

**A circular economy for Victoria**

**Submission**

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Table of contents

[Introduction 4](#_Toc16022002)

[1. What is a circular economy? 4](#_Toc16022003)

[1 Should Victoria pursue a circular economy? 5](#_Toc16022004)

[2 Benefits of a circular economy 6](#_Toc16022005)

[3 Priority areas of focus for Victoria’s circular economy policy 8](#_Toc16022006)

[4 Issues to consider / manage in the shift to a circular economy 9](#_Toc16022007)

[5 Measuring and reporting on progress towards a circular economy 9](#_Toc16022008)

[6 Waste and resource recovery 10](#_Toc16022009)

[1.1. Food and garden organics (FOGO) 10](#_Toc16022010)

[1.2. Separation of materials 11](#_Toc16022011)

[1.3. Australian Packaging Covenant Organisation (APCO) 11](#_Toc16022012)

[1.4. Waste governance in Victoria 12](#_Toc16022013)

[7 Waste to energy 13](#_Toc16022014)

[8 Businesses and governments 13](#_Toc16022015)

[9 Places 14](#_Toc16022016)

# Introduction

The Municipal Association of Victoria (MAV) welcomes the opportunity to provide a submission in response to the Department of Environment, Land, Water and Planning (DELWP) “*A circular economy for Victoria*” issues paper.

The MAV is the statutory peak body for local government in Victoria. Formed in 1879, we have a long and proud tradition of supporting councils to provide good government to their communities.

Over the last 18 months there has been a range of events, including implementation of China’s National Sword Policy, that have served to highlight the challenges involved in dealing with the many million tonnes of waste generated in Victoria each year. It is plain to see that our current way of producing and consuming goods is not sustainable and is resulting in significant environmental, social and economic detriment. A complete overhaul of the system is needed.

The MAV supports and applauds the Victorian government’s commitment to developing a circular economy policy and action plan, due to be released later this year. The MAV and councils wholeheartedly support the principles of a circular economy and are keen to work in partnership with the State, industry and the community to make the transition as seamless and as soon as possible.

In June 2018, the Senate Environment and Communications References Committee recommended that the Commonwealth government establish a circular economy noting that “the committee is of the view that the Australian Government must act urgently to transition away from a linear economy to a circular economy which prioritises the collection, recovery and re-use of products, including within Australia.” It is both frustrating and disappointing that the Commonwealth continues to drag its feet in relation to taking any meaningful action or providing leadership in this space.

# What is a circular economy?

The issues paper proposes the following definition for a circular economy:

A circular economy continually seeks to reduce the environmental impacts of production and consumption and gain more productive use from natural resources.

Resource use is minimised, and waste and pollution are avoided with good design and efficient practices. This reduces environmental impacts while maintaining or increasing the value people obtain from goods and services.

Products are designed so that they are durable and can be readily repaired, reused and recycled at the end of their lives.

Business models encourage intense and efficient product use, like sharing products between multiple users, or supplying a product as a service that includes maintenance, repair and disposal.

Innovations to increase resource productivity bring a range of benefits including jobs, growth and social inclusion to local, regional and global economies.

Whilst the MAV supports the statements included in the proposed definition, we question whether a shorter, simpler definition should also be developed? The concept of a circular economy is likely still foreign to many so it will be important to have a definition that is easily understood and supported by individuals, the business community and by all levels of government.

The European Parliament’s[[1]](#footnote-2), approach of defining a circular economy by including a description of what it is not (bold text in third paragraph below), may be worth replicating:

The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the **life cycle of products is extended.**

In practice, it implies **reducing waste** to a minimum. When a product reaches the end of its life, its materials are kept within the economy wherever possible. These can be productively used again and again, thereby **creating further value.**

**This is a departure from the traditional, linear economic model, which is based on a take-make-consume-throw away pattern.** This model relies on large quantities of cheap, easily accessible materials and energy.

We also think it important to make clear that the circular economy applies not only to waste materials but also the use of finite resources, including fossil fuels, in the act of producing goods and delivering services. A genuine circular economy must be whole-of-economy and encapsulate all sectors, including manufacturing, transport and energy. The role of renewable energy in a circular economy also cannot be overstated.

# Should Victoria pursue a circular economy?

Given the powers the Commonwealth has in terms of trade, product stewardship, introducing national bans etc.**,** it would be preferable for a circular economy policy to be developed at the national level. That said, in the ongoing absence of meaningful Commonwealth-led action in this space, we welcome and appreciate the Victorian government leading the way. In addition to advocating for Commonwealth leadership at the national level, the Victorian Government should also advocate to the Commonwealth to promote circular economy principles on the global stage so that we have a level playing field internationally.

As the level of government charged with collecting and disposing of household waste, councils see first-hand that our current model of production and consumption is unsustainable. Significant reform is needed to foster a mindset whereby generation of waste is considered a design flaw and our production and consumption habits support, rather than challenge, our transition to a net zero emissions economy.

Recent events in the waste and resource recovery space including the loss of key export markets and the discovery of numerous illegal stockpiles of waste, indicate that a multi-pronged policy and regulatory approach is urgently needed. Waste avoidance must be a primary focus for all levels of government, industry and the community.

The pursuit and implementation of a circular economy is critical to avoid the continuous loss of precious finite resources. There needs to be a focus both on avoiding waste and maximising recovery of quality recycled resources for the manufacturing of new products. This mindset should be adopted for all materials. A circular economy mindset must include:

* Designing waste out of the system
* Designing products with reparability in mind
* Product stewardship for all materials
* Designing products to ensure efficient recycling
* Minimising all waste streams
* Reducing the volume of waste generated per capita
* Community consumption behaviour change
* Community engagement and education with a common theme
* Material quality (including via separation at source)
* Maximum resource recovery
* Development of local markets for recovered materials
* A circular economy for the recovered materials
* Local industry and manufacturing using materials recovered from the kerbside
* Encouragement of competition in the material processing market
* Procurement policies that result in a genuine commitment by the three tiers of government to purchase products that have local recycling content
* A strong legal framework to support sustainable waste management practices

# Benefits of a circular economy

The issues paper identifies a range of social, economic and environmental benefits associated with a shift to a circular economy including job creation, development of new business models and services, reduced energy costs, reduced greenhouse gas emissions, and higher economic growth.

In providing input to this submission, councils noted additional benefits, including:

* A focus on waste avoidance at the design, production, consumption and disposal stages of a product’s lifecycle
* Diversion of material from landfill
* A focus on the recovery of high quality recycled materials for manufacturing
* Development of local markets for recovered resources
* Development of local industry and jobs on the back of local markets
* Reduction in emissions from material into landfill and increased recycling
* Reduction in the demand for virgin materials
* A more informed and engaged community

In our view, a linear economy conflicts with the whole notion of intergenerational equity. Future generations are forced to pay for the cumulative impacts of past generations via management of waste and /or scarcity of precious resources. Adopting a circular economy should help reduce the burden and impact on future generations.

From a local government perspective, a shift to a circular economy is particularly exciting because it promises change at the design and manufacturing stage of a product’s lifecycle – something that councils have long advocated for.

Our current waste and resource recovery system provides little or no incentive for designers, manufacturers, importers, distributors and consumers of products to take responsibility for the environmental impacts of products throughout their lifecycle, from design to disposal. Instead, for most municipal waste and resource recovery services, ratepayers bear the cost regardless of their individual consumption choices. This is neither fair nor efficient, and certainly does not accord with the polluter-pays principle.

Councils are strong supporters of product stewardship approaches because by internalising the environmental costs involved in managing products throughout their lifecycle, producers and consumers are incentivised to use resources more efficiently. We need the State to advocate for the federal government to establish, strengthen and expand product stewardship schemes with mandatory arrangements across a wider range of materials and products. We consider this to be critical to expediting our transition to a circular economy in Victoria.

In early 2018, the Department of Environment and Energy commenced its review of the *Product Stewardship Act*. Public input was invited, and the MAV lodged a submission ahead of the 29 June 2018 deadline. As at August 2019, there has been no report back on the public comments received and no progress update on the review. This is very disappointing given the various challenges confronting our waste and resource recovery system and the clear need for upstream change to incentivise waste avoidance.

State and federal policies should drive innovation and creativity in product design and manufacturing. In Victoria, the Sustainability Fund could be used to provide incentives in this space. There is also a need to speed up technology transfer and the adoption of environmentally designed products.

In relation to climate change, the MAV recognises that we are in a state of climate emergency that requires urgent action by all levels of government, including local councils. Human induced climate change stands in the first rank of threats to humans, civilisation and other species. It is still possible to restore a safe climate and prevent most of the anticipated long-term climate impacts – but only if societies across the world adopt an emergency mode of action that can enable the restructuring of the physical economy at the necessary scale and speed. We consider a shift to a circular economy to be part of the transformation needed.

# Priority areas of focus for Victoria’s circular economy policy

The issues paper nominates manufacturing (and particularly food manufacturing), construction of public infrastructure, food waste, and technology innovation as specific areas of opportunity within a circular economy.

Additional industry sectors, materials and activities that should, in our view, be a priority focus include:

* Private sector construction / masonry materials – including reviewing and revising relevant codes, regulations, specifications and standards in order to maximise the use of recovered materials and compel the construction industry to build ecologically sustainable infrastructure resilient to climate change
* Product and packaging waste – including a focus on phasing out single use plastics wherever possible, minimising packaging, maximising use of recycled content in packaging and products, enhancing lifespan and reparability of products
* Waste and resource recovery infrastructure – including bolstering our local capacity to sort and reprocess materials
* Chemical / hazardous waste - including tracking of where waste is generated and where / how the material is disposed of, as well as bolstering capacity to treat the material locally
* Comprehensive product stewardship schemes for all electronic waste, solar pv, batteries, mattresses, tyres and household chemical waste and the introduction of a container deposit scheme in Victoria
* Textile waste – educating the community about the impacts of fast fashion and exploring textile recovery options
* Transport and energy – supporting a comprehensive shift to renewable energies and low emissions vehicles

Perhaps one weakness of the issues paper is that it is very waste and resource recovery focused when a circular economy policy should, as we understand it, be genuinely whole-of-economy, covering all sectors and services. Resource recovery is obviously a critical element of a circular economy but even more important is waste avoidance and supporting the production of goods that can be readily reused, repaired and recycled.

# Issues to consider / manage in the shift to a circular economy

As noted in the issues paper, one of the clear challenges for the Victorian government in leading the way in the development of a circular economy policy is ensuring that Victorian businesses and industries are not disadvantaged or made less competitive by virtue of having to comply with the Victorian policy framework. We agree that it is critically important for the government to advocate for greater action at the federal level and we will likewise continue to advocate for federal action both directly and via the Australian Local Government Association.

Perhaps one of the greatest challenges for the Victorian government, or any government, in supporting and promoting a circular economy is that it requires significant behaviour change from both businesses and individuals. A genuinely circular economy will minimise waste, maximise reuse, repair and recycling and result in a significant transformation of our economy. In order to win support for this shift it will be critical that the government has a compelling narrative about why this is an essential and positive change and that it invests in communicating this narrative via comprehensive statewide awareness campaigns and education programs.

The Victorian government has a critical role to play in providing state-wide waste and recycling education to build the community’s understanding of the waste management system, the impacts of their own behaviour on the system, and the benefits and importance of waste avoidance and recycling. We consider this to be one area where the State could and should be doing much more. In our view, the complete absence of highly visible state-wide waste education campaigns has almost certainly been a key contributing factor to the public’s low level of understanding and appreciation of waste avoidance and sustainable consumption.

# Measuring and reporting on progress towards a circular economy

We welcome the government’s commitment to establishing ambitious goals and targets and a strong performance framework to measure, monitor and publicly report on the progress. We look forward to finding out more details on these aspects when the draft policy is released for feedback within the next few weeks.

We encourage the government to focus on upstream change to minimise waste generation, incentivise production of goods and materials that can genuinely be reused, repaired or recycled, and expedite our transition to an economy powered by renewable energy. We appreciate that the Commonwealth government has a key role to play in this regard and would welcome the opportunity to undertake joint advocacy with the State to drive meaningful action and leadership at the federal level.

# Waste and resource recovery

The issues paper notes that while the primary focus of a circular economy is to avoid waste generation it is still essential that Victoria has a strong and stable waste and resource recovery system.

The paper identifies a range of actions that the government is “likely to explore”, including:

* considering new rules to prevent ‘mixed’ or ‘unsorted’ waste being disposed to landfill or waste to energy facilities
* a package of measures to very substantially increase recovery of organic materials (including food, garden and timber waste):
	+ food and garden organic collections for most Victorian households
	+ rules to prevent disposal of organic material to landfill
	+ more market development support for use of compost in agriculture
* improving the value of our recovered materials by finding better ways to separate materials at kerbside collections
* working with the Australian Packaging Covenant Organisation on the national packaging target that all packaging will be recyclable, compostable or reusable by 2025, and improve recycling labels
* encouraging more private investment in the infrastructure Victoria needs to recover, recycle and reuse materials, or to generate energy from waste unsuitable for recycling
* reviewing the governance arrangements for Victoria’s waste and resource recovery agencies to ensure they can deliver real benefits for Victorians from these reforms.

Recognising the critical role local government plays in the waste and resource recovery system, we urge the State to consult both with the MAV and councils as work on each of these measures progress. Likewise, we urge the government to engage with industry.

## Food and garden organics (FOGO)

Several Victorian councils already offer a separate FOGO service or are committed or aiming to do so in the near future. Councils recognise that diverting organic waste from landfill is a necessity to reduce carbon emissions, increase resource efficiency, and manage landfill capacity, and must begin with separation from garbage at the kerbside.

There is a strong need for State support to assist in the rollout of FOGO collections across Victoria. There are various costs involved in introducing a service, including providing each household with an appropriate receptacle and developing and delivering a comprehensive education campaign to achieve community support and compliance.

The State also has an important role to play in ensuring that end markets for recycled FOGO material are robust to support increased recovery of organic material. Consideration must also be given to working with industry to increase the types of material which can be collected and processed through FOGO collections. We understand that items labelled as or thought of as compostable are often not able to be accepted by the FOGO facilities servicing councils. There is also significant scope for the State to work with industry to reduce the level of food waste originating from commercial sectors.

## Separation of materials

In relation to separation of materials, there are a number of Victorian councils trialing or considering trialing a separate collection service for glass. These councils consider separation of material at the household level to be the most effective means to provide a cleaner, higher quality material stream thereby eliminating the need for expensive energy-consuming technology to remove contamination. Taking glass out of kerbside recycling bins should improve the quality of the remaining materials by eliminating the risk of broken glass becoming embedded in other materials such as paper, cardboard and aluminium cans. The improved quality of recovered materials should in turn help support the development of local markets, increase market demand, and result in a sustainable flow of high quality recycling materials for local manufacturing.

Glass from the kerbside recycling system can be used to make new glass on a continuous basis if it is clean and not contaminated with other recycling materials. This is an ideal model of a circular economy and could be used as an example for other material streams.

We do note that there are a number of complexities associated with introducing a separate kerbside glass collection. There are interactions to consider with the operation of a container deposit scheme, which we hope we will soon have in Victoria. Logistics of an additional collection also require examination. In addition to the cost of additional bins and collections, some councils have expressed concern that the separation of glass into its own stream may make it harder to estimate the levels of recyclables per household. There is a need for robust trials across multiple councils - metropolitan, rural, and regional - as well as significant consultation with local government in designing initiatives.

## Australian Packaging Covenant Organisation (APCO)

We agree that it’s important the Victorian government work closely with APCO on the national packaging target that all packaging will be recyclable, compostable or reusable by 2025

In March this year the MAV launched our *Rescue Our Recycling Action Plan*. The plan reflects our view that all three levels of government as well as the private sector and the community are responsible for managing our resources sustainably. The plan identifies five key actions each tier of government should take to achieve lasting beneficial change to our system, including the following for the federal government:

* In partnership with state and territory ministers, review the *National Environment Protection (Used Packaging Materials) Measure 2011* to impose mandatory participation and binding obligationsacross the consumer packaging chain. As an interim measure, clarify obligations on industry so that it’s easier to hold them to account.
* Mandate adoption of the Australasian Recycling Label for all consumer packaging sold in Australia and adopt a certification system for recycled content in line with the US or European models.

While we support the important and positive work that APCO is doing, we remain concerned that it is a voluntary scheme that brand owners can and do opt out of. As per the dot points above, we want to see mandatory obligations placed on brand owners and we would welcome the opportunity to partner with the State to advocate for this.

## Waste governance in Victoria

The issues paper notes that the State is likely to undertake a review of the governance arrangements for Victoria’s waste and resource recovery agencies. This is a welcome inclusion and one that we would encourage the Victorian government to prioritise.

In Victoria currently there are no fewer than ten state agencies with high profile waste management-related roles, namely the Department of Environment, Land, Water and Planning (DELWP), Sustainability Victoria (SV), the Environment Protection Authority (EPA), and the seven waste and resource recovery groups (WRRGs). Whilst EPA’s role as the independent regulator is clear, the discrete roles of each of the other agencies are less clear.

In relation to waste education, for example, we understand SV and the seven WRRGs each develop and deliver programs and projects, as do councils. There is no single agency coordinating this delivery, ensuring that consistent messages are used and that resources aren’t being wasted duplicating work already done by others. Similarly, at any given time there may be grant programs being run out of SV, the WRRGs and / or DELWP - all with different requirements and focus areas. This leads to confusion and frustration within councils and raises serious questions about the efficiency and effectiveness of our waste and resource recovery governance structure.

The last 18 months have been extremely costly and difficult for councils and their communities. We think it likely that the lack of a single lead agency within the State for waste and resource recovery issues, combined with the myriad of state agencies working in the space, has hampered rather than helped the Victorian system respond and recover.

# Waste to energy

The MAV articulated its position on waste to energy in our submission[[2]](#footnote-3) to the 2017 `*Turning Waste into Energy’* discussion paper. The MAV was supportive of the preliminary position presented in the paper, noting that clarity around the Victorian government’s position is needed to provide some certainty to industry, community and to local government. It is regrettable that as at July 2019 we still do not have a clear waste to energy policy in Victoria, but we welcome the State’s commitment to address this policy gap in the circular economy policy later this year.

To summarise our position, councils are excited about the potential opportunities that waste to energy technologies present but also strongly support the waste hierarchy as the guiding principle for how waste should be managed. That is, in order to achieve the best environmental outcomes for Victoria the primary goal should be waste avoidance, followed by reuse and

recycling. Energy recovery should not and cannot be allowed to become an excuse for diverting our efforts and investment away from waste reduction and improved resource recovery.

There is a risk that demand for feedstock for waste to energy facilities will:

* create perverse incentives to generate additional waste;
* undermine more valuable resource recovery alternatives; and
* deter innovation and development of reuse and recycling options.

We urgently need a State policy that clearly articulates where and how waste to energy might fit within a circular economy. There must be regulatory measures and safeguards in place to ensure that only residual waste is used in waste to energy facilities.

# Businesses and governments

The issues paper seeks feedback on how the Victorian government can support businesses to:

* reduce waste though materials productivity
* improve the design of products to increase durability, repair, disassembly and management at end-of-life (extended producer responsibility)
* explore new business models, such as leasing and sharing rather than owning products, which can encourage more efficient use of materials
* use more recycled materials when making products, building infrastructure and growing food
* purchase products made with recycled materials.

The paper also notes that the Victorian government will also consider the role of state and local government spending in driving better material outcomes by purchasing more products made from recycled materials and using more recycled materials in civic construction. We agree that it is critical that procurement policies at the federal, state and the local government levels strongly support the purchase of products that are made from local recycled material to ensure a sustainable circular economy.

We need the State to bolster support for research and development, to set and meet whole-of-government procurement targets for Australian recycled content and to incentivise procurement of Australian recycled content by others, including local government. Councils would benefit from support to improve their ability to assess and increase use of recovered/ recycled materials and to also incentivise waste reduction. With State funding assistance, the MAV would be well placed to provide this support to councils. The significant reserve of landfill levy funds could be used to support these initiatives.

# Places

We welcome the government’s commitment to consider:

* ways to encourage building and infrastructure design that incorporates recovered materials and allows buildings to be adapted for different purposes over their life, and materials to be more easily recovered at demolition
* development of sustainable innovation precincts such as the Fishermans Bend Innovation Hub and the Western Waste and Recycling Centre of Excellence
* how building or precinct level planning can promote waste minimisation and collection of cleaner recycling streams, for example at shopping centres, airports and public spaces.

As noted earlier in the submission, we consider the private construction sector to be a priority area of focus and encourage the government to also consider the relevance of mandating ecologically sustainable design (ESD) practices so that our built environment will be resilient to the impacts of climate change. A number of Victorian councils have been leading the way in this space with the adoption of Sustainable Design Assessment in the Planning Process (SDAPP) policies in their planning schemes.

SDAPP can consider waste management in a number of ways including:

* prioritising re-fits which use significant parts of an existing building
* on-site waste management during both the construction and occupation phases
* ease of re-use both of the building itself (allowing for future re-fits) and of the materials comprising it

If further ESD considerations were implemented in the Victoria Planning Provisions (VPPs), we hope that consideration of waste would play a key part in them. Currently, the consideration of waste in the VPPs is largely focused on two specific areas: apartment building design, and dedicated waste management infrastructure.

Multi-user developments such as apartments have been highlighted as a particular pain point for the collection of household waste and recyclable materials. Ensuring that recycling properly is practical for residents must be considered at the design stage of buildings.

Similarly, the appropriate location and design of waste management infrastructure such as MRFs, reprocessors, and transfer stations must be a priority. Minimising adverse amenity impacts is important, both through best practice design and the location of facilities away from sensitive uses. However, equally important is protecting the ability for established facilities to keep operating. Encroachment of sensitive uses, primarily residential development, is an ongoing problem for the planning scheme and threatens the ability of key infrastructure to continue operating.

We believe these two areas must continue to be built upon, but that the consideration of waste management in the VPPs should also be broadened.

Consideration might also be given to the scoring system around ESD and higher scores being afforded to new or renovated buildings that incorporate recycled material in construction.

As consideration is given to changes for kerbside collection of recyclable material, potentially increasing source separation, public place recycling (PPR) must also be considered. PPR often leverages existing kerbside infrastructure, both in terms of collection by the same trucks and sending material to the same MRFs for processing.

1. http://www.europarl.europa.eu/news/en/headlines/economy/20151201STO05603/circular-economy-definition-importance-and-benefits [↑](#footnote-ref-2)
2. <http://www.mav.asn.au/__data/assets/word_doc/0004/5755/Submission-to-turning-waste-into-energy-discussion-paper-Dec-2017.docx> [↑](#footnote-ref-3)