

TRANSCRIPT

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Recycling and Waste Management

Morwell—Wednesday, 21 August 2019

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PARTICIPATING MEMBERS

Ms Georgie Crozier

Mr David Davis

Mr Tim Quilty

Dr Catherine Cumming

WITNESSES

Ms Deirdre Griepsma, Manager, Sustainable Environment, Bass Coast Shire Council; and

Mr Edward Pocock, Manager, Infrastructure Delivery and Waste, and

Mr Malcolm Lewis, Chief Financial Officer, Baw Baw Shire Council.

The CHAIR: Good afternoon. I would like to welcome our next witnesses from two shires: Baw Baw Shire Council and Bass Coast Shire Council. I will start off by welcoming Ms Griepsma, Mr Pocock and Mr Lewis. Thank you for making yourselves available. We are just going to go through some formalities. 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 information you give 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. All evidence is being recorded. You will be provided with a proof version of the transcript in the next few days. We have allowed about 5 to 10 minutes for you to give us a bit of an overview. Who wants to go first?

Ms GRIEPSMA: Perhaps while the presentation is being organised for Baw Baw, I can speak.

The CHAIR: Can I just ask that you confine the presentation to the key points and then allow a bit of time for questions and answers. We have allocated approximately about an hour, but if we need to go over time, that is fine.

Visual presentation.

Ms GRIEPSMA: Firstly, I would like to pass on the apologies of the CEO, Ali Wastie, and our Mayor, Cr Brett Tessari. Today is council day, so unfortunately they cannot be here. As an opening statement Bass Coast Shire Council, along with other local governments in Victoria, is responsible for waste management within its shire, kerbside recycling being a large component of that. Council also manages transfer stations and has its own landfill as well, which it operates. This is the single largest budget item of council, as it is for a lot of other councils. The council manages this through two contracts, which it recently went out to tender for, inasmuch as they were awarded and commenced in September 2017.

So we are into the second year of 10-year contracts, and when we go to market, obviously, we test that market, and we try and make sure that we are receiving best value for our community. And that needs to be allocated out of council's rates. Council charges a garbage charge, which is a full-cost-recovery process that we have as well, hence that is transparent in our rates that we pass along to the community who receive that service. The current activity within, particularly, the recycling sector of the waste market has had a significant financial impact on council, and that is something that we are obviously managing. But it has brought about some challenges within the first two years of our new contract and will continue to do so. The Bass Coast shire, from its kerbside, collects around 18 500 tonnes of waste per annum. Twenty-five per cent of this is recycling; that is then processed through our supplier, which is Visy. About 25 per cent of that is waste that goes to landfill—the council-owned landfill—and hence we pay landfill levies on that. And around 50 per cent of that comes through our third bin, which is a full food organic/garden organic collection system. And that product then goes up to the Gippsland Water Soil and Organic Recycling Facility at Dutson Downs.

So we are very proud of the service that we have, and our service levels to our community. However, the cost imperatives attached with this are always being questioned by the community around value for money and the transparency of the market inasmuch as—and I heard mention before—how can we assure our community that the materials collected are going where we say they are going as far as recycling, or even through to the soils and organic facility? So transparency in the market is something that our community has great interest in.

Community education is also a very large part of waste management. One of the difficulties we grapple with, being a council that has a large visitation period, particularly across the summer—Phillip Island, Inverloch, Cape Paterson, through those communities, with people coming and going from other municipalities, particularly the metropolitan areas, where the service levels and the services execution are different. We find

the lack of continuity and the education that has happened, across the community from perhaps a state-led area, causes us challenges.

Council has also, in the past, resolved to support a container deposit scheme and has also on numerous occasions written to ministers, state ministers, seeking for the Sustainability Fund money—the municipal and industrial landfill levy—to actually be used for R and D into the waste sector, rather than being used in other environmentally associated activities but not necessarily for what it deems as the intent of that levy when it was originally introduced, which was a financial incentive to divert waste from landfill and also to invest in other areas of the waste industry.

So council finds this a challenging space to continue to operate in and give the community confidence that it is actually providing the best value for money for the community. When the recycling changes came about, Bass Coast was one of the first of the regional councils to be impacted by the decision of Visy to cease its activities for 30 days, which was on 24 January 2018. And at that time the community were asking questions as to, ‘Would our recycling be going to landfill?’. We gave them some assurances that it would not. Fortunately, we were unable to renegotiate, but that came at a significant cost as well.

The CHAIR: Excellent. Mr Lewis?

Mr LEWIS: Thank you. Through the Chair, I think in terms of our presentation, these pages, which were also handed out, the key or I guess the essence of our presentation, and the message, is encapsulated in the summary we have called ‘The recycling model’. So in essence in the context of Baw Baw’s total of 20 000 tonnes per annum, the impact of recycling in terms of the current challenges across recycling, across the whole sector, is 5000 tonnes. In fact there is double that amount from a Baw Baw perspective—10 000 tonnes of it is going direct to landfill and another 5000 is effectively green waste and clippings and organics. In terms of a recycling model and the 5000 tonnes, this encapsulates what the key issues are and what the impact is and also to address some of the questions of the terms of reference, which we will also cover in a later part of the presentation. But as I say, it is encapsulated in this single page.

Essentially you will see there the process of kerbside collection and its costs. As a result of the impact of the China Sword policy that cost of kerbside collection from the council point of view—even though our total cost of waste management is in the vicinity of \$7.8 million to \$8 million for all of our waste management processes—and the impact on recycling, as you can see there in the first bubble, is \$750 000. It was even less than that before China Sword.

The second component, when it is passed from the kerbside collection to our processing, you will see there that there are only the two processes. As we know what has happened to SKM, that is why there is a line drawn through SKM. It is essentially only Visy and Polytrade, and Baw Baw are operating with Polytrade. They are the only key players in the Victorian market at the moment for recycling, so obviously if you happen to be any of those 33 councils who used the SKM service, that is what their medium-term or at least their short-term solution is going to be. But that processing fee—you will see there it is \$400 000 or \$0.4 million—did not exist prior to the China Sword policy. In fact the impact of the China Sword policy has cost the council in the vicinity of \$700 000. So you will see there that that cost of \$750 000 on the kerbside on the left, we have got \$400 000 on the processing, which is collectively about \$1.1 million or \$1.2 million. That was \$700 000—almost less than half that—before China Sword. So that has been the monetary impact for Baw Baw council, and I expect that that will be represented across other councils.

You will see there the third bubble mentioned in blue is product re-use, so this of course is the end game. This is the medium to long-term solution. How can we get better re-use? The alternatives there are only short term, which of course you will see are the offshore options. There was China and there was some transfer to Third World countries. As we know, as been quite widely publicised, there is stockpiling which has been a short-term solution, and the alternative is landfill. The issue is that if Baw Baw council or any council was to take their processing and transfer that directly to landfill, the cost would increase again for landfill. We know that landfill is a finite resource. The EPA, the Environment Protection Authority, have some strict controls over the lease of additional landfill. The current landfill used by Baw Baw and 13 other councils is the Hallam facility, and that has a life span of approximately four to five years. So that landfill solution that Baw Baw and 13 other councils

use has a finite life and so essentially is of finite use, and that I understand is based on the current rate of transfers to the landfill.

You will see there at the bottom it is talking about the long-term solutions, and in summary this essentially summarises the essence of the other pages where the whole and the key aim is to get a whole-of-supply-chain solution for Government. That is from the beginning of a process, obviously in terms of how we might manage our recyclables and how we might create processes so that materials can be re-used, as well as the end use—after the recycled materials are created, how they actually then can be used and put back into the market, and that includes things such as Government policy to be able to purchase recycled materials.

The education one, I guess there is a lot of work done by councils, but there is still a lot more opportunity to actually improve on the work that is already done in terms of how the community generally actually use and actually take on board and embrace the importance of recycling. The investment in better processing plants—obviously the processing plants we have have been insufficient because they were insufficient from the China perspective. Then from an EPA perspective is the importance of regulation to get better processing plants and also to seize the opportunity of those processing plants and recommend that the landfill levies collected to date be channelled back into better processing plants. It will also provide and free up some employment opportunities, particularly in the Gippsland region, by being able to invest those dollars into better recycling plants, given the transportation and the infrastructure and the availability for the employment market into the Gippsland region.

The other slides, I will just quickly go through them, but I will not go through them in detail. In our responses in relation to the terms of reference regarding what we see as the dot points under ‘Victorian Government responsibility’ there are some strategies on how we might manage waste generation. It is in the material, so I will not read through it in the interests of time—‘Short and the long-term solutions’, ‘China Sword policy’ and ‘Other matters’, and the other matters are probably the landfill and the aftercare costs, because once a landfill is closed off there is usually a 30-year aftercare program. In Baw Baw’s case we have a closed landfill at Trafalgar. We have a 30-year aftercare cost, and we have got to provide for in the vicinity of \$9 million for that. That was closed about four years ago. So that is a \$9 million impost potentially, and that impost has actually increased every year in terms of the future projections of that 30-year aftercare component, probably in the last two or three years. Each year that estimate of provision that needs to be put aside to fund that closed landfill has increased.

There is a page in there regarding Baw Baw and across the sector of the current activities. There are a number of activities there, and finally the impact of the China Sword policy—\$677 000, which has been an additional cost borne by the ratepayers—and the impact of course on what those 33 councils might do, given the closure of SKM and given we only have Visy and Polytrade back in for current recycling. There are also the issues regarding the current site at Hallam only having four to five years. The key one obviously for Baw Baw and for the Gippsland region is the job creation opportunities and that potential investment in processing and sorting facilities in the Gippsland region.

The CHAIR: Thank you both for an excellent presentation. If I might kick it off with Deidre, I just want to explore further with your council and the 25 per cent going to landfill because you have managed to divert the 75 per cent to recycling. I think with the organic you are one of the first councils to work on that. Are you able to break that down for us? So part of the 75 per cent has been diverted from landfill; I am talking about general waste. What is the portion of the organic bit—where is it going, so far as the end product? And then what about the rest—the other recyclables like plastic, paper and all that sort of thing? Are you able to break down where that is going? Obviously you are one of the successes—an example of a council doing really well.

Ms GRIEPSMA: So with our recycling, 25 per cent through the tonnage figures is collected off our kerbside and we have a 6 per cent contamination rate with that, which is actually really good. The state average is around 10 per cent. So that product is collected by a local contractor, who then has a contract with Visy. That material goes to Visy in Dandenong. When those contracts were first awarded that contractor was receiving a \$40-a-tonne payment at the gate from Visy. Then in January 2018, when the China Sword policy came in, Visy then wrote to that contractor and said, ‘The situation has changed. There is a force majeure in your contract that we are going to exercise’, and they renegotiated after 30 days and it became a \$60-a-tonne payment. So the net difference was \$100 a tonne. Our kerbside contractor then came to council and essentially said, ‘Look, we can’t

absorb these costs. That will essentially put us into insolvency. We would become insolvent'. Therefore councils sat down and went through an exercise with the contractor and established to pick up those costs, which is around \$600 000 per annum. Council went through a process according with the *Local Government Act* of varying the contract—which is just over \$1 million from 1 July 2018 to 30 June 2020, so for a two-year period—and then for what comes into its transfer stations, those recycled products also go to Visy and hence they also incurred a change in the gate price there.

From Visy's perspective we have asked them several times around, 'Can you give us an idea, so we can give our community certainty around what happens to those products?'. We are referred to the Visy website more often than not, and there is some information there that is of interest. They have some good programs onshore that actually work well and they give some information around that for the last financial year. They do not have their figures published for this financial year yet, the 2018–19 financial year. So we have trouble getting the information around what happens to the product that is actually received by Visy and how much is exported to overseas markets because it cannot be viably or economically used here in Australia.

But also we do not necessarily expect to receive specific information about Bass Coast Shire's 5000 tonnes. It is quite a small amount in the 300 000 tonnes in the items that they receive. But we would like to sort of understand the percentage of what goes where and the contamination rates and what goes to landfill and what goes overseas, and where those markets are as well. Often the response we get is that information is commercial in confidence and those decisions are made by the fluctuation of the market. Some of that is reasonable, but others of it I suspect they could actually share a little more information about what they do.

The CHAIR: The 25 per cent going to landfill—what is the make-up of that 25 per cent?

Ms GRIEPSMA: So from the kerbside, that 25 per cent is generally soft plastics and items that cannot be recycled, like polystyrene. There will be some weight there—because it is a tonnage—that is people actually not putting things in the right bin, but the majority of it we are seeing might be textiles and clothing as well. That is actually quite a large percentage.

The CHAIR: Food waste?

Ms GRIEPSMA: No, because we have got the full FOGO bin, the food organic/garden organic bin; we are the only council in Gippsland that has implemented this at this stage. Because of the currency of our contract the market was in a good place for us to explore that. Other councils in Gippsland are actually considering that at the moment. We do find that the food waste that we are still getting coming into our landfill is generally from commercial operators who do not receive our kerbside collection. That is a market that we are yet to target, because those businesses do not necessarily take up their responsibility to sort their waste or they have trouble finding markets and avenues in the private sector to do that.

The CHAIR: Just on that, if you manage to have the households not putting their food waste and organic waste in a bin going to landfill, aren't you able to do the same thing with businesses in mandating, for example, that they do the same? Or is that something that at the State Government level we should be doing?

Ms GRIEPSMA: That is where we look at leadership from the State Government.

The CHAIR: Legally, I am talking.

Ms GRIEPSMA: I do not believe we have the legal ability to enforce businesses to do that. They do not receive our kerbside collection.

Mr HAYES: That is right. They usually have a contractor.

Ms GRIEPSMA: It is private, right?

The CHAIR: So that is the only likely methane-generating waste going to landfill that could be coming from private businesses in your shire?

Ms GRIEPSMA: Predominantly the commercial and industrial sector.

The CHAIR: Thank you, I will come back to you.

Mr Lewis, one question from me and then I will move on to the Committee. Great presentation. Can you take me through the whole-of-supply-chain solution by Government? Basically, I know it is broken down in the actual presentation but precisely what—there has been some discussion about technology and research and development. I think the technology is there. I know you referred to ‘Let’s get the equipment to basically do the sorting’. In practical terms, can you break that down?

Mr LEWIS: I think, yes, essentially that is correct. The recycling model within the diagram—this is what is happening at the moment. You will see the blue section, it is essentially saying, is the preferred for the medium to long term, where initially there is kerbside collection. In Baw Baw’s case we have 5000 tonnes that is going for processing. The intent is obviously for a product or a use, but across the market this is representative of the recycling model across Victoria rather than necessarily being specifically unique to Baw Baw. The purple, if I am referring to purple, is obviously we know what is happening in the sector, but we know those are short-term solutions. But in terms of this presentation, it was to give a holistic view of what is happening in the sector and contextualise that—which is the top section—between the kerbside collection for processing, and in Baw Baw’s case it is Polytrade. That is why Polytrade is in the blue. But knowing the context, it is that it is effectively almost a duopoly situation now without SKM, because—apart from very minor recyclers—we only have Polytrade and Visy. So they are the only ones. And given the size of SKM—SKM had 33; I understand Visy has something similar. Polytrade have 13, and there is a balance of two or three other very minor players. So it is almost to the point where we have now got a duopoly as to what might happen with the position of the former SKM operation.

So the intent of that model was just to say holistically what is happening across the sector, saying that ultimately our product re-use is the one we need to work on, to put more effort in, because of course where our processes are now they are certainly insufficient—even from a Chinese quality control perspective, and we know what the outcome of that was. So that is where the medium- and long-term investment needs to go on the basis that those are all right, but none of those offshore alternatives are really going to be anything other than short term. The landfill might be medium term, but it is certainly not a long-term solution, and certainly not the offshore, China or certainly the stockpiling. So that was the intent, Mr Chair, if that answers the question.

Mr POCOCK: Can I add to that? I suppose from my perspective—I am the Manager for Infrastructure Delivery and Waste at Baw Baw—if you are looking at a whole-of-life-cycle approach or circular economy approach, I suppose the first step would be to try and minimise the waste in the first place. So things like the plastic bag bans and those sorts of initiatives help to do that in the first place. I suppose as you step through the process there are a number of initiatives you can do past that point to try and prevent the amount of waste then going into landfill. If you have done as much as you can in the first part of the process in minimising the amount of waste—packaging is particularly something that we need to look at, I suppose, at a broader level than at a council level—you would then look at stewardship programs and things like how do we minimise the tonnages that would even need to go through a recycling facility before we get to that point.

So we would look at, I suppose, what can we do with containers? How can we recycle? How can we offer incentives to people to stop the recycling even going into the recyclables bin? Are there opportunities for that container deposit scheme? I suppose as soon as it ends up in that recyclables bin on the kerbside then we have to look at, well, how can we better process it? How can we make the end products that spill out of the processing streams more appetising for markets to use? So less contamination is one of the objectives, and also minimising the amount of by-product that comes from the processes in the recycling stream so that does not end up going straight into landfill as well.

I suppose once you have got the end product from the recycling processors, that has been separated and is clean and represents more of an asset to use for initiatives, like what we can be doing in terms of recycling products into roads or playground bases—all that space where it is all about how we integrate it into the works that we are already doing in that infrastructure space. I am not sure exactly what the solutions are, but I suppose it is looking at: what are the opportunities there along that whole process? That is how we see a circular economy working more efficiently.

Mr LIMBRICK: Thank you all for your evidence today. Ms Griepsma, I wanted to touch on the FOGO system that you have in Bass Coast shire. You said that it has been successfully implemented but that there were some concerns about costs from the ratepayers. What is the cost differential between that and landfill, for example?

Ms GRIEPSMA: Yes. The overall cost—and some of these are lag indicators rather than lead—per household per annum is \$1.85 a week, and I should clarify that, per household to have that FOGO bin, to have that food organic/green organic bin. Processing as a raw cost is actually more than going to landfill as far as paying a levy, but the offset that comes with that is the benefit of—in our case—a reduction in around 5000 tonnes of CO₂ equivalence of landfill gas, because that organic material is not breaking down and emitting landfill gas. You are not using up your airspace in your landfill, therefore your capital costs are reduced, and your rehabilitation and aftercare costs are reduced. You have also got savings in the landfill levy. Bass Coast at the moment is saving—or not paying—around \$283 000 in landfill levies per annum to the EPA. So there are a number of different ways that those costs play out over a time period, because for instance, your capital costs will not be realised for four or five years with the input of that particular service level.

Mr LIMBRICK: That \$1.85 a week—that is a net increase to ratepayers, is it, overall?

Ms GRIEPSMA: Yes.

Mr LIMBRICK: So where are the concerns coming from? Have there just been people coming to council and saying, ‘We don’t like paying this’? I am just wondering why there would be such a big concern if it is a small amount.

Ms GRIEPSMA: The concerns are not with the FOGO system; the concerns are with the recycling increases.

Mr LIMBRICK: Yes, right.

Ms GRIEPSMA: Around \$23 per household per year in the garbage charge was attributed directly to the change in the market when China’s National Sword policy came in, so it was very much around that increase as opposed to the FOGO increase. There was an appetite from the community to do the FOGO. They actually requested that when we developed our waste management strategy. That was one of the major pieces of feedback that we had received, that people wanted a green bin. We looked at a feasibility study and said, ‘Well, what was the benefit if we just did garden waste?’, which is what a lot of other municipalities do, as opposed to taking that lead to do both the food waste and the garden waste. And it balanced up for us, and there was the behaviour change that we would experience in doing that as well.

Mr LIMBRICK: So because you had the transparency, which is a great thing by the way, on your fees, on the rates for council—is that right?

Ms GRIEPSMA: Yes.

Mr LIMBRICK: And so because they saw a big jump in that, then people got concerned about the extra burden that they were carrying?

Ms GRIEPSMA: Yes. On the rates notice, obviously the garbage charge comes through as a separate fee, so people see that quite transparently. We had a number of questions through our budget process as to why the increase was around \$32 that year, which was not in line with our projections that we had told the community—that we would implement this system, we would have a step change in their costs and then you would find that it would settle down and balance out. We had not anticipated the recycling situation that we are in now.

If I can just add to the comments made a minute ago too, I think there are some really good pieces of work that have been done across various areas of Government and industry looking at the way things are operating. There are lots of reports out there at the moment, the VAGO report being one of those as well. What it would be interesting to see now—and I imagine this is one of the outcomes of this particular Inquiry as well—is how those pieces of work talk to each other, come together and be congruent in the way that they work, because the

organics strategy that was put together by Sustainability Victoria certainly supported the FOGO implementation, and we have spoken to a number of other councils around that as well. I think there are some really good platforms there. I think it has just that they have been a bit disparate in the way that they have been done—they have not necessarily been done at a strategic level.

Mr HAYES: I just wanted to ask a couple of questions, mainly on the cost, and you have run down the garden waste one pretty well. I just want to say, first of all, welcome to the Committee, and thanks very much for your submissions, and to say welcome especially to Mr Lewis, who I used to work with at Bayside council when he was in charge of the budget down there—hi, Malcolm.

The CHAIR: Are you declaring a conflict of interest?

Mr HAYES: But just a couple of questions on the garden waste and organics: are you recouping any of that cost by selling mulch or anything back to the community or back to consumers in some way?

Ms GRIEPSMA: No. Council's contracts are set up so that what is collected from that green bin on the kerbside all goes down to the facility at Dutson Downs—the soils and organic recycling facility—which has a gate fee. Now, my understanding and logic tells me that that gate fee is kept minimised because they then onsell the product through a third company that they have an arrangement with. So I suspect if they could not do that, then we would be paying more. That is what logic tells me.

With the garden waste that we receive at our transfer stations, the contractor that runs our council transfer stations mulches that down and then has the ability to onsell it back to the community, but the quality of that is quite low. It often has weeds through it, and people generally do not find it to be a great product.

The CHAIR: Where does it go? What use does it go to?

Ms GRIEPSMA: My understanding is some of it is used around the landfill facility that we have, which helps with keeping—

The CHAIR: Like the capping?

Ms GRIEPSMA: Not for capping, but it does complement some of the capping to assist vegetation growth around the area. Some of it actually goes on to a company that is doing some R & D into some composting facilities as well. They need raw product. That is in a local area in South Gippsland. Others of it is sold on to the community, but a low volume from what I know.

Mr HAYES: Some potential in that. The other thing I wanted to ask you about: you said you ran a container deposit scheme?

Ms GRIEPSMA: No, we have advocated for a container deposit scheme.

Mr HAYES: Oh, you have advocated for it, okay. I was just wondering how you organised that. Is littering and dumping or anything like that a component of the waste disposal problem?

Ms GRIEPSMA: Certainly in our peak periods of tourism littering is often a problem. Our street litter bins get pretty full as well so we have to increase our service levels as well. But we find littering in general increases as your population increases, particularly day visitors who are not necessarily invested in the community. Illegal dumping is an ongoing issue for Bass Coast and a number of other councils as well that I have spoken with. It is a bit of a conundrum at times because often where we see illegal dumping it is materials that can be deposited at no fee at our transfer stations, so I think some of it comes down to education around people understanding that. Some of that is convenience and some of it is just a societal attitude by some people. I am not sure what the solution is there. I know that HVP, who are the plantation owners here in the Latrobe Valley, have significant problems with dumping in their plantations.

Mr HAYES: One other thing: you have mentioned that textiles and clothing were a fair component of the hard rubbish collection. Is there any way that you know of, or that has been suggested, of separating that out?

Ms GRIEPSMA: It could be done through the likes of collection bins like we used to see—some charity bins that were around. Because of the dumping and contamination that used to occur into those, a lot of them have disappeared, because of the costs that those voluntary organisations were having to pick up.

Mr HAYES: Because people are putting the wrong stuff in them.

Ms GRIEPSMA: Yes, or really low-quality product that could not be on sold and then became a waste material for those organisations as well. I do not think there are any incentives at this stage for separation of textile and clothing. It is identified again in some of the Sustainability Victoria strategic documents, but there is not, to my knowledge, a scheme either through private industry or through councils where they are actually recovering and reusing those products at any volume.

Dr RATNAM: Thank you very much for your evidence. It has been very heartening to hear about what you all have been doing on the ground and some of your solutions that you envisage as well and, from what I have heard, support for a circular economy container deposit scheme but also spanning the local recycling industry and that particular focus on what it could mean for the local economy in terms of job creation as well. I very much support that. I wanted to focus on a couple of aspects of what you mentioned, which was the market for recyclable products, and also thinking about Government procurement, which I think has been mentioned before. Are you all procuring recyclable material in your own council operations? I am kind of interested in the idea of what at the state level, for example, could help at both local and state level to increase the use of recycling content, for example, in roads and other types of uses that councils have. What would help increase that? Is it targets? What kind of incentives would help?

Mr LEWIS: Every council is required to have by legislation a procurement policy. So there is probably an opportunity, for example, to have a number of criteria in those, such as local content in terms of that selection criteria. So one of the opportunities is to look at, I guess, state-based procurement policies that include a recycle content and give weighting to recycled content. Obviously if it is fit for purpose for whatever the project that is subject to a tender or subject to a procurement process. There is a higher level around that policy position, around putting some prioritisation on selection of suppliers and giving that weighting on those suppliers that are selected that have gone to the additional effort to utilise products that have been recycled.

Mr POCOCK: So I think from an infrastructure perspective councils are fairly conservative in terms of wanting to make sure that they use a tried and tested product. So what typically happens is that the big players in the industry start, I suppose, experimenting with some of the recycled product. Let us say, for example, in the road space, with Fulton Hogan and Downer, they are working in that space of trying to integrate more and more plastics and glass and other bits and pieces into road base. Now, I suppose councils watch on and see what happens at that state level. So what is VicRoads doing in this space? Can that product get the VicRoads accreditation for a road base? Because I suppose one of the worst things that could happen from a council perspective is to test some of these new products that are generally not cheap. They are generally tried on the basis that they use more recycled material and they are environmentally beneficial, and that falls over in terms of its life cycle. So if we are trying to do the right thing but the road does not last as long, that is where councils become nervous about this product. So I suppose once at a state level there is some level of confidence in these products to be used, that is when councils actually start saying, 'Yes, we'll go down that path'. But I suppose with the time lag in that process it takes time. So I suppose that is a really important point—to say that if there is a policy change, to make it happen that is something where I suppose other players in those industries will actually say, 'We need to be experimenting and doing this stuff as well'.

Dr RATNAM: So it sounds like the leadership and the confidence that the state procurement policy, one, could set up, giving more weighting to it, trying that, but then also road-testing—sorry for the pun—the materials there as well, potentially also providing a bit more space and flexibility for councils to be able to do that trial and error kind of process. Because if you are bearing the cost of some product that has a shorter life cycle, you are worried about the cost and your impost and road repairs. But, for example, if there was some support for councils to trial new things out where they are not wearing all those costs for trialling it out.

Mr POCOCK: And I suppose if there is that policy level change or support, then that would see the market pursue those options. So, for example, in that road space we did a little bit of work earlier this year to have a look at whether Baw Baw can potentially look at using some of these new asphalt products. One of the

challenges we had was that those products were only available from one or two plants in the state, and from a road construction perspective to get the materials from there to us, it became financially not viable. And it may or may not even be able to be placed given some of the construction methodologies need that product to be hot when it comes to the point where we put it on the ground.

Dr RATNAM: One last question as well, for both councils: in terms of, as this crisis has ensued, what kind of contact, correspondence and communication have you had at the state level, either the departments or the Government itself, and is there any room for improvement there from your perspective? How could it help?

Ms GRIEPSMA: I will start by answering the first question, which was around the recycled product. Often it is left for councils to actually determine their level of appetite for themselves, and cost-benefit analyses and risk-based assessments are often the information that councils will go after because, as Ed said, you do not want to find that you have procured a product and you have put it in to find that it has failed, and then you have got additional cost to go back. The community are quite mindful of what council does, and watches very closely.

Dr RATNAM: Scrutiny.

Ms GRIEPSMA: Yes. So the risk-based approach is one that council looks at quite closely. At Bass Coast shire we purchase 100 per cent recycled paper. That is also to support local industry, with the Maryvale mill. We also look at purchasing all our street furniture from a company that uses recycled plastics; they take the soft plastics and recycle, mould and extrude them into other products—park benches, that type of thing. So council, where it is felt that there is a good product in the market that meets standards, is certainly happy to explore that as an option. It still has to stack up, cost wise. which sometimes it does and sometimes it does not. But meeting standards is often an interesting question as well with these products. Have they gone through the R, D and D to actually tick off what needs to be done to meet Australian standards? Because council will not procure a product that does not meet Australian standards. The risk and liability attached to that is too high. So that is a big factor in council's decision-making around product, whether it is a recycled product or not. I am sorry, I have forgotten your second question.

Dr RATNAM: Just in terms of contact and correspondence—

Ms GRIEPSMA: Oh, yes.

Dr RATNAM: And is there any room for improvement in terms of the type of communication and collaborations happening from the state level to a council level in terms of waste and recycling?

Ms GRIEPSMA: Certainly the number of different agencies and organisations within the State Government that deal with waste means that we have contact with lots of different people across lots of different agencies, whether it is the EPA, Sustainability Victoria, DELWP or another arm of Government. We do have contact fairly regularly—Sustainability Victoria and EPA in particular—because of the activities that Bass Coast has in the waste sector.

When the China sword policy we actually found that we did not know to talk to within the State Government. At one stage we even spoke to Treasury and Finance—because was it an economic issue? Was it a waste issue? It was something people did not necessarily know where to go and how to deal with. And what we actually found was our greatest advocate was the MAV, and they provided a fantastic function in bringing all the councils that were affected together—and, as I said, the majority of them at that stage were rural councils—and providing a conduit of communication through to the State Government and then reporting back to councils, which I think made everyone's life a little more organised at least. Because the State Government were not receiving multiple phone calls from multiple people about the same topic but also councils then had one point of contact—that they knew that the MAV were advocating through on this particular issue and had access to the right people and spoke to a number of different, I think, both bureaucrats and ministers at the time as well.

And to get some direct contact and response from the State Government on a specific question was near on impossible, I think partly because the state did not have any more answers than we did at the time, but also it just seemed that you could not find the right person to speak to. So in hindsight I think one of the learnings was: is there a point of contact to go to?

The CHAIR: Just on that, based on your experience, do you reckon it is something that maybe the state should consider? A single authority to look at the whole waste industry? I know that there has been talk about declaring it an essential service. You made a point about—and I agree with you—there are too many people to talk to, and hand-balling. So would you recommend the Committee consider further recommending to the Government, for example, a creation of a single authority to deal with the whole waste industry in Victoria? And recycling and everything else? A one-stop shop?

Ms GRIEPSMA: Look, certainly that is something that has been a subject of discussion by local government for a number of years, setting up a waste authority in a similar way to how the water authorities were set up because there is commonality across areas and it is an essential service in that respect.

Think about what would happen if councils stopped doing waste services. Also the impost on councils around waste services to community and the changes that come about. I think there is merit in exploring that. I do not know, until you have done that investigation exercise, whether it is a viable model, but certainly what has happened with the water authority I think demonstrates that it can be done successfully and it can be done to suit both metro and rural areas, which I think is an important consideration. For instance, you were speaking with East Gippsland before. Their waste needs and the logistics and the geographic area of what they cover would be very different to the City of Port Phillip, for instance. I think that being recognised and the way that the water authorities do that, it has certainly been a discussion for many years in local government and in private industry—I worked in private industry before—that there is merit in investigating it.

Ms BATH: Hello, and I apologise for being late. There was a concurrent committee hearing being held in Warragul that I was attending, so apologies, and thank you, Chair.

A couple of things, and I will not try and prosecute and ask what I have missed out on, but I am interested to know in relation to that communication—we have the Gippsland Waste and Resource Recovery Group coming in with Matthew Peake. I am wondering how your interactions, if you have not had much communication from state level, has there been good, more cohesive information with regard to that? That is one question. If you are talking about a waste authority, that would seem to be a natural conduit for that level of information. I am interested about grandfathering of transfer stations. I will stop there, and I have got a couple more after that.

Ms GRIEPSMA: The Gippsland resource recovery group—I know, they have changed their name again—

Ms BATH: It is Resource Recovery Gippsland, isn't it? Same person, different hat.

Ms GRIEPSMA: We are a member of that group. I am very conscious at times that they are a statutory authority of the State Government. When the China sword crisis hit I think they were put in a difficult position at times where council were looking to the group to advocate on our behalf. Yet being an arm of State Government it was difficult for them to actually do that, with understanding any conflicts or who they were representing at the time as well. I think that is a question that would be better answered by themselves, but certainly my opinion is that there are times at which they have difficulty in understanding their role due to the fact that they are an arm of State Government and often council is looking for things from them that may not be congruent with State Government as well. I think that was a bit of a conflicting situation at times. They assisted council as best they could.

Also, because they are an arm of State Government there were discussions that perhaps they were not included within, as far as from the MAV's perspective. There was transparency of information between Gippsland councils and the group in that respect because we essentially needed help from all quarters. We did not necessarily mind where it was coming from, we just needed some assistance and we needed some direction and leadership in that space as well. The group, I think, does a great job at trying to look at what is of benefit to the region, and that is difficult with such a large region as well. I am not overly familiar with what the other groups in the other parts of Victoria do—

Ms BATH: Nor should you be.

Ms GRIEPSMA: so I am not sure about the, I guess, likeness and sameness of the work that they do. I imagine there are some very familiar and common challenges. But, for instance, just an example, all Gippsland councils at the moment are dealing with problems at landfills due to the rainfall that we have had—up in the

Mallee you would not be experiencing that. So there are differences across the state. I think as far as an authority is concerned, that would be part of looking at how they would fit into that model, if they would fit into that model and is their current remit correct.

Ms BATH: Well, that was my next question. I was just seeking your opinion on that.

Ms GRIEPSMA: I think it would need revisiting because the responsibility and roles would be, I assume if it was similar to the water authorities, taken away from local government. So their roles, responsibilities, capacity and capability would need to grow to pick up those current roles and responsibilities of local government.

Ms BATH: You may have covered it off, but in terms of, I guess, the proportion of your allocated budget for grandfathering of a transfer station, so old tips et cetera, is that something that is a concern to you—that is, this is chomping away at your budget or is it something that is well within your capacity to deal with?

Mr LEWIS: Just comment if I made before in this room about the after-care costs. So apart from the fact that most councils need to put aside a provision, and in Baw Baw's case it is in the order of \$9 million for the former Trafalgar land site that was closed some five or six years ago, it is an after-care cost with all the legacy issues of landfills. But in terms of the operating, on an annual basis it is probably costing in the order of \$200 000, \$300 000, \$400 000 note for per annum actual cost, but the real cost is over the course because obviously there are certain treatment programs that need to happen and the current EPA requirements are over a 30-year after care.

Mr POCOCK: I think with regard to the costs associated with managing closed landfills, what we see is a biannual audit that is a major audit of what we are doing and how it is going. I suppose from our perspective each time we see the bar is set higher and higher, so that is why there is that creep in the costs. So over a 30-year time span at the moment we are estimating \$9 million. But I guess from what I have seen with our last audit there were 15-odd recommendations that we have worked through and completed. I suppose some of those were one-off costs but also a lot of them are actually ongoing costs. So I suppose it means that we need to squirrel away more dollars to make sure we can keep that happening.

The DEPUTY CHAIR: I might wind it up there; we are just slightly over time. I just want to thank you all for your submissions, which are excellent, and for appearing before the Committee today. So thanks very much.

Dr RATNAM: Thanks very much; it was really good.

Ms GRIEPSMA: Thank you for the opportunity.

Witnesses withdrew.