INFRASTRUCTURE VICTORIA

Recycling and resource recovery infrastructure advice – Consultation summary April to July 2019

In April 2019, the Victorian Special Minister of State asked Infrastructure Victoria to provide advice on the infrastructure requirements for increased recycling and resource recovery. You can read the full request on our website at infrastructurevictoria.com.au/advice-on-waste-infrastructure-in-victoria/.

To develop the advice, Infrastructure Victoria is examining the state of the waste sector, drawing on interstate and international comparators and research, and undertaking modelling and analysis. Consistent with our values, stakeholder engagement will shape our advice and we are working closely with the sector to build on existing work and understand stakeholder views, issues and opportunities.

Our program of engagement is underway, with the first phase focussed on gathering evidence on the state of the recycling and resource recovery sector in Victoria and globally, and seeking to confirm the priority issues and areas of focus for further analysis.

This document is a brief summary of what we have heard in this initial phase of engagement.

Summary of engagement activities

From April to July 2019, we met with and heard from many organisations and individuals from across the waste sector who provided valuable input and helped us to refine the scope of our research and analysis.

Our engagement activities consisted of:

- online feedback/submissions collected via Infrastructure Victoria's consultation website from to 23 May to 28 June
- a stakeholder workshop in Melbourne on 13 June
- one-on-one meetings with interested stakeholders.

This phase of consultation sought feedback on the key issues facing the waste and resource recovery sector in Victoria, and some of the opportunities for new approaches in the future. We received 46 submissions from a broad range of stakeholders representing individuals, local government, the waste sector, energy, manufacturing, infrastructure and the environment. A further 47 stakeholders attended the Melbourne workshop, where we shared our proposed approach and early technical work underway.

What we heard

Our approach to this advice is based on ensuring that the infrastructure requirements for the waste and resource recovery sector are considered alongside the policy and market settings that underpin the sector. Feedback we have received so far has validated this approach, covering topics ranging from product design standards, collection and sorting models, education, infrastructure investment and the strategic direction of the sector. Many of the points raised by stakeholders aligned with key areas of focus we identified through our early research and preliminary discussions with stakeholders. We found there was an overarching theme of the need for policy clarity and certainty for households, businesses and waste sector operators. We also received some new information and issues to consider. Below is a summary of issues that were most commonly raised by stakeholders and/or were identified by stakeholders as the highest priority for consideration.

Issues for businesses, households and consumers

- Most households don't have sufficient information about what can and can't be recycled, which leads to challenges with separating materials and causes contamination. On top of this, inconsistent sorting and collections approaches across different local government areas can add to the confusion. Consumer education and consistent approaches to sorting and collection across municipalities would help (e.g. consistent bin lid colours).
- Materials need to be separated higher up the chain than at the Materials Recovery Facilities (MRFs). Sorting at the household level is often cheaper for the system – but households have little incentive to do so.

- Recent examples of recyclables going into landfill have led to mistrust in the system and a loss of consumer goodwill. This can have a negative impact on recycling behaviours.
- Purchasing recycled or recyclable products is difficult. There should be consideration of standards and requirements to design out packaging that cannot be recycled – such as composite materials – and encourage or mandate recycled materials into new packaging. Considerable opportunities exist to improve packaging design and recycling.
- The cost of products and packaging does not reflect the cost of waste disposal or recycling, and virgin materials do not include full cost of their negative externalities, making it hard for recycled materials to compete.

Issues in collection and sorting

- Better infrastructure to support collection at Multi-unit developments (MUDs) is needed – current approaches lead to poor sorting and contamination issues.
- The recovery sector in Victoria is very consolidated, with operators holding considerable market power. This has implications for the resilience of the sector in Victoria, leaving it vulnerable to shocks.
- Co-mingling of recyclables can lock in contamination of material streams and push costs up.
- Container deposit schemes (CDS) allow higher quality material streams and added value, can be implemented efficiently and cost-effectively, and require high levels of public support. Victoria is the only jurisdiction in Australia that has not introduced, or committed to introduce, a CDS.
- Smaller communities could benefit from alternative collection systems, particularly for organic waste, given the impact of transportation costs on value. Cost of recycling in regional and rural areas can be prohibitive - remoteness, transport costs and lack of scale all present challenges. High transport costs in regional areas incentivises greater compaction of materials, which can impact the quality of recyclables (especially where co-mingling occurs).
- There are opportunities for greater regional recovery and processing, rather than relying on metropolitan Melbourne for these services. This would also resolve some of the transport challenges faced by regional areas.

Issues in recycling and recovery

- Victoria, and Australia, have had an over-reliance on exporting waste to international markets that are no longer accepting our waste, therefore there are opportunities to increase Victoria's capacity and capability to manage its own waste. There is a need for increased secondary processing or 'value-add' for recovered materials such as plastics, and end markets for recovered materials need to be further developed.
- Organics has untapped potential for re-use, as one of the largest waste types by volume with a low recovery rate. However, current Food Organic and Garden Organic (FOGO) collection and processing systems do not provide the optimum resource recovery for these potential resources and often result in the production of large volumes of low value contaminated composted material for which there are limited markets.
- Waste management infrastructure hubs and landfills listed as 'key infrastructure' in the Statewide Waste and Resource Recovery Infrastructure Plan (SWRRIP) often do not enjoy broad support from the local community due to environmental and amenity impacts. Protection of these sites from sensitive land use encroachment could be improved.
- The landfill levy settings need to be changed to encourage uses higher up the waste hierarchy than landfilling. The current cost of landfilling in Metropolitan Melbourne is significantly lower than many other Australian and European jurisdictions. This has made it extremely difficult for markets to be established that promote higher order outcomes up the waste hierarchy. Differences in the landfill levy between states are also an issue. Victoria has the lowest metropolitan levy rate on the eastern seaboard, which opens the door to unnecessary interstate waste transportation and disposal.
- New materials pose significant risks unless new approaches to recovery and disposal are developed. For example, lithium batteries are a risk to the environment without appropriate end-of-life management. If stockpiled, there is fire risk, and if fire occurs, contaminated run-off is a threat to waterways.
- State government has a role to play in demonstrating leadership by procuring recycled products across all departments and agencies, particularly for building, civil, and infrastructure works.
- The lack of investment in large scale waste to energy facilities in Victoria is in part due to the lack of a Waste to Energy policy, which would provide guidance and increased certainty to government agencies, local government and investors.

Next steps

We are continuing our program of engagement, and in August we will be conducting a series of workshops for metropolitan and regional local councils and industry to inform our advice and test our latest work.

In October 2019 we will publish our evidence base which will include our technical studies and findings. This will be an opportunity for stakeholders to provide feedback on the evidence we have gathered to help us prepare our final advice.

We are looking forward to continuing to work with you as we develop our advice to government.

You can find out more about our advice or sign up to receive our updates by visiting infrastructurevictoria.com.au.

About us

Infrastructure Victoria is an independent advisory body, which began operating on 1 October 2015 under the *Infrastructure Victoria Act 2015*.

Infrastructure Victoria has three main functions:

- preparing a 30-year infrastructure strategy for Victoria, which is refreshed every three to five years
- providing written advice
  to government on specific infrastructure matters
- publishing original research on infrastructure-related issues

Infrastructure Victoria also supports the development of sectoral infrastructure plans by government departments and agencies.

The aim of Infrastructure Victoria is to take a long-term, evidence-based view of infrastructure planning and raise the level of community debate about infrastructure provision.

Infrastructure Victoria does not directly oversee or fund infrastructure projects.