment and planning. So we will be able to make some conclusions around that. In terms of how that looks for our recommendations, we have not done that work yet.

The CHAIR: Maybe I will just give you an example. At the moment we have DELWP, Sustainability Victoria, the metro group, the regional group, local government, EPA and WorkSafe. To me there may be an answer there to maybe streamline how we deal with these things. There are too many corks and inefficiencies

in my view. That is a personal view because I have been looking at that sector for a while. That is why I was wondering whether or not you are able to give some consideration to that issue and your thoughts on that and your report.

Dr SPEAR: We will certainly be giving consideration to the best ways that government can set policies that support a strong recycling sector and the infrastructure that needs to fit into that. If in the context of that there appear to be better ways that are really important in terms of how government is organised, then as an independent authority we are able to say that. It is not core to our terms of reference. We have not been asked to do a review of the whole recycling and waste recovery system and its governance, but if it comes up as a key issue along the way, then we would have a capacity to talk about it.

Dr RATNAM: Thank you very much for your presentation and for undertaking this work as well. Firstly, can I ask: has Infrastructure Victoria had previous experience or a role in the development of waste management infrastructure? Have you done that in the past?

Dr SPEAR: In our 2016 strategy we looked at waste management. That was one of the needs we identified, and in doing that we certainly gave some recommendations. I will not go through all of them right now unless you would like me to, but some key issues that we identified were the opportunity for greater use of organic waste and diversion of that from landfill, and we also identified opportunities in terms of the manner in which waste is priced both on existing landfill levies and possible other models.

Dr RATNAM: So it is kind of providing advice to government about the kind of needs for the sector. I guess in terms of advice and approvals and in terms of actually developing the infrastructure, you do not have a direct role in that, right? So you provide advice to government about what are the gaps and what needs to occur.

Dr SPEAR: That is right. We have not previously done work at this level of detail on waste infrastructure, and as you are probably aware, Infrastructure Victoria's role is to advise independently and then government decides how it is going to implement that advice.

Dr RATNAM: Going back to your 30-year infrastructure report, which you have referred to as well, just in terms of the recommendations you made, as you mentioned, you made some recommendations around waste pricing; recycled materials and construction, so removing barriers to public sector procurement so that we can increase the amount of recycled material that we use in construction and the like; organic waste, as you mentioned; landfill protection; and waste management sites. I think they were the five top line items that you made recommendations on. That was three years ago. Has there been a way to monitor whether the government has heeded that advice or whether any actions have occurred next to those pieces of advice or goals set out in the 30-year plan?

Dr SPEAR: Yes, there is. Firstly, after Infrastructure Victoria delivers its strategy the Infrastructure Victoria Act requires the government to respond to those recommendations and release a five-year plan, which is the Victorian Infrastructure Plan. The government accepted either in full or in principle the recommendations in relation to the waste sector. Then what we do each year in our annual report is give a report on progress that the government has made in meeting the infrastructure needs of Victoria and what the government's priorities are. Very importantly, every three to five years we update our infrastructure strategy. So we are in the process of doing that the moment, and we are looking forward to tabling our updated strategy in Parliament around the middle of next year. That is an opportunity for us to take a fresh look at progress that has been made.

Ms McNAMARA: Certainly, specifically with regard to the 2016 recommendations, the Metropolitan Waste and Resource Recovery Group and relevant councils have been working particularly on the protection of waste hubs. That is basically around establishing which waste management sites or hubs are significant to the function of the state and ensuring that there is appropriate land use protection in place so that they are not encroached upon by residential and other development as the population booms. That has definitely been a focus for the Metropolitan Waste and Resource Recovery Group.

Dr RATNAM: Thank you very much for that. In the three years since, do you believe there has been significant progress made against those five key pieces of advice or goals you set out in the 30-year infrastructure plan? Has progress been made next to any of those items or all of them?

Dr SPEAR: There has been some progress made—

Dr RATNAM: Which areas?

Dr SPEAR: and I think it is probably important to note progress at a time when of course there have been lots of challenges as well, which I am sure the committee is familiar with. The environment has changed significantly in that period of time, which is one of the reasons why we do an update to the strategy. That is why the legislation requires us to do that. So some progress has been made certainly, as Elissa was describing, around the waste hubs. I know you have had evidence from DELWP and SV already which has covered some of the other actions government has taken. We think that there are probably still more opportunities to consider what effect the various price signals have in Victoria. That is something we are going to be keen to explore through some scenario testing through this waste advice to think about, if you changed the different incentives people have, what would that do for infrastructure and in markets.

Dr RATNAM: Thank you very much for that. I guess one of the reasons I am asking these questions is that, as has been mentioned, it seems quite fragmented in terms of the people who drive the policy implementation, both the policy frameworks but then the implementation, the monitoring and who actually is accountable for delivering on all these different goals that different agencies are responsible for. I think the VAGO report was quite pointed in its findings in that regard. I am just looking for where we clearly are held accountable for delivering on kind of these key parts of advice that government provides. Anything that you can provide, even post this hearing, to say, ‘Well, here’s how we’ve measured the success in the last three years’—even if you were not the ones responsible for delivering on that outcome and another group was—I think would be really helpful so that we can kind of measure progress according to the goals.

Dr SPEAR: One of the ways we measure success is through our annual reporting. In the IV annual report each year we have an assessment of government priorities in the waste sector, which reflects both what has been done and also whether there are other opportunities for government to do more. We also publish what we regard as key indicators of progress against those needs as well, so that is probably the best place to find that.

Dr RATNAM: Great; thank you. And one further question: in your 30-year plan I cannot see anything, in my initial glance through it, around anticipating some of the shocks and the changes that we have seen and the challenges that we have seen in the environment—so, for example, the China Sword policy coming into effect. We have been asking different government agencies about the preparation—whether adequate preparation and mitigation work occurred in anticipation of it coming into effect—because we were kind of told as far back as 2013 this was going to come into effect. Did you factor that in when developing the 30-year infrastructure plan, the potential for this quite significant shock?

Dr SPEAR: So the 30-year plan we developed in 2016, which is an interesting timing just around the time, as I understand it, that things started to change in the international scene. So while we did not refer to it explicitly, what we did identify is opportunities for government to be doing more in the waste sector, which is reflected in our recommendations, particularly those recommendations that are around pricing of waste, which tends to encourage greater levels of recycling, and our recommendations around organic waste.

Dr RATNAM: A final question there: in hindsight do you think we should have more explicitly addressed the anticipated shock?

Dr SPEAR: I think that all jurisdictions around the world have been surprised and probably not as well prepared as we would like to have been about this change, and Victoria is not isolated in that. What it does provide us with is a really good opportunity now to make the best use of our waste and to have a strong, sustainable recycling industry in light of that change.

Mr MEDDICK: Thank you both for your appearance here today. Dr Ratnam referred to a couple of things that I am curious about there in your 30-year report, for instance, and I appreciate that when we look at all of these things to a certain degree there is an amount of crystal ball gazing. You have to try and make a guess as to what is happening now and what may happen in the future. So I would like to try and look at, if I can, and focus on two aspects of that. With climate change becoming a real climate emergency and projected temperature rises et cetera and the pressures that population puts on that and with Victoria—not just here in metro Melbourne but

in the rural centres—predicted to rise dramatically over the next 10 to 15 years, what weight has been given or will be given in your deliberations as to what will happen? So when you are looking at the infrastructure that is going to be needed around all the types of recycling and repurposing, what weight will be given to rural and regional Victoria insofar as the location of these centres?

In cities you can appreciate you have only got two ways of going when you have got population increase: either you can go up or you can go out. Either way you have a massive increase in the amount of waste generated, and generally speaking these centres tend to be located just outside that urban fringe. There is certainly room for employment opportunities in this sector if they are located further enough out, and I know that there are regional shires that are quite keen to have these sorts of things, so in other words, what I am asking in effect is: how far into the future are you looking with the advice that you might give to government? I know you have got your 30-year plan, but you talked about how you have to reassess that as you are going. How much further are you looking, and is sufficient weight being given to these rural centres and their needs?

Dr SPEAR: Well, I will start, and Elissa, you may wish to add to it. You raise really a good point that we have had raised with us by stakeholders and that we take very seriously, which is that the operating environment in the waste and recycling sector in rural areas is quite different to Melbourne. And so we are going to have a specific strain of our consultation that is engaging with rural communities, particularly rural shires and waste operators, around what is going to work for them and what are some of the different options about how that will work for them, and also looking at what is the interplay between the large waste volumes that you have in a metropolitan area and the smaller waste volumes in regional areas. There are obviously economic development and job opportunities that are entailed in this, and one of the key focuses of our work is to make sure that that is really robust and sustainable. So we have got a really open mind about where the best place is for that.

Ms McNAMARA: I would just like to add to that by saying that the other obvious difference is around economies of scale, so the metro area obviously with a far greater population density and volumes of waste being generated does have different implications for economies of scale for private investment in that waste processing and recycling. So we will be specifically looking at opportunities where things like the transport costs in terms of dollars and also greenhouse gas emissions make a local solution a far better option than a mass transit solution. We will also be looking at opportunities where the waste and re-use opportunities are different. Obviously there is a very significant agricultural industry in the regions that does open up different opportunities in terms of the types of waste generated and the opportunities for those re-uses. Further, we will be looking to understand opportunities where government may choose, depending on their priorities, to look at equity considerations and, given the significant transport costs in the regions, where the government might wish to look at achieving similar or different outcomes that may be achievable just through economic investment from the private sector, where government may want to invest in those for other reasons.

Mr MEDDICK: Just tacking on the back of that and specifically one particular type of investment there, in the waste energy plants will there be in your investigations any recommendations as to where suitable sites may be?

Dr SPEAR: There may be. We are having discussions with lots of different parties, both proponents of waste-to-energy plants but also local governments and technical experts, about that. It is our intention to be able to give government some rigorous advice about the role that waste to energy will play and where that is most appropriate in the Victorian context in terms of the whole system, but if we can get to some geographic advice that is robust we will certainly endeavour to do that.

Mr DAVIS: Can I thank you, Jonathan and Elissa, for your presentation and note that I welcome the involvement of Infrastructure Victoria in this matrix, I think is the best description. The first question I have relates to the landfill levy that is collected. There is a fluctuating amount, but somewhere in the order of half a billion dollars and likely significantly more is sitting in that fund. It has been there for a number of years. I am just wondering if you are going to look at the efficiency of collecting a waste levy and then hoarding it. This is my first question: whether Infrastructure Victoria thinks this is the way to manage the way sector—collect a large levy, impose the costs and then hoard it. First question.

Dr SPEAR: Okay. So we will certainly be looking at the landfill levy rates because that is one of the important scenarios that can affect the demand for different types of infrastructure and it is also likely to affect the incentives that people have around whether the waste goes to landfill or is used in other ways. We have not yet determined what scenarios or rates we would look at with the landfill levy. We are also conscious that the levy is one thing but there is also the gate fee that people pay that is the ultimate economic incentive.

Mr DAVIS: It is the aggregate of the two.

Dr SPEAR: That is right, yes. So we will certainly be looking at. We will be giving government advice on its role and what sort of infrastructure is likely to be the best investment in future. Government has a number of ways, of course, in which it can fund that. We will not be seeking to replicate Treasury's processes, but we will be where we can giving at least ballpark advice around the sorts of costs for the infrastructure that we advise is optimal. We will be giving a set of costs around that. It will then be a matter for government to determine what the most appropriate funding source is, of which of course the Sustainability Fund could be one.

Ms McNAMARA: In addition to that, as we mentioned previously, we are also doing a market design analysis, and that specifically will look at the potential for other pricing mechanisms outside the landfill levy to send those price signals through the economy and try and drive an improvement in resource recovery and recycling.

Mr DAVIS: I would encourage you in this process to look at the outflow from that levy and whether it is good practice for the sector to hoard the levy and not to use it for projects. I am very critical of government for its current approach—and that I would put over a number of governments, but this current one has taken it to a new level. So that is the first point. The second point is—and the Chair alluded to this in the first instance—truck movements across the city. I think there is a need to take account of those movements. The options for rail freight, which seem to have not been sufficiently looked at before, and locating facilities on rail corridors so that that option becomes a more feasible option: are you intending to look at these transport issues, in particular, as I say, truck movements, which obviously affect local areas, but there are broad movements across the city?

Dr SPEAR: Yes, we certainly are, and our terms of reference actually explicitly asked us to look at the entire chain of waste, so it is definitely our intention to look at the movements, their effects, in the course of this advice.

Mr DAVIS: And that will include rail movements or potential rail movements?

Dr SPEAR: Yes, it will.

Mr DAVIS: Good. The third thing is: one of the things we see in this area is a series of unintended consequences and the news yesterday, on the front page of the *Australian*, that Treasury was concerned about the cumbersome, if I can put it kindly, introduction of plastic bag restrictions and the impact that that has had on the economy. And I know this to be a fact: you talk around the community, and there are many people who now simply if they have forgotten their bags, if they are like me, would never, ever purchase a plastic bag from a supermarket. You will leave things there and walk rather than purchase them. I am using this as an example of an unintended consequence. Are you going to look at some of these economic impacts that may be downstream from some of the waste decisions that are made?

Dr SPEAR: Yes, it is our intention to do that. In fact one of the reasons that we have commissioned the interjurisdictional scan that Elissa has described already is to some degree to learn from actions that others have taken in other jurisdictions already, where you see this interplay between the policy initiatives that the different countries choose, the cultures in those countries and the economies in those countries, each of which gets some different results. We are very keen to learn from some of those outcomes. When you look at some of those countries that have been taking different initiatives for 10 or 20 years ahead of Victoria, there is a really good opportunity to learn from that.

Ms TAYLOR: I think you have three-quarter answered one of my questions. I was wondering about the interjurisdictional limb, which obviously makes perfect sense—that you would look at success in terms of this whole industry around the world. I wondered how you set a benchmark and how you define success. I know

that is a very broad question, but I was thinking each country might be inclined to perpetuate the most positive elements of their systems. So how do you set the benchmark?

Dr SPEAR: Would you like to talk to that?

Ms McNAMARA: Sure. We basically had an iterative process. So there was, firstly, an identification of a long list of jurisdictions, both within Australia and internationally, that were getting high reported recovery and recycling rates from municipal solid waste. Where possible we have also looked at that translation to commercial and industrial and construction and demolition waste, although the data is not as robust, so we do have to make some choices there. The other criteria that we looked at were the availability and robustness of data to support the analysis and also looking at a variety of different policy levers and mechanisms around how those results were achieved. We have also prioritised jurisdictions where there is a high level of recycling as opposed to just recovery, which in many instances includes incineration or waste-to-energy, which is still higher up the waste management pyramid than landfill. We do have different drivers for that than other countries—in, say, Europe where they are using it for district heating. So we are looking at a mix of what policy levers are they achieving, what results are they achieving and how translatable is that to the Victorian context.

Ms TAYLOR: One more question on that then: when you are doing the comparison between segregating out all the various forms of waste, as we do with recycling—but perhaps that is going to be a little different over time as a result of this inquiry and so forth—versus waste-to-energy, how will you weigh up the cost-benefit analysis? Because appreciating that waste-to-energy requires a significant fiscal investment, I am just wondering—I do not want to make a presumption—is that something you will be looking at: how they weigh up and also the emissions that are emitted from waste-to-energy facilities as well and the demand for waste over the longer term?

Dr SPEAR: Elissa described that we are preparing an outcomes framework, which we will put out as a draft for consultation. That is really one of the key ways that we are going to be looking to refine what our recommendations are. So it is likely that we will have an eye to cost-benefit analysis when it comes to infrastructure investments, but that will not be the only lens through which we look at forming our recommendations. We will have an eye certainly to things like emissions, to economic development and to the capacity to divert waste from landfill and higher levels up the waste hierarchy. So cost-benefit analysis has its place, and this is probably consistent with what a lot of Infrastructure Victoria does, where we are interested in that but we are not interested in it solely. It is one of the guides to decision-making that we use.

Ms McNAMARA: We will be taking a broad approach to identifying the costs and benefits associated with different types of infrastructure and incorporating that into our recommendations. So it is not just around financial cash flow analysis. We are looking at the broader environmental benefits, we are looking at the capacity of different types of infrastructure. So if we make a recommendation to invest in one particular type of infrastructure that is only economic at a very large scale, that obviously has ramifications for transport not just in terms of cost but also in terms of greenhouse gas. So we will be looking to have a balanced assessment of those options.

Ms TERPSTRA: You may have addressed this—because, sorry, I had to leave to attend another meeting—but I am just reading the brief here about the type of advice you are asked to provide. Will you also be reviewing some efficiencies perhaps that could be made or whether there are efficiencies to be made in kerbside recycling collection? Also, I have got a particular interest in looking at supermarkets and the amount of soft plastics that are sometimes used around food organics, so even collections from those sorts of things and how we are currently collecting that and how it is disposed of and how it is recycled. So is it going to be broader than looking at just the large sort of infrastructure? Will you go down smaller? I mean, kerbside recycling collection obviously is a large-scale operation, but it is small in terms of it is household to household, not like a large plant that is, say, for example, turning waste to energy. So how deep will your analysis go of looking at some of those collection points?

Dr SPEAR: We certainly think it is important that we look at household and kerbside practices and the infrastructure you need to support that, and in this context, infrastructure could be bins, because the flowthrough that things like source separation have to then their recyclability and utilisation is really quite

strong. So we are definitely interested in that. We are interested in practices at the commercial and industrial level and at the construction and demolition level. Would you like to add to that at all, Elissa?

Ms McNAMARA: The only thing that I would say in addition to that is that something that has been raised consistently by stakeholders so far is essentially consistency between businesses in business clusters but also between councils, so that is something that we are looking at. One of the jurisdictions that we are examining, Wales, for example, has a collections blueprint system where they have been able to deliver a much higher level of consistency across councils, which leads to flow-on impacts for economic investment in that sorting and processing and recycling. So we are looking at that. We have not worked out yet obviously what recommendation, if any, may flow from that.

Mr DAVIS: I did have another couple of quick questions which I wanted to ask. The first is—and you partially alluded to this—looking at these various options for the state’s involvement in the waste sector, will you be looking at the employment impacts of those?

Dr SPEAR: Yes, we will. Yes, we are likely to, because we think that that is important to be able to quantify the benefits that may come in terms of jobs and economic outcome if we can have a strong, sustainable recycling industry.

Mr DAVIS: That is one side, but the other side is the costs that it imposes and the impact there. Will you be assessing those as—

Dr SPEAR: Absolutely. Yes, we will. And this is our normal way of doing this sort of advice. We are interested in quantifying both the costs and benefits because we think that helps to guide decision-making and get the full picture about which opportunities we should—and importantly which ones we should not—be taking up.

Mr DAVIS: And finally, will container deposit legislation be part of your examination?

Dr SPEAR: We are thinking about a whole range of different scenarios that we might test, and that is certainly on our menu, along with things like changes to the landfill levy, changes to what sort of products you can and cannot put into landfill. So it is certainly on our menu. It is raised a lot with us by stakeholders, and certainly we have got an eye to the effect that that has had in other jurisdictions in terms of recycling rates as well.

Mr DAVIS: And litter rates.

Dr SPEAR: Yes.

Dr CUMMING: My apologies for being late, and I will take up what Mr Davis just said around container deposits. I have heard other submissions around a possible scheme. I would hope that local councils are not doing that individually—that we have a statewide approach. Otherwise you would have a product in one area that cannot be transferable to another. So I would hope that that is in your thinking—that you are looking at a statewide approach. And I will take up my colleague’s question around smaller infrastructure projects. My understanding is there are a lot of gains to be had to look at smaller projects around shopping centres and having compactables. But it is obviously cost prohibitive to a lot of local councils to actually get up to speed to have a statewide waste approach, and I was pleased to hear you talking about bins and having a statewide approach when it comes to consistency of bins, seeing that it is cost inhibitive to rural councils that have to try to find that money to do a bin change. And obviously in contracts they could do it at that stage. And then there are inner-Melbourne councils that have a lot. Everyone is looking at me. No more questions. If you want to expand on that, please do.

Dr SPEAR: Well, maybe just two quick things. In thinking about container deposit schemes, we would certainly think about that as a statewide measure. And in terms of some of those costs that you have described, one of the things we will be considering in terms of a role of the Victorian government is whether there is any contribution required for that sort of transitional period to make the change.

The CHAIR: On that note, thank you very much, and I believe you will be looking at having an interim report/discussion paper in October, so we might have hopefully the opportunity to bring you back so you will be able to share these thoughts with us to help us in our deliberations for our report. Dr Spear and Ms McNamara, thank you for your time today and making yourselves available. A copy of the transcript will be sent to you, so if any corrections need to be made, please do so before we can publish them. Thank you, and good luck in your project.

Dr SPEAR: Thanks very much.

Ms McNAMARA: Thank you for having us.

Witnesses withdrew.