

TRANSCRIPT

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into recycling and waste management

Melbourne—Wednesday, 6 November 2019

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Mr Tim Quilty

WITNESS

Ms Gayle Sloan, CEO, Waste Management and Resource Recovery Association of Australia (*via videoconference*).

The CHAIR: Thank you, Ms Sloan. How are you going? Our apologies; we are running behind schedule. I will go straight into the formal process. Welcome.

Ms SLOAN: Thank you.

The CHAIR: All evidence taken 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. You will be provided with a proof version of the transcript in the next few days. Because of the time, would you be able to share with us any changes or any new information since the last time we had the association before this Committee for a few minutes, and then we can go to questions and answers. Back to you, Gayle.

Ms SLOAN: Okay, I will keep it really brief. I have not actually presented to you before other than my written submission. Maybe it was the VWMA.

The CHAIR: Yes, that is right.

Ms SLOAN: That is okay. There are too many of us, I agree. Since that time I think what has occurred, obviously, is the collapse of SKM, Cleanaway purchasing it and the announcement of the kerbside review. The circular economy policy is on exhibition—well, sorry, is being drafted for Victoria. I guess our views in my submission about the need for national consistency, market development, and that being the missing piece in Victoria and nationally just have not changed. So I am really happy to go to questions and answers, if that helps, and keep this moving. That might be more beneficial.

The CHAIR: Okay. I will kick off with a couple of quick questions. The waste levy—have you got any views on Victoria's levy: whether that should be adjusted to reflect New South Wales, for example, or maybe we should just look at having a national levy and some consistency across the board?

Ms SLOAN: I absolutely think there should be national consistency in the approach to the levy in the sense of how it is levied, what is levied and the way it is done. I do not think it is fair to say that they all should be \$140-plus across Australia, because there are different issues around land prices et cetera. But as an association we would put to you that in order to effectively be a resource recovery economic tool, we know from work done by Access Economics and others it needs to be over \$100 a tonne. One-hundred dollars would incentivise that diversion away and investment in resource recovery and that job creation, but numbers below that do not make sense in the sense that it does not guarantee products moving from landfill to recovery. We know it is more expensive to resource recover, but that is because there are jobs and manufacturing and investment as a result of it. I would put to you that Victoria's levy is too low. It does need to be adjusted. We also believe as an association at least 50 per cent of that levy should return to industry. We recognise that Government needs to receive some of those moneys because there are costs associated with levy implementation, enforcement and others, but we should be looking at a minimum 50 per cent of that amount returning back to industry.

The CHAIR: Excellent. How would you see a compulsory product stewardship program working, and do you believe it can be implemented nationally or should it be on a state-by-state basis?

Ms SLOAN: Are you talking packaging like APCO, are you talking CDS or are you talking generally?

The CHAIR: Generally any product stewardship, so very broad, whether it is TV—we have got the e-waste now—whether it is computers, whether it is packaging—

Mr HAYES: Cars, clothes.

The CHAIR: Cars, clothes, supermarket products et cetera—so very broad.

Ms SLOAN: I absolutely strongly believe we need far more mandated product stewardship schemes because we do not have any, let us be honest, in Australia. They need to be national. We would very much advocate for packaging to commence first. Obviously the issue on everyone's mind is China and our market involvement in exporting. The 1.2 million tonnes that is going offshore to China is almost all packaging that goes in the yello bin. We know that food-grade packaging can be made in Australia and circulated. If we start to look at genuine product stewardship schemes, they do not have to start straight up with, 'They're going to begin today'.

They could look at the European model of two years notice—the regulations are put in place and you have two years to make it effective; if you do not, then we mandate it. We could go that way. But I think after the NEPM for packaging has been in place since 2008, we have all got to acknowledge it is not working. It is not effective. We have still got too much stuff on our shelves—I will be kind—that is not genuinely recyclable and is not made from recycled materials. If we actually make producers, generators, responsible like we are with CDS to take that product back or fund the end-of-life costs, they will think a lot longer and harder about their design than they do currently where they just pass the cost on to councils and my industry. So we absolutely need to accept what OECD and the European Union are doing and work through, stream by stream, product stewardship schemes, mandated nationally, because otherwise we are just going to get the product moving across borders.

Mr MEDDICK: Thank you, Gayle, for appearing today. In your submission—I will be very brief; I have just got three quick questions—you talk about a number of pressures on waste services. Two of those are what you say are 'unrealistic customer expectations' and 'confusing packaging'—if you can address them in a second. But you also talk about increasing the landfill levy. Given that we have a number of illegal storage and dumping facilities that have happened around Melbourne and other areas, do you think that an increase in that levy would just encourage illegal dumpers and storage facilities? Would you see that as an impediment?

Ms SLOAN: No. The reality is that part of the challenge in Victoria has been the lack of regulatory certainty, lack of enforcement, lack of licensing provisions and other things. The levy is the economic tool that assists in enforcing the behaviour. You are actually dealing with probably unlawful and unlicensed people that are doing that. The licensed industry are not the ones who are doing the illegal dumping. So I do not think you should conflate the two issues. The levy is really important as an economic tool for the diversion for resource recovery.

I think Victoria is at a really important precipice, with the EPA Act review and the regs. If you get that right, you start to have that sort of level playing field—that accountability, the data and all those things that you guys are clearly missing, to be fair. You have got MRFs, SKM and others who have not been licensed, who have not got weighbridges, who do not have any enforcement around data. The powers and ability to enforce that has been really difficult in Victoria.

As to the question about unrealistic expectations, your councils had a clear expectation they had gold in the bin and not glass. They thought they should be paid for their yellow bin. They were really out of step with the rest of Australia. I said to them at a MAV conference recently, 'I don't know where you got your glass from, but ours wasn't worth that in the other jurisdiction'. So expectations as to value are out of step. We have actually been publishing in the SV market development reports, clearly saying what is in a bin and what the value of that is—to help with councils understanding of that.

There is a cost to reprocessing, but there is a benefit. We create jobs; we create materials that are inputs into other parts. The other question was about—what was the other question?

Mr MEDDICK: Confusing packaging.

Ms SLOAN: Look, do not start me on packaging. It is really simple what goes in a MRF. It is really simple. Every contract in Australia allows for paper, cardboard, steel, aluminium, glass and plastics 1 to 7. It is that simple. We do not allow for any material that is a mixture, and if you think about the most basic—a yoghurt carton that has PPL plastic and an aluminium lid—no MRF in the world can put that into two streams. You also

think about a water bottle—PET, the best plastic. PET and HDPE are the plastics that are liked globally. We put a paper label on it and we put an HDPE lid on it. That is a 10 per cent contamination level by weight. So tell me how a MRF that does single stream addresses that. Until we get genuine about product stewardship and making producers responsible for the cost of managing that, we are not going to change. The label does not maketh the man. I could call myself Elle Macpherson; I am not. It is not recyclable.

Mr MEDDICK: Thank you. That is a great response. That is exactly what I was looking for.

Ms SLOAN: Maybe take that Elle Macpherson comment out.

The CHAIR: You have parliamentary privilege; you are allowed to do that.

Ms BATH: Elle, it is very good to see you today! In seriousness, you speak about the ‘Made with Australian recycled content’ label. When I go to the supermarket I pick up the container—whatever it is, my tomatoes. I check that it is Australian tomatoes et cetera et cetera—my ham, 70 or 95 per cent Australian. How can you see that? Can you develop that concept? I think it is a really important one—at the end point, where mums and dads are in the supermarket. What can we do in this Committee to help address that?

Ms SLOAN: We have got this thing called the Australian Packaging Covenant that has put a label on for recycling. We could actually put a similar label out there because one of the things that the ARL was supposed to do was standardise over 200 different labels. This is not a blank canvas, but WMMR ran a competition amongst its members to be able to put that label on packaging—because we actually know that it is not recycling unless you are buying recycled, and we know the community want to do that. To me that is a label that people can be pushed on, because we have actually got the ACCC and greenwashing policy that says you cannot misrepresent, so we do have a safeguard and we could support companies such as Natures Organics, the Victorian company, who are using Australian recycled.

The beauty of *War on Waste*, other than the fact that obviously Craig Reucassel taught us all about our industry, was that the public actually started to go, ‘This is what we want, this is what we expect’, and they changed behaviours. It has been awesome what Woolworths and others have done since that show. The public want us to turn it into recycled content in Australia and they want to buy it back, and that will lead to a race to the top rather than the constant conversation we have about cost, the race to the bottom and waste moving around. So it is actually a marketing tool, but we have got to harness it and we have got to make it available for the consumer.

Ms BATH: We have heard today through the departments the discussion around procurement of plastic sleepers, for example, recycled sleepers. When you go out into industry you can hear that they are up to double the cost of timber sleepers, and I guess my point goes to: what sorts of layers within government, tiers of government, do we need to really support that procurement? What do you say in relation to procurement policies of recycled material?

Ms SLOAN: There are a couple of things. I guess as I have gone further into this journey—and I worked at Visy recycling, I will declare that—but three years ago I started looking at glass as a recycling alternative to sand, for example. You realise that a lot of the specification standards that we currently have do not allow the use of recycled materials, so we very much need to look at state-based but also national standards where possible. One of the things, for example, with roads, rather than leaving it to every main roads department, if we were looking at a national standard similar to what we did with transport and reference of powers, so (a) we could actually start to make it possible to do it, but (b) we have advocated for a long time that government and industry at all levels should actually procure preferentially Australian recycled materials.

Look, we get that it is not all available, but make a commitment to spend your budget—and we are not saying more, just spend it—on recyclables, and if you do not, you should declare why you are not, because I think particularly from government, local and state, our community want it. If it is not available, say it is not available, but let us put out that commitment so market can invest with certainty knowing someone is going to be a buyer.

Ms TAYLOR: I was just wondering your thoughts, not so much on planning law but we know with certain building structures they are not necessarily waste-fit in the sense that they do not necessarily lend themselves to

composting and the like. Again, I am not trying to put you into planning law, but do you have any ideas on how we can cater for this better into the future or whether we need more adaptive technologies that will facilitate the built-up apartments that are not waste-fit, as such?

Ms SLOAN: I think there are a couple of things in response to that. One is—and I have a background in councils—most waste policies are done at a policy level rather than a planning level, so they can be ignored by certifiers and planning. We have got a strong view that nearly every jurisdiction, or all jurisdictions, should actually have a waste SEPP, a strategic environment planning policy, that should cover everything from precincts in which we can build—because nobody wants a waste facility next to them, but try and do it without us—we should actually have buffer zones around so there is no encroachment, but it should go all the way down to how you do appropriate bin size rooms and circulations and how you set up your policy in relation to source separation.

I think we have got to be conscious though that most of the high turnover is in multi-unit dwellings. It is harder to educate, and for certain suburbs—I guess I am familiar with New South Wales, so Bondi, Waverley, with highly transient populations—it may not be the right fit, so always having that source separation without education is maybe not also possible. You have to maybe look at specific solutions for multi-unit dwellings that will actually be effective. For example, I know that Leichhardt council had food-only organics in a multi-unit dwelling for a long time, but they could only get 100 tonnes a year, which is not enough to grow a market on.

But anything we do has got to have demand and a market for it, so if we are setting up stuff like that in councils they should be buying that product back, be it FOGO or GO going into composting that they take back through their contracts. The same with glass and their bins: they should be buying it back as civil and construction. Contracts going forward should also have offtake arrangements that create markets to give certainty to our industry but also to reduce the cost of their contracts, if that makes sense.

Mr LIMBRICK: One of the things that you called for was at least a 50 per cent return of the levy to industry. In what form do you envisage that happening? Is that like loans, grants, product development, research? And how do you think Government should determine the triage on what those investments should actually be? How do you envisage that working?

Ms SLOAN: It would be a mix, because it is not one size fits all. So you would like to think that every jurisdiction that has a levy also has an infrastructure strategy that would actually clearly state where you want to put infrastructure—so where you want it located. Then arguably you would actually have grants or loans that are tied to those locations, those specifics. I think New South Wales has demonstrated potentially how not to do it—a lot of money going in and not a lot of great investment coming out. We have not actually set the foundations of essential infrastructure, because at the end of the day this is community infrastructure—often in private hands but serving a good purpose. The state has got to maximise that by being clear about where they want it, by providing funding and investment for it—sometimes grants, sometimes loans—but then industry is investing too, so you get the multiplier. But then as industry we know for sure that the state is committed to it.

You have also got to look at that the levy has got to be really clear about also avoidance. The thing about the levy is you only pay it when you go in the gate or landfill. One of the things I have been challenging councils nationally to do is, rather than obsessing about how much you are putting through the gate or landfill, match your budget against the hierarchy and check how much you are putting into education for avoidance so you never pay it at the gate. So we have to be smarter about how we do that, and it is as much about education and avoidance. Other things, like setting up community infrastructure—share cafes, repair cafes—are great community-building initiatives that engage the community that you can leverage into positive outcomes. So it is multifaceted.

Mr LIMBRICK: So just to clarify, you think that some of that money should be used for education campaigns as well? It would be a good use?

Ms SLOAN: Yes, absolutely. It is all part of it. Our industry is as much about market development, avoidance, education, change and infrastructure as it is about just the traditional view of infrastructure and collection.

Dr RATNAM: Thank you so much, Ms Sloan, both for your submission and your presentation of evidence today. It has been really, really interesting. I wanted to take us back, actually. Could you provide an outline—I have got a general sense of your association. Would you mind telling us a little bit more about how your association is configured just so that we are getting a sense of the different groups that you are representing, because I am also interested to know what you are hearing—from, it sounds like, industry groups—in terms of their biggest frustrations in the next steps we could take to really increase our resource recovery rate. You made a reference to CDS in terms of product stewardship before, and I would be interested in your views on how those CDS schemes are going from your perspective across the country—Victoria now is the only one without one—and what kind of impact that is having. So basically a little bit of an overview of your organisation and product stewardship and CDS, please.

Ms SLOAN: So we are the peak industry body. So we are the only one that operates nationally. We are in all parts of industry—everything from energy to waste, to traditional landfill. We are also the only industry body that has all parts of the sector, and this says that we have consultants, we have councils, we have State Government and we have operators small and large. I have over 2000 active members, over 500 companies, represented across all of Australia. So I am literally sitting in a room next to a conference we are delivering in Tasmania that we have 100 people participating in. So we are very active. We do advocacy, we do education, we do conferences and we do events. We have a branch structure and we have a working group structure.

Dr RATNAM: Great, thank you.

Ms SLOAN: So we are it. Okay, so CDS. Actually in my guise at Visy I was responsible for the advocacy and policy development in New South Wales when that was being developed, and then since I have come to this role I have been on the Queensland and Western Australia working groups and on the SA review. I also was brought up in Adelaide, where we actually stored our bottles and took them to the scouts on Saturdays. So a really interesting perspective in that sense—in the sense that South Australia did not have kerbside when they put in CDS. CDS receives it, and their material recovery facilities are set up differently and the redemption scheme is quite different. They have got a strong culture of saving beverage bottles. You also need to remember that SA has a strong beverage, wine and beer industry that was predominantly the polluters under that scheme, so it made really strong sense. It is 42 years old, and it is being reviewed.

My preference is the New South Wales scheme, because the waste and resource recovery industry had a lot better coverage and involvement in that scheme. Beverage do not get to set the rate. It was done through two competitive tender processes for both the scheme co and the network operators. The network operators design of ensuring statewide coverage and not just having people in the lucrative metro areas—NSW thought long and hard about making sure people went to regional areas. I think that was really clever. It was a difficult scheme to implement because by that stage we had material recovery facilities that were taking about 25 per cent of the contents of the bin—is the PET, the aluminium and glass that is eligible. So it was a quite difficult and challenging process because we had not worked out revenue share when they put in the New South Wales scheme.

We learned from that in Queensland—better revenue-sharing ability, because it changes the economics of a MRF when you lose the material out of the bin, because those contracts are long term, so we have learned that for Queensland. I do not like that scheme so much in my personal MRF-type view because it was not a procurement process for the scheme co. It was a product responsibility organisation offered to beverage without the same level of transparency.

WA is a bit of a hybrid. I am pretty sure they have got safeguards in place with the legislation in relation to the pro in the event that they do not deliver, and there are financial penalties in the Act. I am concerned about the fact that WA have real issues with distance transportation and ensuring that you will have coverage under that scheme, but I guess we do not know.

So there are really strong models out there. We very much advocate before we go to a fourth bin for glass or anything else that we do not do that before there is a CDS in Victoria, given the money that would put back into the system but also given we know the volume of the product that can come out of the bin. So why would you have lighter bins or lesser material left in MRF-land and put additional costs on households and not change market demand—because at the end of the day, one of the weaknesses in all the schemes is that you do not

need to use Australian recycled content in the containers that you register for the scheme, so it is not a genuine product stewardship scheme. It is a collection scheme, polluter pays scheme, at this time.

Mr HAYES: Thanks very much, Gayle. I just wanted to ask you, do you represent the supermarkets too?

Ms SLOAN: I have a couple of members, but no, I do not.

Mr HAYES: They were unwilling to come and talk to us too, unfortunately, but I just wanted to get your recommendations on how supermarkets and retailers, especially large retailers, could be involved in the labelling and collection of packaging, particularly the packaging that they produce too—like, they wrap cheeses and vegetables in plastic—and how that could come back into the recycling chain and be used. Can we make supermarkets responsible for its collection and the appropriate labelling so that people know which waste stream to put it in? A lot of that goes into contaminating the waste stream at the moment.

Ms SLOAN: We always have to be mindful that food waste is arguably a bigger issue than packaging waste, and I know that we have not been good in Australia at having that conversation. In the sense of a cucumber, in packaging it lasts 14 days, compared with three days. So it is a complex issue managing food waste against packaging waste. I think one of the challenges that Coles and Woolworths and others, and Aldi, have is that obviously they are the recipients of packaging. They could arguably specify more clearly the packaging types that they want on their shelves, and a really good example of where I have seen that work is Coles, who are very, very good at specifying 100 per cent Australian recycled material in their water bottles. And they do do it; they are made by Visy, they have had them on their shelves for years and there is actually a ‘Recycled 100 per cent’ label on that. So they can actually start setting parameters about what they want to stock, which will feed through the supply chain.

The CHAIR: Any last questions, anyone? We are going pretty well.

Mr HAYES: I will just ask one more. Just on that, can we at a state level make supermarkets responsible for collection of this material, or would it have to be done nationally?

Ms SLOAN: I think we have got to recognise that we need national consistency and harmonisation, and the beauty of this one is that we do have a national *Product Stewardship Act* that can have mandated provisions in it.

This is something that the Commonwealth could bring the parties together from a business point of view and show leadership on, so it is very much something that we are very keen for the Federal Government to do something about.

The CHAIR: On that note, thank you very much for your time. We appreciate you sharing all this wealth of information with us. A copy of the transcript will be sent to you. If any changes need to be made, please let us know. Thank you very much.

Ms SLOAN: Thank you.

Witness withdrew.