



Mr John Bradley
Secretary
Department of Energy, Environment and Climate Action
8 Nicholson St
Melbourne VIC 3000
Email: circulareconomy.legislation@deeca.vic.gov.au
Submission via [online portal](#)

15 April 2025

Dear Mr Bradley

Re: Striking the right balance for waste to energy in Victoria – proposed changes to the cap limit for thermal waste to energy facilities

Thank you for the opportunity to provide feedback on the proposed *Circular Economy (Waste Reduction and Recycling) (Waste to Energy Scheme) Amendment Regulations 2025* (proposed regulations). The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body representing Australia's \$17 billion waste and resource recovery (WARR) industry. With more than 2,300 members from over 410 entities nationwide, we represent the breadth and depth of the sector, including representation from business organisations, the three (3) tiers of government, universities, and Non-Government Organisations (NGOs), including research bodies. WMRR members are involved in a range of important activities within the Australian economy, including infrastructure investment and operations, collection, manufacturing of valuable products from resource recovery, energy recovery as well as community engagement and education. In Victoria, WMRR represents over 530 individual members from more than 90 entities.

WMRR understands that DEECA is seeking feedback on its Regulatory Impact Statement (RIS) which proposes an increase to the thermal Waste to Energy (WtE) cap limit from 2 million tonnes per annum ('Option 1') to 2.5 million tonnes per annum ('Option 2'). The RIS also considered increasing the cap further to 3 million tonnes per annum ('Option 3').

The RIS examined a range of factors in determining the preferred option, including feedstock availability, material recovery, avoided use of landfill, electricity generation, net emissions outcomes, costs and benefits. Increasing the cap limit will allow more waste to be converted to energy, preserving available landfill airspace and supporting the state's ambitious waste diversion targets including increased recovery of resources such as energy, metals and IBAA. However, there are concerns that there may not be enough available permitted waste feedstock to justify increasing the cap. Managing risks including over-investment in WtE infrastructure, the need to import waste from other jurisdictions, or an underutilisation of facilities leading to dormant or stranded assets are cited as reasons for proposing a 2.5 million tonnes per annum cap ('Option 2').

Currently in Victoria, the proposed target of reaching 72% landfill diversion (by 2025) is not being met. In 2022–23 Victorians generated an estimated 14.6 million tonnes of waste. While 69% of this waste was recovered or recycled, an estimated 4.5 million tonnes of residual waste still went to landfill. According to the *Victorian Recycling Infrastructure Plan*, Victoria's residual waste is projected to increase to nearly 9 million tonnes per year by 2053, and Victoria will run out of approved landfill capacity in the next decade. It makes no sense whatsoever to place a cap on energy recovery which is higher up the waste management hierarchy, yet nil on material to landfill.

WMRR NATIONAL OFFICE
57 ST JOHNS ROAD
GLEBE NSW 2037
(02) 8746 5000
INFO@WMRR.ASN.AU

WMRR.ASN.AU

Despite the introduction of the circular economy policy, *Recycling Victoria: A new economy* in 2020, as noted by the [Victorian Auditor General's Office](#) earlier this month, the proportion of waste going to landfill has not changed in the four (4) years since the policy started, and Victoria is not on track to deliver the target to divert 80 per cent of waste going to landfill by 2030. Given this continuing pressure on limited landfill airspace, WMRR reiterates its earlier commentary that WtE sits above disposal on the waste management hierarchy. Given the option of limiting, increasing or reducing the WtE cap provided by this consultation process, WMRR contends that increasing the WtE cap would better support improving the recovery of landfilled waste streams that have had little or no change since 2020.

It has always been WMRR's view that the implementation of a cap is unnecessary and represents an unwarranted market intervention by the Victorian government, impacting adversely a competitive marketplace. Landfill disposal and WtE are not equivalent. WtE processes recover energy from waste materials that are currently destined to go to landfill and cannot otherwise be recycled to produce heat, fuel or electricity. Under a circular economy hierarchy legislated in Victoria, using waste that cannot be recycled to recover energy is better than disposing of it in landfill. It follows that placing limitations 'higher up' the hierarchy can distort its desired outcomes of reducing waste and increasing recovery.

DEECA should also consider that WtE projects are increasingly complex and have additional hurdles to navigate outside obtaining cap licences including financing. The assumption that *'facilities are likely to come online in line with the requirements of their cap licences'* should be reconsidered. The RIS modelling draws on a feedstock availability model which projects the volume of permitted waste available for WtE up to 2050. In estimating the feedstock of permitted waste, the model accounts for population growth and improvements to the 'recovery rate' for waste materials. It expects that the implementation of material recovery and recycling initiatives (such as the container deposit scheme (CDS), kerbside waste reforms, and improvements to industrial waste separation and recycling technology) will partially mitigate the waste generating effects of population growth, moderating the projected increase of permitted WtE feedstock up to 2050. It also assumes that all approved WtE facilities will reach their operational milestones (and therefore address the landfill shortfall in a specific year). This is, in WMRR's view, optimistic and fails to recognise the complexity of WtE projects.

The RIS projects that under Option 3, there will be a feedstock shortfall between 2040 and 2047 of 158,000 tonnes per year (four (4) per cent of induced capacity) at the 3 Mtpa cap limit. This shortfall arises due to its assumption that 0.25 Mtpa of WtE capacity will come online per year after 2037-38. However, if WtE capacity were to come online at a slower rate, there may be *no* feedstock shortfall under the 3 Mtpa cap limit.

Increasing the cap allowance allows flexibility for the unforeseen - but pre-emptive - likelihood of project delays and hurdles. Projects take time to move through the necessary planning, commissioning and operational stages which can lead to approved projects not strictly hitting all their projected milestones due to unforeseen delays. For example, in NSW, the consortium delivering the Parkes project has only recently been announced, despite the plan for the WtE precinct being initially announced by government in 2018. Closer to home in Victoria, Veolia's Maryvale project (which has pre-cap approval prior to November 2021), is also facing significant hurdles including rejection by the EPA of its proposal for its Hallam Road Transfer Station – which is needed to support collection of aggregated volumes for its facility - that is now going through VCAT. Bearing these instances in mind, it is important for DEECA to remember that despite cap approval, there are likely to be hurdles and delays in getting WtE off-the-ground and fully operational. Projected shortfalls in feedstock are less likely to eventuate.

Given this rationale, WMRR's responses to the survey questions are as follows:

- i. *Do you agree with the preferred option in the Regulatory Impact Statement to raise the cap limit from 2 million to 2.5 million tonnes per annum?*

From the options provided, WMRR would support increasing the cap limit to 3 million tonnes per annum.

- ii. *How do you think an increased Waste to Energy cap will impact Victoria's ability to meet its circular economy objectives?*

In addition to enabling improved material recovery and avoided use of landfill, electricity generation, net emissions and economic outcomes (including revenue impacts), increasing the cap will also facilitate the likelihood of the requisite WtE infrastructure coming online in time to meet the proposed targets set by the Victorian government under the *Recycling Victoria: A new economy* policy.

- iii. *What else can the Victorian Government consider to achieve the objectives in the Regulatory Impact Statement?*

As noted in WMRR's earlier comments, the Victorian Government needs to be mindful of the waste management hierarchy, and the preference for higher order uses (including energy recovery) over landfill and should be wary of restricting these options, particular when the end goal is to create a circular economy. Strict application of timeframes when modelling projected waste flows and outcomes to meet resource recovery targets should also be cognisant of the likely delays that can result from major infrastructure builds, such as WtE facilities. Both of these factors support the removal of a WtE cap altogether, or in the very least, increasing the cap as proposed by Option 3 of the RIS.

We trust these comments are helpful and welcome further engagement on this issue. Please contact the undersigned if you wish to further discuss WMRR's comments.

Yours sincerely



Gayle Sloan

Chief Executive Officer

Waste Management and Resource Recovery Association of Australia