



PO Box 9
Everton Park Qld 4053

Phone 07 3051 5405
Email admin@acor.org.au
www.acor.org.au

ABN 60 574 301 921

27 November 2012

Waste Policy Review
Department of Sustainability and Environment
Victoria
wastepolicy@dse.vic.gov.au

The Australian Council of Recycling (ACOR) welcomes the opportunity to comment on the Draft Victorian Waste and Resource Recovery Policy.

As the peak industry Council for the recycling industry in Australia, ACOR commends the Government on this initiative which can lay the foundations for effective and efficient resource use into the future.

INTRODUCTION (Chapter 1)

ACOR is the peak national industry body for the recycling industry in Australia.

Its overarching mission is to advocate for improved levels of resource efficiency at the national and state levels and represent all businesses in the value chain of resource recovery and recycling. Its core business is to engage with and advise governments on the practical implications of policy and regulation needed to promote delivery of the business infrastructure necessary to achieve real improvements in the recovery and reapplication of resources, particularly material resources, into the productive economy.

ACOR seeks to support governments and the community to make the transformation from an inefficient, wasteful linear economic system (where products and materials are disposed of at the end of their productive life) to a closed loop sustainable materials economy.

ACOR acknowledges that the Draft Policy addresses both the broad system of waste management (generation, collection, transport and disposal) and the complementary system of resource recovery and recycling. The focus of this submission is necessarily on this latter system, which ACOR regards as the preferred, primary approach to sustainable resource management across the Victorian economy.

A NEW VISION (Chapter 2)

The Policy should be developed in the context of the Government's overall goal of promoting sustainable development in Victoria. True sustainability starts with the presumption that the ultimate goal for our human economy should be, like natural ecological systems, that there is no waste. 'Waste' would not exist if all resources were fully utilised in the economy, so 'waste' is merely an unused or out-of-place resource.

Accordingly, all policy and regulation affecting the flow of material resources in the economy should be directed at promoting systems where resources are fully utilised. This encapsulates the concept of a 'closed loop' or 'cradle to cradle' materials economy.

This therefore invokes the following policy logic:

1. Achieving sustainable development requires the sustainable management and use of all resources.
2. Sustainability in resource use is achieved by simultaneously seeking to conserve resources while optimising the efficiency with which resources are used.
3. Optimising the efficiency of resource use means the avoidance of waste (i.e. wasted resources) by maximising the recovery and recycling of products and materials into their highest and best economic use.

It follows that a fully successful implementation of Resource Recovery Policy would simultaneously address other key issues arising in 'waste management' e.g. reduced dependence on landfill.

It also follows that the language of the Draft Policy is too heavily focussed on 'old world' concepts of 'waste management' instead of the more contemporary approach to sustainability, namely highlighting the importance of *resource* efficiency.

Proposed Policy Objectives

The Draft Policy objectives tend to confuse process with outcomes. Environmental protection, public health and economic prosperity are outcomes. An 'integrated and efficient system' is process management which duplicates the principle of "integrated waste and resource recovery management" elsewhere identified as a "management principle" in paragraph 2.3.2.4 of the Draft Policy. It should be dropped from the Objectives.

The first three Objectives are appropriate. But environmental sustainability is not merely about protecting the environment from 'harm'. It must include resource efficiency. Thus, the four objectives would be better articulated as:

1. Efficient resource use through maximum resource recovery
2. Economic prosperity
3. Environmental Protection
4. Public Health and Wellbeing

This also leads more clearly into the Goal and Strategic Directions of Chapter 3.

STRONG MARKETS FOR PRODUCTS (Chapter 3)

The title of this chapter should reflect the second but most important limb of the policy title: resource recovery. Hence, "Achieving Optimum Resource Recovery" would be a more appropriate Chapter 3 title. Strong markets for recovered resources and the products into which they can be recycled are clearly one of the strategic outcomes needed to achieve optimum resource recovery.

Again, the language of the policy is confused, referring in the chapter title to "waste materials" and in the Goal to "recovered waste". When addressing the need for resource recovery, the term 'waste' should be avoided altogether. All consumer, commercial and industrial by-products are, in this context, to be regarded as available *resources*, not waste. Hence, we need strong markets for 'recovered resources'. 'Waste' is merely the residual material left over after all economic options for resource recovery and recycling have been exhausted.

Clear Policy Outcomes

The strategic directions noted in the Draft Policy are generally supported but could be described more directly:

1. Grow the resource recovery and recycling industry
2. Apply the landfill levy system and its derived revenue as an economic incentive for improved resource recovery
3. Boost resource productivity across Victorian industry

As noted in the industry workshop in Melbourne on 14 November, the Draft Policy fails to adequately identify specific outcomes and targets. There is reference to developing "the right

conditions”, assisting “to obtain the necessary information”, “make available the full range in of information needed by the market”, develop “cost benefit analysis guidelines” and some ambiguous language such as “government procurement guidelines for waste management facilities to ensure appropriate liabilities”.

The Policy needs to be much more clear and sure-footed about the policy outcomes the Government wants in this sector and the timelines for achieving them. This is what will give industry clear direction and certainty on which to base investment decisions. For example, nowhere in the Draft Policy is there a description of what the sector and markets for recovered resources would look like in 10, 20 or 30 years and what levels of resource recovery it would be desirable to achieve. The Draft Policy thus paints a general direction, the essential elements of which are unobjectionable, but with no clear outcome. Targets may be aspirational; but to leave them out altogether gives no clear signal to industry or the community about the Government’s preferred goals.

Priority Areas

This is highlighted in the treatment of organics in the Draft Policy. One of the key systemic improvements that can be made to conserve landfill capacity, reduce carbon emissions and better utilise resources is to recover organics rather than dispose of them to landfill. Chapter 1 of the Draft Policy notes that more than 60 percent of the material going to landfill is organics, yet the key chapter on resource recovery (Chapter 3) articulates no strategic direction for this stark opportunity for systemic improvement. A strategic direction that recognises the distinction between general green waste and organics (including food waste) and the need for different strategies to deal with them is a glaring deficiency of the Draft Policy.

Similarly, a clear statement of the Government’s position on energy generation from recovered fuels should be articulated in Chapter 3 although it appears in general terms and somewhat out of place in Chapter 4 (Infrastructure and Planning).

The Policy should more explicitly highlight priority areas for improvement and priority materials for more focussed attention.

The Policy is a vital opportunity for Government to signal its desired direction and outcomes for industrial investment and development in the recovery, processing and reuse of materials and products across the board. Failing to set clear policy goals leaves industry without the necessary certainty to invest and grow.

High Value Recycled Materials

Of course, the ultimate effectiveness of the Policy in recycling resources will hinge on strong commitments to building new markets for recycled products. This can be linked to the Government’s broader industry development initiatives.

Table 3: Commodity Value of Material Going to Landfill is misleading. The “Net Value” of materials column only lists scrap value, not the material value for recycling into new products. In some cases, it doesn’t even represent scrap value. For example, the table lists plastic as \$250 per tonne. This is a roughly accurate scrap value for recovered mixed plastic but not for HDPE or PET recovered from material recovery facilities at scrap value of \$400-\$600 per tonne.

However, these ‘scrap’ values under-rate the real value of materials lost. When a material is lost to landfill, it is not merely its ‘scrap value’ before recycling that is lost. It has to be replaced by manufacturing materials, either new material or manufacture-ready recycled material, as an input to finished goods production. So the real value if material lost to landfill is the plastic resin cost exceeding \$1800 per tonne or recycled plastic resin valued at up to \$1500 or more per tonne (depending on type). This is the true value of recycled materials, not just the scrap value as an input to recycling. Thus the aggregate net value of lost materials, if recovered and recycled in new manufacturing, would be many hundreds of millions of dollars more than the table suggests.

Industrial Ecology – a missed opportunity?

Figure 5 (page 28) of the Draft Policy identifies that businesses have many opportunities for reducing waste and recycling their by-products. One of the most important is “providing waste as a raw input to another process or business”. This is potentially one of the most important ways that businesses can harness the synergies of production to use resources more efficiently: by enabling the by-product of one business to find a high end ‘beneficial use’ as an input to another business. This is high value recycling.

It is extremely important that planning and regulatory systems facilitate this process as a legitimate way to manage specialised material streams at higher value than achievable by energy conversion and/or disposal. Specific regulatory and policy incentives for industry collaboration to allow beneficial reuse transfers at least transaction and regulatory cost should be given greater recognition in the Policy.

INFRASTRUCTURE AND PLANNING (Chapter 4)

There are four broad components to an economically effective resource recovery system:

1. An economic environment that incentivises the recovery and processing of resources,
2. A planning system that recognises this as an essential service (like water, electricity and highways) and provides security of tenure for its efficient location,
3. Solid economic investment in the necessary infrastructure and in technology improvement, and
4. Strong markets for the recovered/processed materials and products made from them.

Chapter 4 of the Draft Policy attempts to deal with components 2 and 3. However, the articulated Goal is process-oriented rather than outcome focussed.

ACOR suggests a two point Goal would be more clearly articulated as follows:

- *“A planning system that ensures an efficient and integrated network of essential infrastructure for resource recovery and recycling and the management of residual wastes, and*
- *an economic environment that promotes strong investment in infrastructure and technologies to maximise the productive value of recovered resources.”*

Part of the section dealing with the desired network of new infrastructure investment could deal with investment in technologies to recover fuels for energy; but the policy position on it, including the general terms on which Government would support it, should be articulated in Chapter 3.

It would make sense for the policy to deal with planning then infrastructure investment in that logical order. The key issues with planning are:

- Treat resource recovery and recycling as an essential service and designate precincts or sites accordingly (as in South Australia),
- Provide an efficient system for approvals based on levels of environmental risk,
- Ensure consistency of approval conditions with possible ‘template’ conditions to allow expedited installation of resource recovery and processing operations,
- Ensure a level playing field that stamps out unlicensed operators or operations on unapproved sites.

Important factors for industry investment are:

- Set landfill levies that provide certainty of costing over time i.e. a guaranteed 5 year price path,
- Allocate the largest share of levy revenue to industry development incentives to overcome market failure and reduce investment risk,
- Ensure procurement systems for collection, recovery and processing that enable efficient long term contracts to underpin bankable infrastructure investment.

There are of course other factors relevant to both good planning and greater investment, some of which are identified in the Draft Policy. It would be desirable if the policy set out more clearly and sequentially the primary outcomes and factors necessary for their successful delivery.

PROTECTING OUR ENVIRONMENT AND PUBLIC HEALTH (Chapter 5)

ACOR supports in principle the general sentiments of this Chapter. Sections 5.3 (transparent pricing) is more appropriately incorporated in Chapter 3 relating to the economic environment for waste and recycling, as is Section 5.4 regarding Product Stewardship (another form of resource recovery).

REDUCING ILLEGAL DUMPING AND LITTERING (Chapter 6)

ACOR supports in principle the general sentiments of this Chapter. There is no new or 'magic' science to this. Case studies of successfully implemented local programs are likely to be the best guide to what works. These provide examples for wider roll out depending on available cost and available funding.

GOVERNANCE (Chapter 7)

ACOR supports the proposal to establish a Ministerial Advisory Committee to monitor and review the implementation of the Policy and report on a regular basis to the Minister accordingly, with recommendations for improvements over time. There appears to be no reason to limit it to one report by April 2013, by which time little is likely to have happened.

The draft Policy makes no reference to the Premier's [Priority Statement](#) of the Sustainability Fund issued in February this year. The Policy should make reference to the role of the Sustainability Fund and adopt the Statement of its objectives, if that is still Government policy.

This section could also make reference to the Integrated State-wide Implementation Plan being developed by Sustainability Victoria to set out an agenda of action to give effect to the broad strategies of the Waste and Resource Recovery Policy. The Policy should make express reference to this Plan, its purpose and Sustainability Victoria's role in implementing it.

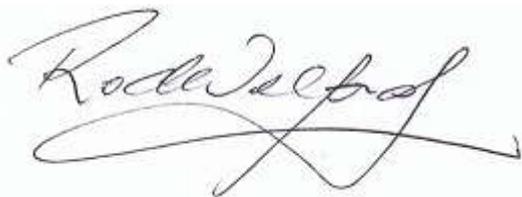
MONITORING PROGRESS (Chapter 8)

ACOR supports a system for monitoring the outcomes of policy implementation. It would make sense to identify a set of metrics which the Ministerial Committee could monitor with advice from the Department and make recommendations to address any gaps or shortfalls in progress.

The indicators would include a generic set of the kind identified in the Draft Report together with a capacity to monitor progress in the execution of the Sustainability Victoria (Waste and Recycling) Implementation Plan agenda.

ACOR has a range of policies that would support the strategic directions of the Policy and would welcome the opportunity to provide the Government with this information and other support to implement its policy effectively.

Yours sincerely



Rod Welford
Chief Executive Officer