



Environment and Energy



**THE AUSTRALIAN INDUSTRY GROUP SUBMISSION IN
RESPONSE TO THE DRAFT VICTORIAN WASTE AND
RESOURCE RECOVERY POLICY**

DECEMBER 2012



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GROUP

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1. Introducing the Australian Industry Group

The Australian Industry Group (Ai Group) welcomes the opportunity to make this submission in response to the draft Victorian Waste Policy. This submission draws on the issues raised during the industry consultation session conducted jointly with the Department of Sustainability and Environment at Ai Group's offices on 15 November 2012.

Ai Group is a peak industry association in Australia which along with its affiliates represents the interests of more than 60,000 businesses in an expanding range of sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries. The businesses which we represent employ more than 1 million employees.

Ai Group is committed to helping Australian industry with a focus on building competitive and sustainable industries through global integration, skills development, productive and flexible workplace relations, infrastructure development; innovation; and uptake of resource efficiency. We provide practical information, advice and assistance to help members run their businesses more effectively.

Ai Group members operate small, medium and large businesses across a range of industries. Ai Group is closely affiliated with more than 50 other employer groups in Australia alone and directly manages a number of those organisations.

2. Vision, Scope and Review

Ai Group supports implementation of nationally consistent and cost effective approaches to waste management which do not impose onerous regulatory compliance burdens on industry. A waste policy framework is required which facilitates development of flexible, tailored policy settings underpinned by a clear cost benefit approach and informed by the waste hierarchy.

Ai Group advocates a move towards a net community benefits approach which is responsive to the real – and changing – costs and benefits of waste and which enables responsibility for dealing with waste to be placed where it can most efficiently be discharged – a calculation that would differ substantially between different sectors and product categories. Such an approach should include recognition of the strategic role of modern landfills and advanced energy recovery facilities in the waste infrastructure.

Ai Group supports the proposed 30 year vision for waste management articulated in the draft policy:

Victoria's integrated statewide waste management and resource recovery system provides an essential community service that protects the environment and public health, maximises the productive value of resources and minimises the long-term costs to industry and households. (p 13)

Ai Group further supports the management principles articulated in the draft policy (p 15):

- Transparent and informative decision making
- Evidence based decision making

- Integrated waste and resource recovery management
- Proportionate and appropriate Government intervention

Ai Group however, does have some concerns in relation to the definition of waste for the purposes of the draft policy, which includes solid materials that have been discarded by consumers or businesses, but excludes hazardous industrial wastes (prescribed industrial wastes), waste emissions to air and liquid or trade wastes.

The exclusion of liquid waste from the policy in particular is at odds with the vision of an “integrated statewide waste management system” and with the need identified for “A holistic view of waste infrastructure and the system is needed so that Victoria can secure the right array of infrastructure for the future..” (p 29)

Representatives of the water sector who attended the 15 November roundtable discussions noted that there is little acknowledgement in the draft Waste Policy of the role of the water industry in Victoria’s waste management, particularly around trade waste. Concerns were raised about the potential for ‘burden shift’ to the sewerage network as a result of any waste levies applied to organics. It is important that the water industry is closely consulted to ensure that appropriate consideration is given to the capacity of the sewerage network and treatment systems to absorb additional loads and to avoid unintended consequences.

Feedback from our membership indicates support for exclusion of emissions to air from the definition of waste. When evaluating a waste treatment option for solid, prescribed or liquid waste, the impact on air emissions from the treatment process should be considered along with all the other environmental, social and financial impacts.

3. Landfill Levy

Ai Group welcomes the implicit recognition in the draft policy of the ongoing role of landfill in a holistic waste strategy.

The draft policy states that the landfill levy will continue to be a central policy tool for making the community’s preference for alternatives to landfill more viable. (p22)

Ai Group notes the intention in the policy to:

- Continue scheduled landfill levy increases up until 30 June 2015
- Investigate options to best provide certainty to industry in relation to the level of the levy
- review landfill levy rates and settings on a ten year cycle
- Limit future adjustments of the landfill levy beyond scheduled increases to 1 July 2015 and potential ‘treasurer’s rate’ adjustments, to strategic materials such as untreated organic materials, subject to regulatory approval processes including cost-benefit analysis.

Ai Group reiterates our comments in our earlier submission to the waste review that we do not support further increases in the waste levy which alone may do little to establish the infrastructure and markets needed to make diversion of wastes sustainable. Further, substantially differing landfill levies between jurisdictions, and between urban and regional areas within jurisdictions, may create perverse incentives to transport waste further than is efficient. Revenue generated from waste levies should be directed towards provision to businesses of technical advice and support in reducing their waste, from product design, through to identification of recycling and reuse opportunities.

Increased emphasis needs to be placed on development of supporting infrastructure and markets for diverted material.

Ai Group supports an increased emphasis on approaches to supporting infrastructure and markets for diverted material. Banning disposal of materials to landfill will not in itself generate investment in collection and processing facilities in the absence of alternative uses and viable markets for the diverted material.

While the current review does not extend to prescribed industrial waste (PIW), Ai Group nonetheless notes here our view that that remaining funds and future revenue generated by the ongoing application of the Hazardous Waste Levy should continue to be available to the manufacturing sector to reduce the generation of PIW and the quantity of hazardous waste disposed to landfill.

The HazWaste Fund is funded through the Hazardous Waste Levy which is currently \$250 per tonne for Category B waste and \$70 per tonne for Category C PIW. Ai Group is concerned that re-direction of remaining funds to contaminated site issues at the close of the program or to consolidated revenue will not address the cost impact of the Hazardous Waste Levy nor further the objective of sustainable improvements in disposal of PIW. In the period 2007-08 to 2009-10 the HazWaste Fund contributed to a 67% reduction in manufacturing PIW disposed to landfill.

4. Support for Industry

Ai Group strongly supports Strategic Direction 3.3 “Support business and industry to realise economic benefits by boosting resource productivity” (p 26), including through provision of funding support. It is essential that the draft policy balances ‘end-of-pipe’ solutions with waste avoidance and minimisation strategies to encourage continuous improvement in industry competitiveness.

Ai Group research has identified an important role for the Government in the provision of targeted services to assist small and medium sized enterprises to identify and implement sustainable solutions in their operations; and access practical information on processes for identification, assessment and implementation of innovative solutions and investment in resource and carbon efficiency initiatives, including across supply chains.

Ai Group therefore endorses the objective that the “Victorian Government will encourage and support business and industry to minimise waste generation, while improving the efficiency of production processes”. Ai Group considers appropriate the proposed actions articulated in the draft policy (p 26):

- Work with businesses to identify waste minimisation opportunities across supply chains that can drive resource efficiency and financial savings.
- Support SMEs to minimise waste generation and increase resource recovery through a range of programs, including linking up businesses that may be able to exchange waste materials for reuse and mutual benefit.
- Work with industry and local government to develop cost effective recycling collection services for SMEs.
- Share what we have learnt from previous waste reduction and resource efficiency programs with all Victorian businesses.
- Investigate opportunities to reduce Victorian Government service delivery costs by maximising resource recovery and using resources more efficiently.

In addition to the above, Ai Group also identifies a role for product design in waste avoidance strategies. This should include consideration of the impact on waste of other government policies or regulations, such as those which might require additional packaging of food/medicines without much thought for the waste impact of such requirements.

Ai Group has commended the Government on the recent launch of the Smarter Resources, Smarter Businesses Program. The \$10m program will assist eligible businesses to improve their resource efficiency by providing capital funding as well as support for resource assessments and funding applications. Ai Group was closely consulted in the design of the program and welcomes the priority which it places on promoting the uptake of sustainable business solutions by small and medium sized enterprises; and accelerating the uptake of energy efficiency improvements. Ai Group remains committed to working closely with the Victorian Government in support of building competitive and sustainable Victorian industry delivering improved environmental outcomes.

Also critical is effective coordination of policies to avoid unintended environmental impacts. For example, energy efficient appliances can be optimized by the use of materials that are difficult to recycle and have low value once processed. The design of these products can complicate disassembly for recycling and resource recovery.

5. Infrastructure and Planning

The draft policy recognises the importance of a diversified, integrated and coordinated portfolio of waste infrastructure to appropriately manage the projected mix and volumes of waste materials (p 30) underpinned by evidence based decision making (p 15).

As noted in Ai Group's previous submission, planning laws frequently make it difficult or impossible to establish modern landfills or energy recovery facilities. Whole of life cost to the community and environment must be considered in the development of waste policies and frameworks. In particular, there needs to be economic means for customers to dispose of solid wastes. Future planning needs to ensure that adequate organic processing facilities are available and located near their industry sources. New industrial developments need to consider a holistic approach to the management of solid and liquid waste.

The commitment in the draft policy to adoption of a holistic approach to planning infrastructure investment is therefore supported. In particular, Ai Group welcomes the following proposed commitments:

- Work with industry and local government to retain or secure strategic land for hubs, integrated with Victoria's freight and transport logistics corridors (p 30)
- Development of a statewide [waste management] infrastructure plan (p 33)
- Better alignment of land use planning with waste infrastructure planning and streamlining of approvals processes (p 35)
- Retention of land that is part of the waste management estate for ongoing use within the waste and resource recovery management system (p 35)
- Protection of separation distances from encroachment by unsuitable uses (p 35), including exploring ways to enshrine separation distances in planning decisions (p 43)

The inclusion in the proposed 30 year vision of a commitment to minimising the long term costs to industry is applauded by Ai Group. Our initial submission to the waste review identified a number of actions the Victorian Government can take to address business regulatory compliance costs relevant to waste:

- Reduce the frequency of business regulatory reporting requirements to a minimum and establish reliable electronic and web-based regulatory reporting for businesses.
- Minimise the required number of approvals needed for projects and execute approval processes concurrently.
- Integrate and rationalise approvals for all projects by creating an approvals committee with the authority to issue all relevant approvals.
- Integrate and rationalise approvals for all projects by creating an approvals committee with the authority to issue all relevant approvals.
- Work with local government to reduce duplication of regulation across local government boundaries (planning regulations for example) and across State borders.

Development of an implementation plan to achieve a holistic approach to planning infrastructure in close consultation with industry and key stakeholders must be a key priority. Ai Group would be pleased to assist the government in this process. Consideration must also be given to how regulatory agencies interact with the business community with respect to regulatory changes and proposals. Ai Group reiterates here the point made in our previous submission to the review that consultation is crucial and should continue but governments need to invest in more efficient and less onerous consultation processes which do not impose an additional burden on businesses. Incorporating a 'consultation' regulation impact statement in the regulation making process as well as monitoring and reporting on the quality of consultation are worth considering at all levels of government.

6. Waste to Energy

Ai Group's initial submission emphasised that the Victorian Government's planning policy must provide certainty to industry around siting and approval of waste to energy facilities.

Participants at the roundtable consultation on 15 November expressed strong support for Strategic Direction 4.4

"Support industry investment in waste to energy infrastructure proposals that deliver strong environmental, public health and economic outcomes for Victoria." (p 37)

However, again it is not clear how the actions proposed in the draft policy to achieve this strategic direction will deliver the desired outcomes. Participants in the 15 November Roundtable highlighted the importance to achievement of increased uptake of waste to energy infrastructure of a coordinated approach involving the EPA, planning authorities and the community.

It is important that the actions implemented under the policy extend beyond provision of information on national and international trends and guidance around approvals and assessment requirements to include clearly articulated strategies for community engagement, and Government advocacy and financial support as appropriate for waste to energy initiatives. Initiatives to promote improved community understanding of the issues and confidence in the regulatory framework may be of assistance in addressing local concerns and balancing economic and environmental factors.

7. Product Stewardship

The draft Waste Policy reports that a key message arising first round of stakeholder consultations undertaken under the waste review was that “The Victorian Waste Policy should be consistent with the National Waste Policy, particularly on packaging and product stewardship schemes” (p 45). Unfortunately the imperative for national consistency is not well explored in the draft policy, with discussion largely restricted to the section addressing product stewardship¹.

While the draft policy proposes that the Victorian Government will participate in and contribute to the design of national product stewardship strategies, it also states that the Government will:

- Consider developing trial product stewardship programs to help inform the development of new national schemes. (p 45)

Ai Group reiterates our support for a Victorian waste management framework that is consistent with a national waste policy framework founded on achievement of net community benefits. Within a national framework there is a role for national product stewardship schemes in circumstances where detailed cost benefit analysis confirms firstly, that there is a genuine market failure causing significant harm that cannot be efficiently addressed by other means; and secondly, the necessary conditions exist for a national scheme to be effective. A key objective of the national product stewardship framework is to avoid conflict and duplication between federal, state and territory legislation. The Regulation Impact Statement for the National Waste Policy estimated the cost to the economy of the states pursuing their own product stewardship schemes at between \$121m and \$414m above business as usual and the net saving to the economy of a national approach at \$147m over 20 years. Introduction of multiple incompatible state-based schemes must be avoided.

8. Harmonisation of Waste Regulation

Ai Group recognises that the National Waste Strategy will address issues of harmonisation of waste regulation. However, opportunity exists for Victoria and NSW to accelerate the reform process by moving to address lack of consistency across the jurisdictions. Particular issues of concern include:

- Incompatibility between interstate prescribed waste transport electronic tracking systems with the result that separate approvals must be sought from each state including the home state
- Lack of common definitions, technical terms, conversion factors
- Different processes for obtaining approval for waste recycling and reuse practices between states

9. Conclusion

Ai Group supports implementation of nationally consistent and cost effective approaches to waste management which do not impose onerous regulatory compliance burdens on industry. A waste policy framework is required which facilitates development of flexible, tailored policy settings underpinned by a clear cost benefit approach and informed by the waste hierarchy.

¹ The draft policy states (p 49) that the Victorian Government will continue to partner with other government and industry stakeholders as part of the National Waste Policy, under Strategic Direction 4.5, however Strategic Direction 4.5 cannot be located in the version of the policy viewed.

Ai Group supports the proposed 30 year vision management principles articulated in the draft policy. The inclusion in the proposed 30 year vision of a commitment to minimising the long term costs to industry is also strongly supported, as is the commitment to support business and industry to realise economic benefits by boosting resource productivity including through provision of funding support.

Ai Group further welcomes the recognition in the draft policy of the ongoing role of landfill in a holistic waste strategy combined with an increased emphasis on approaches to supporting infrastructure and markets for diverted material. Ai Group however, does have some concerns in relation to the definition of waste for the purposes of the draft policy and would like to see more detail on how the policy integrates with policies for management of other wastes not falling under the definition. Further, the imperative for national consistency is not well explored in the draft policy, with discussion largely restricted to the section addressing product stewardship.

Further work is required on development of an implementation plan to achieve the objectives of the draft policy. This needs to be undertaken in close consultation with key stakeholders. Ai Group would be pleased to assist the government in this process.