

TRANSCRIPT

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Recycling and Waste Management

Melbourne—Wednesday, 2 October 2019

MEMBERS

Mr Cesar Melhem—Chair

Mr Clifford Hayes—Deputy Chair

Mr Bruce Atkinson

Ms Melina Bath

Mr Jeff Bourman

Mr David Limbrick

Mr Andy Meddick

Dr Samantha Ratnam

Ms Nina Taylor

Ms Sonja Terpstra

PARTICIPATING MEMBERS

Ms Georgie Crozier

Mr David Davis

Mr Tim Quilty

Dr Catherine Cumming

WITNESSES

Mr Mark Smith, Executive Officer, Victorian Waste Management Association; and

Mr Peter Anderson, Chief Executive Officer, Victorian Transport Association.

The CHAIR: I welcome Mr Anderson from the Victorian Waste Management Association, and Mr Smith from the Victorian Transport Association. The Committee is hearing evidence today in relation to the Inquiry into Recycling and Waste Management. The evidence is being recorded. All evidence taken at this hearing is protected by parliamentary privilege, as provided by the *Constitution Act 1975*, and is further subject to the provisions of the Legislative Council standing orders, therefore the information you give here today is protected by law. However, any comment repeated outside this hearing may not be protected. Any deliberately false evidence or misleading of the Committee may be considered a contempt of Parliament. You will be provided with a proof version of the transcript in the next few days. We have allocated about 5 or 10 minutes to go through a presentation. As we have a smaller number on the Committee today—we have a few members who have had to attend other commitments—we will have enough time, so feel free to use the full 5 or 10 minutes. Who would like to go first?

Mr ANDERSON: I will. Thank you very much for the opportunity to present today. We are passionately committed to the waste recycling industry. By way of introduction, we just want to be able to give you a perspective of who we are and what we are doing here today in talking to you. We most certainly want to contribute as best we can and hopefully bring a different perspective from others you may have heard already. That point is all about the fact that we represent industry and the commercial realities of what this industry is facing at the moment.

The Victorian Waste Management Association is part of the Victorian Transport Association, so it is an associate within the VTA—the Victorian Transport Association. The VWMA in its own right has around about 150 members—150 different businesses, all of different sizes. We have the nine big players in the game, if you like, but we have a lot of medium to small businesses as well, so people who are materially affected by any decision that the government may or may not make or any major incident that may or may not occur. The industry is constantly on edge, if you like. It is working desperately to try and meet the expectations not just of its customers but of the community and also its employees and the owners of their businesses as well. But I will come back to that point a bit later on.

Our membership includes private operators and local councils as well. Some of them have joined our membership—government agencies, consultants and legal firms.

We are certainly very cognisant of our responsibilities to the regulation under WorkSafe and the EPA and other regulations, and we most certainly want to be able to contribute to those directions that will come over the next few months in that area.

Visual presentation.

Mr ANDERSON: That is just a quick slide to let you know how we view the industry. It is 13 million tonnes of waste a year. What are we going to do with that? How do we cope with 13 million tonnes of waste? How do we manage all those businesses? How do they work properly? The size and scale of those businesses vary based around the type of waste that they are transporting or processing or working with in whatever way.

The jobs themselves: the scale of the industry is such that we have a participation rate of over 23 000 people in our industry. We want to build on that if we can. We do not want to reduce it if it means people lose their jobs rather than we re-skill and reallocate based on the fact that we are looking to do more within our industry than what we currently do.

There again, it is fairly self-explanatory. Mark has done a good job getting that information up. What we wanted to raise today are some of the industry issues, and you are welcome to have these slides.

The CHAIR: I think we do have your corresponding report, but we would be grateful for your slides if you are able to email them. That would be good.

Mr ANDERSON: Without you having to read all of that, just to summarise that in the first one we are talking about minimum standards. Like the transport industry, we need to know where we sit in our contractual arrangements—with our decision-making, with our forward planning and with the structure of our businesses today. We need to know how those businesses are going to operate in the future, so we need direction, not always regulation. Sometimes the industry can do some work on its own, but it does need regulation and it does need direction and policy. We need cleaner product. One of the issues with the National Sword in number (3), for example, is that one of the reasons why the National Sword failed was that we were not able to deliver the product the way the Chinese wanted it. We were quite happy to leave cigarette butts in plastic bottles. What they wanted was it washed and chipped and put into bulk bags and given to them as a raw product like that. We could not get that. We did not understand that. We were not willing to value-add in our structures to be able to deliver what the customer really wanted, so the customer said, 'Bad luck'. They have not said no to everybody. There are still countries supplying to China, but not many. We are certainly not one of those.

The insufficient compliant waste disposal locations: that is a generic issue that we have not just in Victoria but around the country. Yet you will go to other countries, and you will see that is exactly what they have got. You will go to Scandinavia and Europe, and you will see that they are standardised throughout their boroughs. You will go to Hong Kong, for example—and I was in Hong Kong recently—and there again it is fantastic how they look upon their waste to recycling. Their bin is not one bin; they have five bins next to each other in public, and that is how they educate the public as well. But they also do other things, which is interesting too.

Enforcement needs to be more targeted. We have a lot of members who do the right thing yet are targeted from enforcement. The issue there with enforcement is that we want to see enforcement targeted on the intel based around the people that are doing the wrong thing. We get that. But if I am an operator that is doing the right thing and a large operator doing kerbside collections and I get an EPA officer coming around to fulfil their numbers and I get a \$7000 fine, that does not change behaviour—it just takes \$7000 off my bottom line.

The CHAIR: Just on that, can you expand a bit on that? I mean, what do you mean by that? Can you describe in a bit more detail the problem as you see it today on behalf of your members? And what do you think is the solution going forward in practical terms? If you are able to do that—if you want to take that on notice or supplement that later on, feel free to do so.

Mr ANDERSON: No, no. I can certainly expand. We have 12 companies around our council, and we talk regularly. Every two months we all get together and we talk. One of the issues we have when we talk about enforcement is the fact that some of what we call the good guys sit around the table. They are not there, they are not spending time away from their business, to come and talk about their issues and see what we can do within our industry to correct some of the issues or improve some of the issues for any reason other than they want their business to be better. They are not the bad guys, yet they are the ones where the EPA are walking in the door, knocking on the door, saying, 'That bucket of waste over there shouldn't be here. Why is that there? That is a fine—there is \$7000'. And the fines are dramatic. Yet all of a sudden we find someone has got a warehouse full of dangerous goods, and what happens to them? We would like to see the enforcement operations be more targeted around intelligence, and the intelligence can come from industry. They see it, they know it. They know what people are doing. They know when people have got skip bins that should not be out there.

Mr HAYES: That is right. They do.

Dr CUMMING: So why aren't the operators—especially, say, the trucks taking this recycled material to warehouses—docking those operators in, knowing that it is not the right thing to do? So within the transport industry they are actually being directed to do the wrong thing, but they are not. Why are they not complying?

Mr ANDERSON: I hear what you are saying, but I think you have sort of gone ahead a bit too quick. In terms of the fact that they will take up a contract, that is not to say that there is not bad business out there too in terms of they have made some bad decisions. But SKM in particular, if that is a specific that you would like to refer to—I certainly will—was meant to be a business that was endorsed by the councils, that was reputable, that was doing a job where it was just getting more and more work. The fact that they had a fire at Coolaroo

stopped the supplier who was carrying for them, and he did not want to do any more with them, so he stopped. So they went out and found somebody else, who was not as reputable, who is now going to carry for them. And so the chain goes down—or so the water falls down the waterfall—like that in terms of, well, they are slowly getting out to getting no-one to do any work for them. And that was one of the issues that was happening.

I spoke to the owner of Tasman Logistics, who has 720 containers on his property right now full of SKM waste. He said originally they were fantastic: ‘We were carrying for them. We were exporting their product overseas’—because they carry containers; that is their job—‘We were carrying their product to the wharf, and it was being exported. And they were paying their bills’. Now, you do not turn around and say, ‘Listen, are they going to have a major accident?’. Your risk profile does not necessarily extend to that in most businesses. And their exposure was fairly high, but they were being paid regularly so they considered that to be something that was okay. Then of course all of a sudden they started getting into public trouble. They already had, I think, seven fires before the Coolaroo one. But the real issue there is the fact that they thought they had a good deal with them. They thought it was all right until it suddenly stopped and the money stopped.

Mr HAYES: Who is they, sorry?

Mr ANDERSON: Tasman Logistics thought they had a good deal with SKM because—

Mr HAYES: For carrying their material.

Mr ANDERSON: For carrying the material. And of course when the Laverton issue came up they said, ‘We want containers and we want to put everything in containers’. I know that now, but I can remember going to the Laverton site and sitting opposite—knowing that it was the ex-TNT site, because there used to be a parcel conveyor system in there—and I could not believe it. I drove around the front, and I could not see the offices. There was only a little narrow alleyway for a forklift to get through from the front gate. It was just full of bales, and I thought, ‘This is just ridiculous’.

Mr HAYES: This was basically because there was nowhere to send it anymore, was there? It is all commingled and nobody really wanted it.

Mr ANDERSON: That is the crux of this whole issue anyway; yes, you are right. I just could not believe the amount. But, again, the EPA came in. It was interesting, and I had a chat to the chairman, Cheryl Batagol, on the Thursday. I told her about that and I said, ‘I just can’t believe how much rubbish is there’. On Monday the EPA walked in, and within two weeks they cleaned it up. How they cleaned it up in two weeks I do not know. Where did we suddenly find space for all these bales?

Dr CUMMING: Apart from all the warehouses everywhere.

Mr ANDERSON: And if that be the case, why weren’t we chasing that down the rabbit burrow? Why weren’t we saying, ‘What’s happening? It’s nice you’ve cleaned up this site, but what’s happened to it?’.

Dr CUMMING: I guess, Peter, that is where my question again is: it has to be transported, so where there is no reporting via the transport, I struggle with it. I do understand that it is not considered hazardous material. Bales of recycling product are not considered hazardous, nor putting them in an industrial area. It is not considered a waste facility with buffer zones. But when it hits a point where you can see that you are creating a fire load, who has the responsibility of actually saying, ‘I’m actually driving this material to a fire load. I’m at Laverton, and it’s chock-a-block with now what you would consider hazardous because it has become a fire load’.

Mr ANDERSON: I hear what you are saying, and I concur with you.

Dr CUMMING: It is dangerous for those truck drivers too continually going there.

Mr ANDERSON: The thing is at that particular point Tasman Logistics and SKM had a valid business arrangement, and SKM asked for containers. SKM had 720 containers delivered. They put it all in containers, they took it on site and they came to an agreement that we will pay you.

Mr HAYES: Supposedly once it is in a container you do not know what is in there. Is that the idea of putting it into a container?

Mr ANDERSON: I do not know. Look, the nefarious thoughts—I am not going to go through that, Clifford. Catherine is right: where does the point of responsibility really start, and where should it be exposed? That is hopefully in inquiries like this where we start to build the systems.

The CHAIR: Just before we do that, because I think we are straying a bit, if you finish with your presentation and any more points you have to make, and then we will come back to questions.

Mr ANDERSON: Point 6: the lack of connection with planning with overall planning departments is not there. The lack of support and training is there under point 8. Especially with people like MRF operators and things like that, they are just thrown into it. Insurance is becoming more difficult—point 9. Point 10, one that I will come back to a bit later on, is council responsibilities—difficulty in obtaining permits, unhelpful council officers and long development approval processes for major projects. That is an example of the disconnect between the industry and the councils. The residents are the ones generating most of the rubbish that we are talking about. But in this SKM process I could not believe the fact that the councils had a bag of rubbish in their backyard. They threw it over their fence, and they did not have a bag of rubbish in their backyard anymore. It was just in somebody else's backyard, which was SKM's.

After the Coolaroo fire we actually consolidated more council waste back into SKM, so they had more problems to deal with. They were not able to get rid of it. They were not able to deal with it properly, as we would all expect, but no-one held them to account. From my perspective I would have thought the councils, Catherine, would have been one of the first people. I can understand the transport operators—yes, they have got a responsibility as well; they cannot escape either. But I would have thought the councils would have thought, 'Hang on a second. Are we being ethically correct in what our commitment is to our constituents—to our ratepayers—by doing this, or are we just trying save a couple of bucks?'

The CHAIR: I will just remind members it is a formal hearing; it is not a conversation. I just want to stick to the rules. I am sorry for that. Mr Anderson, can you come back to your—

Dr CUMMING: Just a right of reply, Cesar.

The CHAIR: Thank you. I will come to you in a minute, or we will have no time.

Mr ANDERSON: I have got one other point here, and that is not about problems. This is not about discussing problems. The past is the past, and we look forward to the outcomes of the Inquiry. The thing is that we believe there is a solution, and that is to create a market for recycled product. That is done through mandating or regulating or giving direction through policy from the Government to procurement processes both within the Government and the councils and for them to be able to source and have people manufacture products that they need within their environments. To encourage that I would like to think that we could hypothecate some of the landfill levy back into a rebate system for products that are bought, not products that are made, from recycled goods.

Mr HAYES: Just a couple of things. You were saying councils should have been responsible for breaches that were going on in their territory. Where do you see the EPA in that? Shouldn't some of the responsibility be given to the EPA too, knowing that there were breaches going on?

Mr ANDERSON: It is interesting how the EPA has operated over a period of time. It is going through a major time of change, and I think it will come out to be a different organisation to what it has been in the past. I do not think the responsibility solely sits with the EPA. I think there are perhaps some breakdowns in how they see themselves and what responsibilities they have. I think perhaps that needs to be clarified for them in the legislation coming forward, which I think it does.

Mr HAYES: Another thing is you are saying, 'Where has it gone?'. Suddenly these sites are cleaned up, and all those mountains of commingled rubbish that nobody wants—where has it gone?

Mr ANDERSON: There are 11 warehouses with over 60 000 tonnes of baled waste and 720 containers sitting in the City of Maribyrnong.

Mr HAYES: So they are all sitting around for another disaster waiting to happen?

Mr ANDERSON: Yes. I do not know how far I am allowed to speak about that. Do you want me to say?

Mr HAYES: Yes. You are protected under parliamentary privilege.

Dr CUMMING: You are protected here, so I would.

Mr ANDERSON: It is interesting. The councils were given financial support of \$10 million, which is fantastic. These people were in what they thought was a viable—I will not say ‘strong’, but viable—commercial relationship with a customer that suddenly had to close their doors. Then we have just forgotten about the waste that is sitting there. They cannot own it. It is in administration, so they cannot do anything with it. They cannot move it. Their costs for moving it are what they have to bear. Bad luck if they want to reinvigorate their assets such as warehouse all those containers again to clean them out. And then again, where are they going to take it except to landfill? Is that what we really want?

Mr HAYES: No.

Mr ANDERSON: So we have sort of walked away from that side of the problem; we have chucked the bag of rubbish over the fence and said, ‘Well, it’s over there’. What about, ‘Let’s just clean the mess up as well’? Anyway—

Mr HAYES: It seems to me that really you can appoint blame here and there, but really everyone turned a blind eye to what was obviously happening after the China sword deal collapsed and we were shown that—SKM and the fires—people were not coping, the rubbish kept being produced and there was no real viable way of dealing with it. People have lost confidence in the recycling industry altogether. They just think, ‘It all goes to landfill, so it just doesn’t matter what we do; just throw it in whatever bin’. It is all a mess. Would you care to comment on that?

Mr ANDERSON: Most certainly. I do not think the system is broken in terms of collection. I think people do understand, and I do not think we have all lost faith; I know in my household we have not.

Mr HAYES: No, that is right.

Mr ANDERSON: However, I think this has been a problem that has been generated over a long period of time. This just has not come out from March 2018 or 2017 with China sword. It has been permeating for quite some time because we have no real recycled product market. That comes from a policy that says, ‘This is what we are going to do; this is what we are trying to achieve’. But the industry will react accordingly. The industry will invest if there is certainty and if there is a mandate that says, ‘This is what we’re trying to achieve’.

Mr HAYES: But is there a policy?

Mr ANDERSON: No.

Mr HAYES: No.

Mr ANDERSON: I am going to say something I probably should not, but we would like to think that we are all conscious about our environment and that we understand that we have a responsibility to our children’s children and we want to do something today to make our world better in the future. We all believe that. The only issue is that it is difficult to put that into practice, and I do not think we have that straight in Victoria. I do not think we have it straight in Australia. It is not about just Victoria. I do not think we are strong enough in how we see the world in the future. And that comes down to policy.

Mr HAYES: I think you said we did not understand the Chinese requirements. Maybe we understood them but were not prepared to comply with them.

Mr ANDERSON: Correct. I do not disagree.

The CHAIR: Just on that, before I go to Mr Limbrick, I hear what you say about policy, but what did your members do? I mean, they have responsibility as well, and I am talking about your major members. I am not talking about the small operators; I am talking about your big half a dozen members, who have 80 or 90 per cent of the industry, like Cleanaway, like Suez and these members who have responsibility. They are happy to take the money and they are happy to make good profit out of it, but what have they really done to contribute towards solving that problem? And I am not blaming them for the problem, by the way, but it is an equal responsibility which I have not really quite heard. And I have got some of your members coming in this afternoon and tomorrow. So what have they done, and what are they planning to do?

Mr ANDERSON: It is a very good question, Chair. The issue there for the industry is, ‘How do I become a champion and why do I want to become a champion if I lose money?’. So there is a social conscience, but there is a financial conscience—‘I want to do the right thing, but I’m not going to go broke doing it’. People like Veolia are creating a waste-to-energy plant against, well, no policy, but there has not been a push for a waste-to-energy plant in Victoria.

Dr CUMMING: Financial judgement.

Mr ANDERSON: I do not know why. And they have just said, ‘Well, bugger it. We’re going to do it anyway. Damn the torpedoes; full steam ahead’. And we can only applaud them. That sort of investment, that sort of commitment to an industry where they are going, ‘Hang on a sec, we’re not quite sure it’s going to go’—

The CHAIR: Can you expand on that—and I promise I will go on to Mr Limbrick—issue of waste-to-energy? What are the current problems facing Victoria for Veolia, for example?

Dr CUMMING: Is it the right thing to do?

The CHAIR: And what do you propose or suggest—based on what your members think—to make that a reality? What sort of changes would be required to push the issue of waste-to-energy instead of going to landfill?

Mr ANDERSON: Waste-to-energy is not the solution, but it is a step closer. You do not climb Mount Everest in one step, you take a number of steps, and waste-to-energy, we believe, is one of those steps where we can get closer to a solution that best suits everybody. We had an approach from a—was it Hungarian or Polish?—company that came to us. They could build a waste-to-energy plant for \$50 million, but they would need about four councils at least to guarantee supply. So you would need four councils to come together and say, ‘We will give you all our rubbish’.

Just on that, just to finish the answer, it is hard to get the stewardship. Businesses will react accordingly. The smaller the business, the harder it is to become a champion. They will do their own thing in their own local area, and there have been lots of little issues we have had along with that that we deal with in different ways. The bigger issues, such as, ‘How do we create a market?’, which is what Veolia are doing, are difficult, because you need commitment from a board and you need commitment from a business.

Mr LIMBRICK: Thanks, Mr Anderson. On the topic of waste to energy, you see that as a possible market for some of these materials, so the plant that Veolia is talking about, is that to generate electrical energy or thermal energy, because we have heard during the Inquiry some of them are thermal industrial energy and—

Mr M SMITH: So I believe the site Pete is referring to is the Suez Australian Paper site—

Mr LIMBRICK: Okay, so that is the thermal energy one.

Mr ANDERSON: No, there was a second one. Suez is probably the one that is going to come up first.

Mr LIMBRICK: On a separate topic, you mentioned the container deposit schemes, and we have heard a lot about source separation. We heard earlier this morning that a container deposit scheme might not be as good

as, say, source separation at kerbside for glass specifically, because that is a big contaminant. What are your thoughts on a container deposit scheme as compared to other possible source separation strategies?

Mr ANDERSON: I will let you say something because I know Mark will want to say something, but can I just raise this one. I am of a certain age where we used to have a scout hall close to where we lived and they would take the bottles, they would recycle the bottles and they would sort them; they would put the beer bottles over here and the clear glass over there and the wine bottles over there. That worked fantastically. We had it. Those bottles went back to ACI, and they came back to us with other—

Dr CUMMING: Do you think we have a society that would do that now? We do not seem to have the amount of scout groups, and even at my local football club, I look in their bins and they are lucky to recycle properly or sort.

Mr HAYES: Yes, but if there was cash involved.

Mr LIMBRICK: They got paid for those materials.

Mr HAYES: Yes, you got money back for collecting all those beer bottles, I remember.

Dr CUMMING: Yes, but I do not know if everyone is that desperate for that small change.

Mr ANDERSON: And, look, I can remember my father had a transport company, and I would climb through the trucks on a Saturday morning and get a hessian sack full of bottles and take them around to the local milk bar. Back in those days it was a threepence a bottle.

Dr CUMMING: And aluminium used to be great too, but I do not know.

Mr ANDERSON: Aluminium keeps going around. But the real issue there is that glass is a problem in the MRFs and the commingled—and the different types of glass, but there are still another 15 other products in there to be recycled, not just glass. So it is just not glass. But a CDS scheme—you go, Mark. You were going to say something.

Mr M SMITH: We are actually putting on a dinner on 23 October as part of Waste Expo, which will actually be showcasing the state-by-state comparisons of CDS. At the moment all the states have signed up to it. Tasmania has recently announced it. Victoria is the only one. New Zealand is also implementing a national scheme. So some of this stuff needs to be looked at in the context of what is good for Victoria, but it also needs to be looked at in the context of where we are going. These decisions cannot be made in terms of, 'Well, what's the fix now?', without, 'How is this going to impact collection in five years time or whenever Victoria ends up signing up to a CDS?'. New South Wales has seen broad benefits around CDS. CDS schemes are not necessarily based around kerbside collection; it is about management of litter and—

Dr CUMMING: Street bins.

Mr M SMITH: Yes. And there has been broad uptake of improved recycling behaviours at home, primarily because people become more aware of it. CDS is not done in isolation. It is about consistent public education. Victoria has not had any public education around recycling for quite a long time. We have not had any litter advertising or campaigns for quite a long time.

Mr LIMBRICK: Just on your last two points on the slide there, what are these main rising operational costs that you are talking about; primarily what are they? Also what sorts of permits are you talking about that are difficult to obtain from the council, and what do you think that the State Government could do to streamline those interactions better with council?

Mr M SMITH: So as Peter has already outlined there are commercial realities to how the sector works. It is predominantly privately owned and operated. I think the only landfill at the moment that is still council owned and operated is the Wyndham facility, Wyndham landfill. If business make investments in new technologies or are trying to work to achieve what the Government's broad objectives are, which have not been clearly articulated still, those investments need a payback period, and a lot of that stuff has to do with the fact that if

business makes an investment, there needs to be a payback period for that investment—new machinery, new equipment. The economic report that we have provided does highlight the substantial investments the private sector is making annually, and if you compare that to the contribution made by the State Government back into the private sector, it is a stark contrast.

In relation to permits and approval processes, I am sure that you will hear from other businesses that will outline this in more detail, but it is around the expense and the time lines to do anything with government, especially when we are needing to react to immediate challenges and problems. Businesses that need to put in an application for a new site or an expansion of an existing facility have to run a gauntlet when it comes to community engagement and consultation, irrespective of whether that site is actually going to be supporting the State's broad objectives. We are seeing that on display, particularly around the Ravenhall facility with Cleanaway servicing hundreds and thousands of Victorians. It does impact some Victorians. But that conversation and how that happens should not be the responsibility of just the operator, especially when it is servicing a broader community.

Mr LIMBRICK: Do you think that that red tape is hindering investment in these facilities, like when operators have problems with permits and time lines on development? Do you think that that is causing some of these investments to actually not go ahead?

Mr M SMITH: I think it was pointed out earlier that there has been a loss of public confidence and trust in the industry. The result of that is that sometimes more red tape is applied, which does draw out the process and does slow down investment.

Mr ANDERSON: Which diminishes the market, which is what we want to create; we want to create a market.

Dr CUMMING: I guess I first want to make a statement about something directed to me, Peter, earlier around local councils and that they should have known what was going on with their recycling. I guess my statement would be that I feel that everyone should have known—the Federal Government should have known, the State Government should have known, the councils should have known. Your truck drivers should have been wanting to answer the question, wondering what is happening to this recycling and where it is actually going, and the community should have known or at least asked those questions—‘What’s really happening to this recycling?’. I think the problem was that there was an assumption that China wanted this and China was actually doing the right thing and recycling the material and making it into pellets and that it was going back into a closed-loop system that was coming back to us with the things that we were consuming. I think it goes from the top right the way down, and even the drivers—everyone—should have known what was exactly happening in China and what was exactly happening to our waste. I think that was one of the biggest breakdowns.

But I want to take up the point around councils. Councils had a paper crisis many years ago, not dissimilar to the current recycling crisis that we face, where China refused to take paper. At that particular time councils realised that they were heavily reliant on China to actually take that paper; otherwise they were left with piles and piles of paper. So at that time local councils took the initiative of actually encouraging the State Government, rather than having regional waste management groups, to go into metropolitan waste management groups—in other words, collecting all 79 councils to have the possibility of having economies of scale to actually do proper statewide solutions to our waste problems. Ten years back is when the waste levy was created so that the State Government could actually start pooling money, because the councils realised that they needed statewide solutions and there was a real distinct lack of facilities for waste out there. So what you had raised earlier around, say, four member councils putting contracts together to be able to maybe have a waste-to-energy facility viable and operational was something identified 10 years ago, but nobody has actually put in the investment, even though the money is actually sitting there. But one thing that councils have done or the metropolitan—

The CHAIR: Is there a question, Dr Cumming, because I think we are running out of time?

Dr CUMMING: waste management group did very well was around organics and making sure the organic facility is there and there are opportunities for volumes of organics waste. I guess my question is around the

point that was raised earlier, Peter, around Maribyrnong and their knowledge of stockpiling and baling of these recyclables in that area. I would believe it is not Maribyrnong's waste. I would feel, knowing that they have a contract with Visy and Visy has been collecting recyclables, that the stockpiling and baling of waste in Maribyrnong would actually come from other areas and other councils. I guess, just to bring that up, how does it become Maribyrnong council's responsibility—the stockpiles of waste in their area that is not their waste?

Mr ANDERSON: No, Catherine, I am not saying it is Maribyrnong council's responsibility in that context. It is when the waste was originally collected and taken to SKM, the waste that is now in Maribyrnong.

Dr CUMMING: And they do not have a contract with SKM. They have a contract with Visy.

Mr ANDERSON: No, but the people that were contracted by SKM at the time to take the waste away would put it on their property, which is in Maribyrnong. That is all. That is all that is. It is not as if Maribyrnong City Council are responsible for that.

Dr CUMMING: SKM is not in Maribyrnong.

Mr ANDERSON: No, but SKM were told to clean the site up. So how were they meant to clean the site up? They were overloaded. It was spilling out into the street. It was lying everywhere. How were they going to clean the site up? Nobody was going to help them. They just said, 'You've got to close your business', so they did.

Mr HAYES: Thanks, guys. Going back to talking about waste to energy, you were saying, 'Good on Veolia for making a move and going out and doing deals with councils about waste to energy'. I would say it is a pretty brave move and indicates to me a lot of the risk, because it seems to me they are going out and councils are considering doing deals with them when there is no State policy and there is no State direction about where we are going and where waste to energy sits on the hierarchy. What we are hearing is we really wanted to take as much of what can be recycled out of the waste stream before we put the rest to waste to energy. That seems to be a lot of what is coming back, and yet some of these companies are saying, 'No, just give us the lot. We'll burn it all'.

Mr ANDERSON: I do not think it is like that yet.

Mr HAYES: No, it is not quite like that, but they are looking at including a fair bit of what is combustible and will be burnable and produce energy. Plastics and things like that—they quite welcome seeing that in the waste stream and we might be trying to get that out. There is a real lack of direction about where we are going. Maybe the direction will come when our report comes out.

Mr ANDERSON: A lot of that comes down to procurement mandates. It does not have to be regulation. It could be procurement mandates for the Government and for councils. For example, if the councils were told that for them to be able to attract further revenue in whatever context they would have to have 50 per cent recycled product for all their outdoor furniture, all of a sudden we would have somebody producing. They would make the moulds to be used for blow-moulded plastic for outdoor seating or bins or fencing or poles or light poles. If we said every light pole under 7 metres was made of recycled plastic, all of a sudden we would have engineers designing them and we would have products being made because people had to buy them.

Mr HAYES: That requires some state direction, doesn't it? It cannot be done at the council level?

Mr ANDERSON: No, it cannot be done at council level.

Dr CUMMING: But there is—

The CHAIR: Sorry, through the Chair. Mr Limbrick?

Mr LIMBRICK: Just on procurement policies, we have heard some evidence from councils during this Inquiry, especially regional councils, that they are quite concerned about the idea of procurement policies because for someone that is close to a recycling facility, like a metro council, it is quite cheap to transport those

materials, whereas if you have got that same sort of mandated policy on a regional council that is not close to a recycling centre—so how do you handle those sorts of differences without it—

Mr ANDERSON: As I said before, rebates from the landfill levy—so in other words, hypothecate some of the funds—rebates to purchase.

Mr LIMBRICK: Yes, right.

Mr ANDERSON: And you may graduate those purchase fees depending on things like transport rates, but the value of those rebates might be graduated depending on how far out from a supplier or whatever. You could create that quite easily. But that, from my perspective, is the easiest way to be able to manage this and have this grow.

Mr LIMBRICK: So rather than use the funds in the landfill levy for investment directly, use them to create markets that will drive the investment indirectly?

Mr ANDERSON: Correct, and industry will invest itself. The Veolias, the Suez, the Cleanaways—they will invest if they know there is a market. They will even do it sometimes—sometimes—when there is not a market.

The CHAIR: On that note, Peter and Mark, thank you very much. I take from your contribution that you are screaming for a statewide policy about how we are going to approach the whole thing and have some consistency instead of having a number of players struggle with what to do next and who to blame, whether it is industry or council or State Government. A statewide operation is the solution to go forward if we are fair dinkum, so thank you very much for your time today and your contribution. A copy of the transcript will be sent to you shortly. If you want to make any corrections, please do so. Yes, Mr Anderson, did you want to make a final comment?

Mr ANDERSON: Can I just say one last thing?

The CHAIR: Yes, absolutely you can.

Mr ANDERSON: Just on that very point: we had a fantastic meeting this week with the minister for energy, a roundtable with industry about this very point of solutions. Not about blaming people. We know what has gone wrong, but the thing is how do we tackle it for the future? We look forward to some of those policies coming out, a circular economy et cetera.

The CHAIR: Excellent. Thank you very much, thank you both.

Witnesses withdrew.