

TRANSCRIPT

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into recycling and waste management

Echuca—Tuesday, 3 September 2019

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WITNESS

Paul McKenzie, General Manager, Regulatory and Community Services, Campaspe Shire Council.

The CHAIR: I am just going to go through some formal stuff. I declare open the Environment and Planning Standing Committee public hearing. All mobile phones should now be turned to silent. I extend a special welcome to members of the public and the media.

The committee is hearing evidence today in relation to Inquiry into Recycling and Waste Management, and the evidence is being recorded. I welcome Paul McKenzie. Thank you for making yourself available today and providing us with evidence. 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 comment repeated outside this hearing may not be protected. All deliberate and 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—we are in your hands—about 5 minutes to give us a bit of an overview. I believe you have got a presentation. We will go to the presentation. Take your time. Then after that we will ask some questions. Again, thank you, Paul. All yours.

Visual presentation.

Mr McKENZIE: Okay, no worries. Today I would like to present on an aspect of the recycling crisis which I do not think has received very much attention whatsoever. I know that many of our other colleagues will have presented on the major components of it, but I am also the chair of the regional waste management local government forum, so as such I sort of feel like I have got a bit of a role to represent the regional view of this as well.

If we just get started, the first slide is about the impact of the recycling crisis on regional local governments and the potential of it being a threat to our local governments' long-term sustainability, the increasing risk of environmental inequality occurring between regional communities and metropolitan ones and the potential for these inequities to become an intergenerational issue. So it has probably not been covered very well at all lately, but as stuff has begun to emerge over the last few weeks—and even hours, given I have been this morning to the circular economy policy consultation—it has been quite opportune and fits very much in with some of the thinking that we have been having at the regional waste management group and the impacts that are accruing to our communities unfairly, we think.

Just in general, if we go to the next slide, regional local governments are usually larger land areas and have sparser populations often located in scattered small towns. They are smaller populations compared to metro areas, with limited ability to disperse the costs across the small amount of ratepayers. We also have very large road networks with high numbers or costs of assets per head of population.

If we go to the next one, the asset renewal gap is threatening the long-term sustainability of most rural local governments. For example, we have got 4200 kilometres of roads to service, of which we would have been responsible as a council for funding approximately half. Obviously all of that was funded by state and federal governments; now it is time to renew those roads it is a very difficult issue in a rate-constrained environment. Further pressure on our communities makes it even more difficult to remain sustainable. The State's response so far we think has been very metro-focused and has not recognised the impacts on regional locations. There has been an assumption that all local governments for the most part are fairly much homogenous. The assumption is that all the services for waste in local governments are alike, and that is just not the case. Many of us have mixed or different services. Some might have organics; some might not. Not all our residents receive a kerbside service, for example. We have an enormous amount of infrastructure. We have a lot of transfer stations in communities that might not get any kerbside service. We have small contracted services and we have very large contracts involving a number of local governments, so it is a very mixed bag.

The Goulburn Valley Waste and Resource Recovery Group has six member LGAs, and from the million dollars that they received for the regional plan they spent \$500 000 developing the plan and another \$500 000 on understanding the current state of play and addressing priorities. This has not been done by any other waste

management group. We are the only ones in the state to understand what is the state of play in regard to the infrastructure and compliance requirements of our infrastructure. So what we have found is that our member LGAs have a resource recovery infrastructure gap of between \$24 million and \$54 million. That is based on 24 sites. So we are talking here transfer stations, basically. These facilities are obviously in far larger numbers than they are in metropolitan areas. Of 36 sites across the region, only three have been assessed as compliant with the newly introduced legislation for combustible materials or in line with any of the other legislation in regard to buffers and things like that.

It is increasingly difficult to justify the closure of these small facilities. If they are really small, they will be remotely located, and closure of these facilities is an open opportunity for people to begin dumping on large tracts of unsupervised land. We also do not want to close these facilities, because as we say these communities do not get a service to the kerbside. This is the only service they receive, which is to transfer their waste to a transfer station.

Just a little bit of a comparison—

The CHAIR: Sorry, Paul, to interrupt. Are we getting a copy of the presentation?

Mr McKENZIE: Yes.

The CHAIR: Excellent.

Mr McKENZIE: Metropolitan councils have 31 resource recovery centres, 17 operated by local governments. Sixty per cent of all of the services are privately operated. This is a fundamental difference between regional and metropolitan councils. We have 284 transfer stations across regional Victoria—81 per cent of all of the facilities and only a handful of private. We offer a service to our community, whereas in Melbourne basically it can be a business, a going concern. So that changes the model; it changes the way you look at it. Our community expects the service—and they know they will have to pay for it—but what we are seeing occurring is that increasingly there will be costs that cannot be met, particularly high costs compared to anybody that is in a metropolitan area.

Closed landfills: here is another piece of work that we are the only ones in the state to have done. We knew a lot about our closed landfills already, but we conducted research into the residual risks and liabilities because we could see that under the new environmental legislation this was going to be a real concern. Local government in particular, having been the owner of landfills, is riding the gun over understanding the risks that these landfills pose to the health and wellbeing of people and to polluting our environment, and of course the general obligation now means that we need to understand those risks. So we have done that. Over \$1 million is already being spent on monitoring these landfills. We have got three LGAs that have high risks identified that are going to be between \$2.5 million and \$3 million in each case to carry out works to rehabilitate or to understand those risks more fully or even to prevent those risks from getting any worse. We have also got three LGAs that have at least \$1 million worth of work to be carried out on their landfills.

So these are all the results of very recent changes in legislation. In terms of the numbers, we have way more numbers of the sites and we have far, far fewer people to maintain or spread the costs over these sites. Obviously this would also not fit into an annual waste charge. So what we are talking about here is a charge that would need to come out of rates—the ordinary rating—significant impositions. Very few of our local governments have been in the position to plan or to have understood these risks. They have enough trouble making ends meet. They have done very little financial planning. A few of us have waste reserves that have been using those types of facilities to address the concerns, but we are a very small minority and our understanding is that we are reflective of every other region. There is not any difference between the regions. It will be about the same.

We go to the next one: in the planning space, 46 per cent of the landfills are located in inappropriate planning zones. These were historic—

The CHAIR: Can you elaborate a bit on that?

Mr McKENZIE: Yes. The planning scheme only came into being in 1995. These landfills have been around for a hell of a lot longer than that. Some of them might have been operating for 100 years. The old ones that we know are there have been closed. They may have been rehabilitated to the standard of the day, which is very varied. They pose significant risks because God alone knows what was dumped in them, because none of this would have been supervised when it was done. As I said, there is a significant amount of them, so ensuring that an appropriate planning zone is there that has a protection across it and an appropriate buffer distance around that is absolutely critical. We are aware of multiple incidents where houses are being built up to the edges of old landfill sites—historic ones that were perhaps unregistered at the time or unknown, and through the passage of time things have slipped through the net. This is why we see the costs that we do in those landfill works that are going to need to be had to mitigate those risks.

Trying to quantify the cost of amending local planning schemes—well, it is a bit of ‘How long is a piece of string?’. Once you get to a panel, of course, if there are people who are objecting to it—which there may be because land values might be influenced and everything in regard to that—they could be costly and strung-out pieces of work. Most of our local governments struggle to hold planners with sufficient expertise anyway, so it is going to be a costly and long process to ensure that this work has been done. Once again, this is reflective of all of the other regions. They have just not done this type of work yet.

I will move on to access to the Sustainability Fund. Obviously there is a bit of dissatisfaction about the lack of availability of funds for the works that we currently have identified. There are a number of local governments that are beginning to understand the amount of risk that they are enduring and need to take to do these works but of course do not have sufficient resources to address them.

Next are potential loans or a reduction in service required to fund these works unless we get access to the Sustainability Fund again. Once again, we will get regional councils that have a lesser level of service. Maybe they will get rid of their kindergarten service or their aged-care service or whatever because they are going to have to thin themselves down to such an extent to address the infrastructure requirements and compliance costs. For me, it really demonstrates the growing inequity between rural and metro, with the potential for this to be a multigenerational issue passed to our next generation.

The next one is access to the Sustainability Fund into the future. It would be great if we had some clear rules and accounting. There is honestly a need to rebuild trust around both the community and local governments’ access to that. If there were an increase in the landfill levy, that is great, but it will need to be done in a way which is very transparent about what is going in and what is coming out and with an awareness of what those impacts will be in regional areas, which once again are different from what will happen in metropolitan areas. I think our suggestion here is an ability to use the funds in innovative ways to meet this challenge of environmental injustices or the inequities that are occurring across Victoria.

The next one is having a look at the institutions and the review of the institutions involved in waste. I really have not got a lot to say about the EPA and DELWP—great stuff that the EPA has a new way of working that is exciting. Regional waste management groups though—

The CHAIR: Can I just stop you there?

Mr McKENZIE: Yes.

The CHAIR: Can you expand a bit on that, because at a separate regional hearing we heard slightly differently—sorry to cut you off. It is moving from the mentoring, coaching approach to the big stick, and that is the approach at one of the regional hearings we had. Can you elaborate about that, because you are offering a different point of view and I am interested if you can expand on that.

Mr McKENZIE: We are in a very unique position in Campaspe because we experience two EPAs, one in Bendigo region and one in Loddon region, and can I tell you that they are extremely different experiences. So I have seen the best rolled out with Danny Childs and the guys from the team in the combustible materials. He works extremely closely with local governments. He has a great rapport and it is a conversation, it is an engagement of understanding where we are going with this stuff. If you look at the material that the EPA is

producing that goes along with it, he and their team are representing a really good model of service. However, if we come to the other region, it is still back in the stick and carrot.

Ms TAYLOR: Can you just clarify the two regions, sorry?

Mr McKENZIE: The Hume region and the Loddon Mallee region, and Hume region is in the Dark Ages compared to these guys.

Ms TAYLOR: Okay. Righto.

Mr McKENZIE: These guys have got the modern approach and they work with us. They come to meet with us on a regular basis to talk about common issues as a co-regulator and that we have a shared interest, and their view being, ‘Yes, we know that you have issues and you run services, but if we work together we both need to demonstrate leadership and we’ll work together as much as we possibly can, and if you show goodwill we’ll show goodwill’, and it all works quite well.

The CHAIR: I suppose I did not ask the question—because you could wear two hats, not necessarily your council but the hat of a local regulator and the other hat as the operator, and I think that is where the EPA comes in and that is why I was interested in your contribution on that with your experience.

Mr McKENZIE: Yes. In the main we, for example, have exited running landfill, so there is one bone of contention completely out.

The CHAIR: You let the other hat go.

Mr McKENZIE: Because they are higher risk, they are difficult to run and you are always going to be living on the edge between trying to turn a profit or make it operate at no loss at the very least and providing a service to the community. We understand that that is difficult, and without having those—because we have a private operator in Veolia, which now owns Patho—that has been really good for us, but it has also taken away a part of our controversy, and in the main we work together on issues. But in the other region that is far from the case—aggressive. When we presented them with the information around the landfills it was almost as if, ‘Well, what are you going to do about this?’. And the other region had to say, ‘Whoa, whoa, whoa, hang on. These guys are the first in the state to try and understand their risk. We’re not going to pin them to the wall for actually being the first people to do what the legislation has intended’. So we have written on a couple of occasions about the inconsistencies in regard to the EPA, but in general the Act and what it is trying to do and the reforms within the EPA that are codified in their business plan and things like that are certainly, for us, the right way to go about things as a modern regulator. It is just that the rollout in different areas is very different.

Just in regard to regional waste management groups, we understand that they are being reviewed. Any changes will need to respect the roles of the regional groups in representing their member councils.

The CHAIR: What would you keep and what would you change?

Mr McKENZIE: Well, yes, I have got something on that one. I know it has been something that I have for quite a long time been—

The CHAIR: You can extend that to the metro group as well. Do not stop at the boundary.

Mr McKENZIE: Yes, yes. They suffer exactly the same issue on this one. I will just make sure who is in the room and the language that I use.

The CHAIR: You have got parliamentary privileges.

Mr McKENZIE: Yes, yes, that is right!

Mr HAYES: Go for it.

Mr McKENZIE: The model does require review. Local government engagement is definitely hampered by the model. I feel as if it failed in the lead-up to the recycling crisis. It should have been identified earlier by local

governments who already understood that this stuff was happening. We knew that China sword was occurring, all that type of stuff. But it is very, very difficult when you have councillors dominating that forum when their level of engagement at the operational level within a local government is prohibited. So it does not match with what they have been asked to do at the forum. So back in their councils they are not allowed to be involved in operational concerns. They are the board; they are involved in the strategic stuff. So when we come to the forum, here they are down and dirty in the detail of running transfer stations and doing things like that but they do not have the level of technical expertise required, and it has led to a range of different issues across the board.

The CHAIR: Do you replace that with CEOs instead of mayors?

Mr McKENZIE: Look, we have a set-up at the moment where we have a technical working group that is made up of the real technical experts. I am not the technical expert for waste. I have got a scientist who is our technical expert, and he is very good at telling me about the problems of what is happening with our waste service. He and I go to a technical reference group. In fact we changed our terms of reference so that an officer could be elected to the chair because of the issues that the group was having in regard to being able to get the work done they needed to do. I was voted in last year and have been returned unopposed this year. We have found that the level of activity in the group has increased dramatically. The technicality and sophistication of the conversations has gone up dramatically. It is still hampered, but at the board level is where councillors can exist and play their role. But at the operational level, really what you are doing is at cross purposes.

Mr HAYES: Are councillors still involved in your group, then?

Mr McKENZIE: Yes, they are, and it is still a constant battle of trying to facilitate their engagement without hurting their feelings or whatever.

Dr RATNAM: There are three ex-councillors here.

The CHAIR: I think you are going to talk about the procurement contracting, because that is part of the role, to actually negotiate contracts.

Mr McKENZIE: Yes.

The CHAIR: I am hearing, for example, that there is a resource recovery group—let us use that term; that will be universal—that are sort of dictating to council what to do and what not to do, restricting council flexibility to do their own things. There are pluses and minuses.

Mr McKENZIE: Ours is not like that.

The CHAIR: So basically what is your experience with that? I know a lot of contracts are up for negotiation now, at least in the metro area. So what has been your experience?

Mr McKENZIE: The regional waste management groups have got a job to represent the Minister and Government policy, fair enough. But we have also got our role, which is to represent local government as a group and our interests as well. We have a fantastic rapport with our CEO of the waste management group, who has been around for nearly 20 years, Nick Nagle, and he and his team provide us with a level of expertise that we would never be able to get in a regional location. Their ability to be in a place with all of that information at their disposal that we can use is absolutely fantastic. Now, there will be times we do not agree, but that is fine; we do not have to agree on everything. We will discuss and belt it backwards and forwards, and in the end we will come out with a great answer that is better than the one that we started with.

They have a lot of industry knowledge that we would not get access to unless they were there, but we at the same time have a lot of experience in running different things for local government that they do not have the experience in. When we get into procurement, for example, group procurement—we are happy to agree to group procurement where it is to our benefit. But to do group procurement just because it is a policy, there are disadvantages, for example to do green waste mulching. It is a simple example, but if we were to all get together and group procure that from the same facility and get a reduced price, who gets first go at it when the bushfire season comes along? Because there are only one or two machines, and they will be locked in at the

exact same time for the entirety of that period when you are trying to get this all mulched up and out of the way. So of course in some cases there is not the market available to be able to even group procure effectively.

So you will choose horses for courses. In some cases we will go together, and we have, and in other cases we have decided it is not worth it and in fact it is anti-competitive and we are reducing the number of players in the market. We will make that choice on a case-by-case basis. And we have seen a lot of smaller waste and recycling businesses stop operating because they were challenged by the group procurement concept and at being able to spread themselves. We are seeing far too much consolidation of power into a few of the main businesses that have a monopoly on a number of different aspects of the waste and recycling industry, which is probably not healthy.

Leadership at a national and state level—look, behaviour change is really costly and it is also inconsistent. We understand that regulation plays a really important role and there will need to be national and state leadership on this, and cooperation. Even examples of the fact that across the border we have container deposits versus us without it, we have got people coming up in trucks from Bendigo loaded down with piles of bottles and things like that. We have had a reduction in our total waste volume, mainly in recycling, because all of the bottles and things have been going across the river. It sounds like something out of *Seinfeld*, I know. It is unbelievable.

So consistency is really important because we know of waste such as asbestos and things being trucked across the border and buried out in central New South Wales, and the more that we increase the prices around this stuff, the more there are differences in authorities and border issues, the more this occurs. As a border town, you get to see it happening. There was no recycling of plastics 5, 6 and 7 before SKM. Suddenly they took that on and we are all doing it.

The CHAIR: What are 5, 6 and 7?

Mr McKENZIE: Oh, that is the really terrible, crap plastics, the single-use stuff that is around biscuits and all that kind of stuff. The stuff that is really hard to recycle—foam and stuff like that. It needs to be banned, because we cannot find markets for it. It is unlikely that we will ever be able to find long-term markets for it. So why are we allowing it to continue? If we have a ban, there is certainly the availability for that to be replaced by other businesses.

Same in regulating product stewardship—and I know these are really hard concepts that are difficult, and often would require international cooperation, but until we start getting products that have guarantees for longer life, that are made so that you can pull them apart, we are going to be in the same situation. Because at the moment they are clearly being designed for redundancy in five years time. There is no market in the spare parts, the cost of repairing is too much and we end up with this stuff all going to landfill with no ability—or an increased price to try—to pull it apart.

So, just winding it up, we think our regional environmental justice threats at the moment, in the new stuff that is coming out, is this idea of a fourth bin—increased sorting at the household. We were just talking, only moments ago in the car, about how Campaspe and Moira kerbside service has an average distance of 250 to 300 metres between bin pickups. That is an enormous distance compared to what you would have in a metropolitan one, which might be 25 metres.

This means that the cost of our service is dramatically increased with distance alone. And then you have got the transportation by the truck back to a location where it can off-load and back again to the site. And creating fourth bins will mean even more complexity—those loads that are only half full because one area is full and the rest of the truck is empty, things like that. So nobody seems to have thought about how different a regional service is, and that would cost an extra \$70 on everybody's bill for another service. Once again it is about that low population base to disperse the costs.

The CHAIR: So what would be your suggestion in relation to overcoming the contamination caused by having glass mingled with other products that are there? Have you been able to give it some thought?

Mr McKENZIE: So there are a few different things in there. I cannot believe I am even saying this, but I now believe in a container deposit scheme.

The CHAIR: You do not get that chance very often; you have parliamentary privilege.

Mr McKENZIE: But for a completely different set of reasons than before—because the container deposit scheme, from my own view of what has happened in Queensland, has meant that nobody smashes their stubby into their bin anymore.

Ms TAYLOR: They are careful.

Mr McKENZIE: Some kid is already whipping that away to get their money back.

Ms TAYLOR: Well, that is good.

Mr McKENZIE: And so what you end up with is very few breakages compared to what we have now. And while recyclers have missed out on that aluminium and glass and things like that, there appears to have been a pickup of \$20 or so each which offsets the cost, from the residual cans and stubbies and things that are in there.

Dr RATNAM: So, can you just clarify that—because we had a line of questions just before—to say that there is less contamination, so you can recover more from the bin? So there is more going out of the bin into the container refund deposit machines, but that is offset by the fact that there is—

Mr McKENZIE: A couple of ones left in there that can go to the recycler themselves—

Dr RATNAM: Yes.

Mr McKENZIE: And they get the money.

Dr RATNAM: They get the money. They are claiming the money. So that becomes viable. Because we had a line of questioning before which suggested that.

Mr HAYES: They would miss out on aluminium cans and things.

Dr RATNAM: Some councils—that is right. The viability of their MRFs would go down because they would not have as much to sell back, but they would be selling back to the system.

Mr McKENZIE: That is exactly right; yes. So there are some swings and roundabouts there, and it is not as clear-cut as we have thought in the past. We also understand that their contamination rate from glass fines is extremely low, because there is a care factor taken. People are not throwing them in willy-nilly. I would suggest that most of our population do not even know that there is a difference between a smashed stubby and not.

Dr RATNAM: That is right. No, they do not.

Mr McKENZIE: It is all glass to them.

Dr RATNAM: That is right. They do not know.

Mr McKENZIE: So that is one part of it. The other part of it is our contamination has not been too bad because we have a MRF operator and the collectors, who are the same contractor—it is Veolia, but it does not matter who it would be—and there is a vested interest in not compacting this stuff up too much. I think the standard is 150 pounds per square inch or something, or 150 kilos or whatever. We understand that there are times when trucks in other contracts have been pumped up to like 300 pounds a square inch or whatever. They have compacted it because they want to get as much in the truck as they can and transport it to wherever it is going. Of course that is obviously saving them money, but it is also impacting cardboard and paper by putting those glass fines in there.

We have a facility that takes glass fines out at the front. It is not 100 per cent effective. We would love to have the ability to experiment with different methods of removing it and dropping it out, because right beside it we have got a facility that can take the whole lot of the glass fines and turn it into road base and ship it out into the roads immediately. MRFs in regional locations, with good feed, have become almost like recycling hubs, with businesses setting up around them. I know that we have got the pipe guy both in Moama and out at Girgarre,

just the other side of Kyabram, that uses all of the plastics from our MRF. So it is really quite a closed loop, and it acts quite well. There are problems, and we do need to have a look at the technology that is going to get better at doing that.

Today I spoke to a guy—the pipe guy actually—who told me that it has cost him \$100 000 to get his pipes registered to the Australian standard. I went, ‘Oh, well, that’s hard’. He said he then has got no ability to sell them or put them anywhere for people to understand that they are now to the right spec—or whatever spec that is—and the ability to then ensure that they start to get used across local government, for example. Local government does not build anything itself anymore; it actually contracts all of this stuff out. Really, it needs to become part of some type of procurement requirement, where these types of accredited pieces of recycling are then starting to be used as a matter of course, just like glass fines.

But his story really impressed on me the need to develop products quickly and efficiently to meet the Australian standard and for government to play a role in ensuring that they can help it get there, or at least make sure that there is a register, where you can go online and it says, ‘Here are all the specs for these environmental products or recycled products that you might like to see that meet these specs’. At least then you would be able to see.

I also look after the building surveyors. Building codes, meeting the code and things are very important, and we need to have recycled products that meet the code and Australian standards that can be reused again and again. But in getting there there is no support for anybody and there is no guidance around that, so any circular economy would need to facilitate that better than we are now.

Lastly, the use of the landfill levy: we think that potentially it could be a subsidy for regional populations to offset the cost of the kerbside service if we are going to move to additional bins; we think it could be used to of course address the infrastructure requirements that are out there, which we are overwhelmed with at the moment; and we think it could be used to manage the increased litter in rural areas if we see dramatic increases in the landfill levy—which will occur. There will be dumping. It is an issue now. An ordinary trailer here costs about \$40. If we were to increase the landfill levy by three times—let us say suddenly it is \$120—with a low socio-economic community that has ample access to unsupervised bushland areas it is just going to happen.

The CHAIR: Would you then look at a separate levy for rural areas and regional and metro? For example, if I am a ratepayer, I get a particular price versus someone else who is not a ratepayer.

Mr McKENZIE: I think we should all pay the same landfill levy. How it is distributed is something that we need to consider a lot more. It needs to really address what will happen. There will be winners and losers. I like to think that in Australia we try and keep some type of evenness and equity about things, and that will mean that if people want to come and use the country areas and then go home and have it in a state that they like, then it is going to have to be supported.

The CHAIR: Thank you very much. An excellent presentation.

Ms TERPSTRA: Yes, thank you. It was an excellent presentation. It is good to hear from a rural and regional perspective how the system impacts on people differently and what it means for your community. I just had a question. When you were talking earlier about the Sustainability Fund, as part of that you were saying that there was a lack of availability for works from the Sustainability Fund. Can you just expand on what that means and what is happening with that?

Mr McKENZIE: Our council has been quite good at accessing the fund. We have been ready to do it, and we have had matching funds to do it via a waste levy that we have paid into since 2000. It has covered all our landfill rehabilitations and then moved into the new world of transfer stations and all that kind of stuff. Most local governments do not have that. Most of them are still really struggling to get matching funding. We know their infrastructure requirements as a region probably better than their councillors and senior executive, and we are moving to educate those guys as fast as we can, but in the end there is not enough grant funding available to even apply for to address those concerns.

Mr HAYES: I have got a few questions. Thanks very much, Paul. It was a terrific presentation. I just wanted to ask you: in regard to a possible fourth bin, do you think a container deposit scheme would eliminate the need for a fourth bin? That is assuming the fourth bin would be used for glass.

Mr McKENZIE: I think that any view that the fourth bin is the only answer would be foolish and that there will be horses for courses. And so a fourth bin, okay, it is obviously a consideration in certain circumstances—for example, in metro areas it may be the answer—but it will not be the panacea. Tokyo has got 12 or something like that.

Mr HAYES: Yes; huge. More than that, I think—crazy.

Mr McKENZIE: Just the number of varied colours would be hard to imagine! But I think with the container deposit scheme the Queensland experience seems to show us that their contamination rates are low from glass fines. Now, we have done a little bit of research into it. We have not done a lot, but I am sure there is ample data on it, and apparently where it has been in operation they have not had the same problems. They may also have kind contractors with good contract management to stop them crushing it all up.

Mr HAYES: Yes. And just on the Tokyo experience, if the fourth bin was not for glass, do you think there is a necessity for any other waste separation stream?

Mr McKENZIE: Look, I think glass, it is a very interesting question about the energy that is used to put it through and recycle it again versus the environmental outcomes on it versus the use of it in road base. They are all pretty much even, and I do not think there is any other major stream that you cannot get out with a magnet or some other form. The use of a container deposit scheme will clearly pull out most of the glass. All of the different plastic mixes, we should be getting rid of the ones that are no good to recycle. It is just as simple as that.

Mr HAYES: That is my next point. On single-use plastics, do you think that the best way to tackle it is an outright ban on single-use plastics or some sort of product stewardship where they are returned to the manufacturer?

Mr McKENZIE: I rarely would agree with having regulation, but in these cases I think this is the leadership role that governments must play when the markets have failed. We are a consumptive economy. It is never going to meet our needs in an environmental sense, so we need to put some framework around it. So regulating it and saying, ‘Okay, these products are going to be banned and phased out by whatever year’ and then allowing the market to innovate and adapt is where I would like to see it go. I do not like control too much, but in these cases the ban is the guideline and then allow the market to get the answer at the end.

Mr HAYES: Another form of control I wanted to ask you about is in the issue of procurement you could require councils and government to include a certain amount of recycled material in what they procure, but could you do the same with industry—like, say, the building industry, that they use recycled products and recycled concrete and things like that?

Mr McKENZIE: Yes. Look, we spoke today about the fact that you could use every bit of plastic that you have available for house framing if it was able to be developed to the building code standard and had the appropriate fire mitigation stuff put into it. But somebody has got to do it and do the work to get that done and get it accredited and then say, ‘Okay, guys, you are going to have to use a certain percentage’ or mandate it. I know that with OH&S when it was introduced it took the form of in-government contracts, in local government contracts, and it forced larger contracts for big tenders to start to have OH&S systems, and slowly but surely it has worked its way all the way through the system, and WorkCover has ridden on that and built on that. But it was done starting by government contract and forcing that to become a recognised issue, and people just complied in the end. Like, it has not really taken that long—15 years really from start to finish.

Mr HAYES: And one other question: on the Sustainability Fund, which seems like a great big pot of gold that everyone wants a slice of, you have called on a few things there, but something else that other people have raised, do you think it is possible to use it for community education as to what goes into the waste stream and what people should think about purchasing and not purchasing?

Mr McKENZIE: Look, I reckon the fund should be able to be used for all things waste as part of a plan and as part of priorities of course—like, there might be an individual issue that needs special focus where the fund would be diverted to really focus on it. But in general I think it should be able to be used in innovative ways to address different ways of doing things. I feel like we really keep locking ourselves down to fourth bins or

something without actually having explored what is going to happen. If we do put the landfill levy up four times the amount, well, certainly there is going to be a fair cost imperative to be able to sort that out earlier. Maybe it will be a helluva lot more viable to put a couple of better sorting machines at the front of a MRF. We just have not explored it enough, and we have not allowed the ability to access that fund to get grants for innovative uses or business cases around different machinery. We have talked about how we would love to work with our operator, Veolia, to do different ways of floating paper and stuff out and dropping the glass fines out at the front end and then producing some type of a product from that paper cardboard stuff that can be compressed and easily transported in bulk. We do not know; maybe Visy will stop us, but other than that we think there are other people that will like the product.

Mr HAYES: It seems like there is a lot of economic modelling that really has to be done about the costs and the energy requirements.

Mr McKENZIE: Absolutely; that is right. That is why the Government in this situation has got to open the purse strings to encourage people to get access to this, to begin the process of saying, 'Okay, this can be done', and then innovators and entrepreneurs will leap in after that. But there has got to be a starting point.

The CHAIR: Excellent. I have got one more question. Anyone for burning questions?

Dr RATNAM: We have got a few questions. Thanks very much for your submission here today but also the written submission, which I have say is one of the highest quality submissions I think I have seen through the Inquiry. It is really, really terrific. And you have covered a lot of area, but for the sake of time I wanted to focus on a couple of comments that you made in the submission. One was around planned obsolescence. I think you have touched on this in terms of product stewardship, but I wanted to know if you could expand on that a little bit more.

Mr McKENZIE: It is just that we see this every day—things being built to get through just to the end of their warranty periods, and it is a throwaway society and we are back for a new one. It is the \$100 Aldi TV. Then you see them stacked at the transfer station or on the truck and you go, 'This is a really big issue'. You used to be able to keep a telly for 20 years; now you would be lucky to keep it for four or five. And they are a big piece of infrastructure that are very, very hard to pull apart.

Dr RATNAM: And you were mentioning in your submission that I think it was France has passed laws that make the practice of planned obsolescence a criminal offence or potentially recommending that governments need to intervene there or legislate—

Mr McKENZIE: Absolutely. It can be as simplistic as being able to say, 'We have a warranty and it will last 10 years or whatever'. And if it does not get to the 10 years, they have to replace it. It is a simple as that. Then they will build their product to get the 10 years out of it.

Dr RATNAM: And the other one was you had a small section of commentary on waste to energy and being just a bit cautious about some of the models. Do you want to speak about that a bit?

Mr McKENZIE: Yes. It is low down on the waste hierarchy. We understand that it is going to be a part of the end solution, but many people seem to be sort of going, 'We'll just put everything to waste to energy'. And you are really going, 'Well, really, it's not the answer'. It will be costly, but it will have its place and it will need to be strategically located to ensure it gets the best product feed with the least amount of kilometres for it to travel to. At the moment once again this might be a case where a guiding hand is needed to say, 'Look, we need one here and here and here, by all means, but we're not going to support ones in other locations or who are going to make other ones not viable because they keep cutting each other's throats'.

Ms TAYLOR: Firstly, being a city slicker, just to say, even from Port Phillip to Glen Eira there are differences, so I am not in the least bit surprised that there are a stark differences between councils here. That is part of the drive to be here. But it is fair enough for you to raise the point, so I am not criticising that. I just want you to know that we get it that it is very different, so I just wanted to say that.

Mr McKENZIE: My mum and dad live in Melbourne now.

Ms TAYLOR: It was a fair point, but it is just so you know we do not just think, ‘Every council in the country is the same’, because they are not. I just want to clarify, you were talking about the benchmarking of 36 facilities and as a result of legislation it now means that they are not necessarily meeting new tougher law requirements: are you talking about the strengthening of the EPA legislation?

Mr McKENZIE: Can you just go to the first bit again? I missed just the start of the question, I am sorry.

Ms TAYLOR: Yes, sorry. I am pegging back a long way, but you were talking about there was something like 36 facilities that no longer—

Mr McKENZIE: Yes, and we only did 24 of them.

Ms TAYLOR: Yes. Is that the result of the government bringing in tougher laws with regard to—

Mr McKENZIE: No.

Ms TAYLOR: environment protection? What legislation were you talking about? That is what I was—

Mr McKENZIE: What we have is the combustible materials legislation.

Ms TAYLOR: Yes, okay.

Mr McKENZIE: That has a dramatic impact on us. To run a transfer station obviously you have got stockpiles of materials, and there is a one-size-fits-all for these guidelines. And, by the way, the consultation team and everything were fantastic; we got an actual audience down with them. We went down and we had an awesome conversation with them and the CFA and we fought it backwards and forwards, backwards and forwards, around a risk-based approach. In the end it is still a difficult conversation to have with somebody, to say, ‘Our facility sits in the middle of nowhere, 10 kilometres from the nearest house, with green irrigated farms around it 100 per cent of the time. There aren’t any trees—it’s on a plain with green grass around it—the risk of fire is very, very low, and even if it did, who’s it going to hurt?’. That one-size-fits-all means that the same type of regulations apply as to the SKM site.

Ms TAYLOR: That is the point that I am making.

Mr McKENZIE: So while there is some latitude in that, and we have incorporated a risk-based approach, there is still a lack of understanding that to comply we are going to have to spend a lot more money and shift a lot more transfer stations from current locations to greenfield sites and get more space. All of the new functions that these facilities provide, most of them have been based on a historic site with no understanding of the needs of a modern waste and recycling service, where you need ultimately a very large site where you can put these materials with sufficient distance between each one to ensure that there is not the risk of fire, or if there is, that risk is mitigated, and you are stuck with small sites.

Dr RATNAM: Can I ask on that point, the MRFs that you are running in rural and regional areas, the majority are council-run as opposed to private industry, it sounds like.

Mr McKENZIE: Yes, that is resource recovery facilities.

Dr RATNAM: Resource recovery facilities. They have not got into the same trouble that the SKMs have in terms of stockpiling.

Mr McKENZIE: No, but there have been a couple.

Dr RATNAM: Have there been a couple? Are there differences, or is it because the markets have dried up so the stockpiles are increasing?

Mr McKENZIE: I think there is a lot more community ‘That’s dangerous’-type pointing the finger at private industry that have been in trouble. But there are our fair share of sites in regional areas that have been addressed. There have been some enormous piles of tyres and things like that that have been accrued. They are the types of issues that we have had, rather than the SKM-style consolidation of waste, yes.

The CHAIR: Mr McKenzie, thank you very much.

Mr McKENZIE: Thank you very much. Thanks for the opportunity, it is really good, and thanks for coming to Echuca.

Committee adjourned.