8 September 2023

Dear Sir/Madam

CIRCULAR ECONOMY (WASTE REDUCTION AND RECYCLING) (RISK CONSEQUENCE AND CONTINGENCY PLANS) REGULATIONS 2023

Thank you for the opportunity to comment on the Circular Economy (Waste Reduction and Recycling) (Risk Consequence and Contingency Plans) Regulations 2023 (Regulations) and the accompanying Regulatory Impact Statement.

CMPA is the premier representative body for the Victorian extractive resources industry. It represents a broad spectrum of those involved in construction material processing including construction and demolition waste recycling businesses and has a membership base consisting of over 200 quarries across the industry. Together, these members employ approximately 2000 Victorians which underpins the construction industry of almost 240,000 employees (https://liveinmel bourne.vic.gov.au/connect/victorian-industries/transport-defence-and-construction).

CMPA members are typically small to medium sized family, and private businesses, local government, utility providers and public companies. Many are regionally based employers and service local construction, infrastructure, and road maintenance needs. The extractives sector is a key pillar within the construction industry underpinning the growth and economic development of Victoria through supply of the construction materials.

In 2021/22, the sector supplied approximately 70 million tonnes of construction materials (25% of total freight movement in Victoria) to the market, at a value of approximately $1.2 billion directly supporting Victoria's $80 billion Big Build (https://bigbuild.vic.gov.au/about) and the estimated 1.6 million new homes required by 2050 (https://earthresources.vic.gov.au/geology-exploration/industry-investment/ joint-ministerial-statement-on-extractive-resources). Small to medium quarries account for approximately half of this production and is submitted to be a vital industry supporting the ongoing economic prosperity of Victorians. An additional 6.5 million tonnes of recycled construction and demolition waste was also produced.

The CMPA supports the principle of responsible, balanced legislation that is in the best interests of the State of Victoria and Australia.

Thank you for the opportunity to comment on the Regulations and accompanying Regulatory Impact Statement which shall be done so from the context of the Construction and Demolition Waste Recycling (C&D) Industry.

PO Box 396, Kilmore, Victoria 3764 | 03 5781 0655 | enquiries@cmpavic.asn.au
Inc. No. A0039304E | ABN 85 154 053 129

Regulations

The Regulations are comprehensive, a Circular Economy Risk, Consequence and Contingency (CERCC) is developed by the Head Recycling Victoria. Where a CERCC Plan is in force for a responsible entity (20% of market share) that provides an essential waste, recycling or waste recovery service, a Responsible Entity Risk, Consequence and Contingency (RERCC) Plan is to be developed in a format as prescribed in the Regulations. However, the interpretation of risk management is erroneous as per clause12 (l) "*steps that the responsible entity must take for the monitoring and management of any* ***inherent*** *…. risks remaining following application of the actions and contingency measures…*". The concept of inherent risk is nonsense and has been called out globally by many experienced risk management experts (C. Gibson 2023, attached).

Regulatory Impact Statement

The Problem Statement (p. 7) talks of risk factors which are contended as not applying to the C&D industry as demonstrated below by some of CMPA Members (small, medium, and large) that operate in the well-established and mature C&D waste recycling Industry.

"*We are world leaders in resource recovery and recycling. Every year our network of facilities across Melbourne and Brisbane recover and recycle millions of tonnes of concrete, asphalt, brick, stone and glass.*

Located close to the city, our Recycling Facilities offer customers safe and cost-effective tipping with the convenience of being able to backfill trucks with quality, sustainable construction products." Alex Fraser (140 years) https://alexfraser.com.au/services/

"Delta Group is one of the largest processors of Construction & Demolition waste streams in Australia and diverts more than 2m tonnes from landfill each year. We are at the forefront of 21st century treatments and technologies that reduce our reliance on finite virgin construction materials by turning C&D waste streams into high quality, high value and custom engineered building materials." Delta Group (45 years)
https://www.deltagroup.com.au/recycling/

"Since introducing recycling and reuse initiatives, the Company is now unique in its capacity to not only dismantle, demolish and deconstruct a building, but also to transform the waste into new building materials and commodities." City Circle Group (40 years)
https://www.citycirclegroup.com.au/company-overview/

"*We offer a variety of products suitable for civil engineering and construction requirements. Depending on your specific needs, we can supply materials off the shelf or mixed and tailored to meet your specifications. We supply a variety of quarry, agricultural and recycled products. Choosing recycled products is not only wise from a monetary standpoint, but you are also helping reduce your carbon footprint*." Sunshine Groupe (80 years)
https://www.sunshinegroupe.com.au/what-we-do/

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"ASQ has substantially grown and successfully become a vertically integrated company. From supplying quarry products to our premix concrete and landscape divisions though to recycling construction and demolition waste for our landscape customers, our business model is unique and ever evolving." ASQ (50 years) (https://www.asq.net.au/about-asq/

"As a reliable and trusted partner, Boral is committed to helping our customers reduce their carbon footprint. Our strategically located recycling centers offer construction companies a sustainable alternative for construction material supply.

By leveraging our network of quarries, we process inbound materials received from excavation and demolition sites that would otherwise be destined for landfills. In turn, we provide recycled materials that meet specific project specifications." Boral (~80 years) https://www.boral.com.au/products/recycled-materials/outbound

Many quarries are involved in the C&D Industry whether it is recycling of C&D waste and/or use of recycled construction materials to blend with quarry products to make standard specifications as set by the Department of Transport and Planning.

Option 1 (p.11) is the preferred option specified in the RIS. C&D waste accounts for approximately half of the waste generated per annum in Victoria which would be ~7.5 million tonnes. The industry regulation costs are $29.1 million. Half of this would be $14.6 million. This would lead to an increase of ($14.6 million divided by 7.5 million tonnes) $1.95/tonne: a 12% increase in the cost of recycled C&D waste (based on a conservative estimate of $16/tonne) if the full cost of the regulations is passed on to the consumer by those C&D industries with greater than 20% of the market share.

Note CMPA has not been consulted in the development of these Regulations and RIS.

Major disruptions to the Waste Recycling and Resource Recovery (WRRR) sector (p.18) and expense incurred by Government were not the result of the C&D waste recycling Industry.

The construction material industry underpins Victorian Critical Infrastructure (p.21): transport, gas and fuel, light, water, power, and sewerage.

Determination of which WRRR services are on the list of essential services is erroneous (p. 35).

"The severity of the harms resulting from these consequences was identified for each service type using a detailed risk matrix (refer to Appendix 9.2), which assigned a score from very high to very low for each of the 17 sub-categories. ***The points were then added to produce a total score*** *for each waste service type."*

The scores are on an ordinal scale which is defined as a variable measurement scale used to simply depict the order of variables and not the difference between each of the variables. Adding the scores in a risk matrix is an incorrect use of the risk management framework and mathematical nonsense. (Liddell and Kruschke 2019; Hubbard and Evans 2010; Krisper, 2021; Gibson 2023).

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Submission

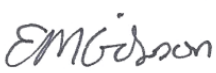
1. The requirement for an inherent risk assessment should be removed: the concept of 'inherent risk' is used in some risk assessments to demonstrate a highly subjective level of risk in the absence of controls. In some cases, it may yield more harm than if a risk assessment were not undertaken. In recent years, many reputable risk thought leaders and commentators have debunked the 'inherent risk' concept.

2. Risk matrix scoring should be removed: adding the scores of an ordinal scale in a risk matrix is an incorrect use of the risk management framework and mathematical nonsense. This may alter waste service types deemed to be essential WRRR services.

3. The mature and well-established C&D waste recycling industry should be removed from being an essential WRRR service and exempt from the requirement to comply with the CERCC Plan. The increase of 12% in consumer costs for recycled construction material may have unintended consequences, for example, for the Victorian Government Big Build budget.

I would be pleased to discuss these matters with you. Please contact me on 0434 692 618 or via email at elizabeth.gibson@cmpavic.asn.au in respect of any matter.

Yours sincerely



Dr Elizabeth Gibson
General Manager

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References

Carl A Gibson and Kate Gibson, A Critical Incident Field Guide Risk; Integrating risk, business continuity emergency and crisis management (Volume 1) criteria and rating scales from Chapter 8: Addressing risk 2023.

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