

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON ENVIRONMENT, CLIMATE CHANGE AND BIODIVERSITY

(Reference: <u>Inquiry into the waste management of absorbent hygiene</u> products)

Members:

DR M PATERSON (Chair) MS J CLAY (Deputy Chair) MR E COCKS

TRANSCRIPT OF EVIDENCE

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Acting secretary to the committee: Ms M Ikeda (Ph: 620 50199)

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

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Amended 20 May 2013

The committee met at 10.01 am.

TREGONING, MS ANNELISE, Director of Communications and Government Affairs, ANZ ASEAN, Kimberly-Clark

PAPANIKITAS, MR GEORGE, ANZ General Counsel, Kimberly-Clark

THE CHAIR: Good morning, and welcome. I declare open this second public hearing of the Standing Committee on Environment, Climate Change and Biodiversity for the inquiry into the waste management of absorbent hygiene products.

The committee wishes to acknowledge the traditional custodians of the land that we are meeting on today, the Ngunnawal people, and the committee wishes to acknowledge and respect their continuing culture and contribution that they make to the life of this city and this region. We would also like to acknowledge and welcome any Aboriginal and Torres Strait Islander people who may be attending today or listening online.

This was a self-referred inquiry that started on 2 August 2022. The committee has received 19 submissions, which are available on our website.

Today the committee will hear from two groups of witnesses, Kimberly-Clark Australia and the City of Hobart. The proceedings are being recorded and transcribed and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, it is useful for Hansard if you just articulate, "I will take that question on notice." That is very helpful for them.

We will now start with our first witnesses today, Ms Annelise Tregoning and Mr George Papanikitas from Kimberly-Clark Australia. On behalf of the committee, thank you for appearing today and thank you for your organisation's written submission.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement, which I believe you have been sent. Can I just confirm that you understand the implications of the statement and that you agree to comply with it?

Ms Tregoning: Yes, I do.

Mr Papanikitas: Likewise, I understand and agree to comply.

THE CHAIR: Thank you. We will now proceed with questions. I will start with the first question. We are really interested to learn more about the trial that you are doing in South Australia. You talk a lot about having the right regulatory environment to allow for recycling. What is it about South Australia that is the right environment?

Ms Tregoning: Kimberly-Clark was really excited to launch the Nappy Loop back in July last year. We first started with a feasibility study, partnering with the CSIRO. We also received support from the South Australian government and specifically the South Australian Environment Protection Authority. We worked on that feasibility study in 2021, and that presented a great opportunity in South Australia. In July 2022,

we commenced the Nappy Loop, which is recycling Huggies nappies now, but our goal is to open this up as we scale, utilising anaerobic digestion to turn the organic material in the used Huggies nappies into organic-rich compost.

I can talk you through the process in detail. But, if we are specifically looking at what has worked so well in South Australia, we have wonderful support from the South Australian government and the SA EPA. We have kept them on the journey the whole time. As I said, they actually joint funded the feasibility study back in 2021.

When we officially launched the Nappy Loop to the media in December last year, the Deputy Premier, who is also the environment minister, was there to help us launch it. So there has been lots of support and we have an EPA that is willing to join us on the journey and advise us as we go. We are in continuous conversations with them along the way.

We are now looking at the next phase, which is to scale, after a good six months of recycling, to about three tonnes of Huggies nappies. So it is still very much a trial at a small scale. But the results have been really promising and we are looking forward to scaling hopefully this year.

THE CHAIR: In your submission you say that the plastics in the absorbent part of a nappy cannot be recycled. What is different with what you are doing in South Australia?

Ms Tregoning: The process starts where we collect Huggies nappies from a day care centre, Solo Recovery picks those nappies up, takes them to Peats, which is one of South Australia's largest composters. There the nappy is shredded, and we separate the plastic—that is the soft plastic and the super-absorbent polymer—from the organic material.

The organic material goes into anaerobic digestion with other expired food waste, and it creates a digestate. That digestate is then put through the regular composting process, and that is how it becomes nutrient-rich compost. The anaerobic digestion system creates bioenergy.

Then of course we have the separated plastic that we still need to work on. We are about the start trialling the recycling of that soft plastic using pyrolysis with our partner APR Plastics, who are based in Victoria.

When it comes to super-absorbent polymer, we are actually working with the CSIRO on doing some in-lab testing to understand the value that the super-absorbent polymer can provide to soil. There is plenty of literature out there to say that super-absorbent polymer is beneficial for crop productivity. We have been talking to the EPA in SA about this, and we they have asked us to do in-lab testing first. We would then need to apply for a licence to then apply that to the actual soil in the ground. So that is what we are working on at the moment.

MR COCKS: Yes, absolutely. Your recommendation 3, talks about waste management infrastructure, and I am really keen to understand where you see the gaps in the current infrastructure and what it is that we need to improve in terms of waste

management infrastructure from a government perspective.

Ms Tregoning: When we worked on the feasibility study with the CSIRO in 2021, they looked at a number of collection systems available in Australia and then they looked at a number of technologies available in Australia. The report presented anaerobic digestion as the best technology to recycle organic material. We also found that there was a digester available in South Australia. So the stars sort of aligned.

As, I think, George mentioned at the start, half of our business is actually based in South Australia at our manufacturing plant. We were working on a feasibility study with the support of the SA government and then we found a really willing participant, one of South Australia's largest composters, to participate, and they have a digester on the site. So that is why we embarked on that journey.

It is also modelled off a really successful recycling model in the City of Toronto. The City of Toronto has a large digester which recycles FOGO but a whole lot of other products as well—and the list is on their website. It includes used nappies, feminine hygiene products and pet waste. There is a whole range of things. So we modelled it off this as well. Of course, that is a much larger scaled solution that has been underway for many, many years.

In direct answer to your question, we have found with the CSIRO report that infrastructure was limited in terms of recycling nappies. But anaerobic digestion is showing really promising results, and the CSIRO has worked with us to validate the trial that is still underway.

There are a few things that have come out of their report—which is still in draft form, but it should be released very soon—including, firstly, that anaerobic digestion is a beneficial way to break down the organic material in nappies; second, that bioenergy is created in the process; and, third, they did not find microplastics in the initial testing of the digester, which is also a big win. That is something we were very happy about.

MR COCKS: It sounds like the infrastructure is very much around the anaerobic digestion process itself. Are there issues around the collection and separation elements of the system as well?

Ms Tregoning: As part of our trial we are collecting used nappies from a day care centre. The reason we selected a day care centre is that, for the purposes of the trial, we can control contamination. In the initial stages of the trial, we really wanted to focus on nappies first and avoid the contamination of baby wipes, plastic bags et cetera. So that is step one. We have recycled the nappy but, of course, we have to start being prepared for contamination as we look to scale. Just on the point of scaling, we are working with an organisation, GHD, who will help us model a scale-up this year.

THE CHAIR: We have heard from other parts of the community sector in this inquiry about adult incontinence products. Some of the advice we have been given is to basically leave that alone and that there are so many issues around dignity and just so many challenges in the disability and aged-care sector. As the producer of those products, are you attempting to make those products more environmentally friendly or recyclable? Where are you at with those adult products?

Ms Tregoning: I might make a few points and then hand over to George for some input as well. Generally speaking about all our products, we are very focused on reducing our environmental impact. That is reducing the plastic we use in our products and our packaging and also the emissions that we create through the manufacturing process. That applies to all products.

We are focused on reduction—first and foremost, the reduction of plastic. We are also looking at recycled content as well. Reducing our impact is very much a focus for us, and adult incontinence products are a part of that package. But I will hand over to George for an input.

Mr Papanikitas: The only thing I would add is that, in the background, there is a great degree of work going on looking at the types of materials that we use and, to the extent possible, given current manufacturing processes, moving, where possible, to biodegradable material as well. To the extent that we accept that today, at least, a significant proportion of what comes out of these products ends up in landfill, increasing the expected rate at which those products biodegrade is an area that we are actively working on.

THE CHAIR: We have Ms Clay on board now. Do you have a question, Ms Clay?

MS CLAY: Thank you, Chair, and I am so sorry I was late. Technology and COVID have interfered. I confess that I have not been listening to the hearing, because I have been trying to dial in. So if you have already covered it, please let me know. As you know, we are trialling FOGO and we are building a new FOGO composter. It sounds like it is really important to get the design of that right if we have an intention to include compostable nappies. What sort of consultation do you think a government should do—not for any one particular product or one manufacturer—if we are trying to get that design right?

Ms Tregoning: We had a couple of conversations with the City of Toronto, the waste management team. As I mentioned earlier, they have a city digester. They have been recycling FOGO and a number of products in addition to FOGO for many, many years through the anaerobic digestion system, and that includes used nappies and feminine hygiene products. So I think I would start there—just information gathering. Also, we would be more than happy to continue conversations around the nappy recycling process.

Whilst we are in a trial phase for recycling Huggies nappies at this point, our goal is to scale and to open up the program to all used baby nappies. Of course, we are also a manufacturer of adult incontinence products and period products, and we would love to one day find a solution for those products as well.

MS CLAY: I understand that the trial you are doing at the moment is creating usable compost and pulling out plastics. Is that how it is working?

Ms Tregoning: That is correct. At the start of the process, the nappies are shredded and we separate the soft plastic and the super-absorbent polymer from the organic material—so the fibre, the poo and the wee. The organic material goes into the

digester with many other expired food waste items and then it creates a digestate, and then that then gets put through the composting system.

The plastics, as I said, are separated at the start. We are trialling the recycling of the soft plastic using pyrolysis. That program is about to be tested. With the superabsorbent polymer, we are about to do some in-lab testing to test how good it is to support crop productivity. Once we can show it does—and there is plenty of literature globally to show that it does support crop productivity—we will need to apply for a licence in South Australia. We have been talking to the EPA already. Then we can start testing on the lab as well.

MS CLAY: Where have you used your compost? Is it certified and safe to use?

Ms Tregoning: Yes. The trial is in South Australia, with one of South Australia's largest composters, Peats Soil. The great thing about the anaerobic digestion is that, once it goes through the digestion phase and it goes through the composting system, the composting system has a pasteurisation process. The temperature can get up to about 70 degrees Celsius. So, yes, the compost is meeting standards.

MS CLAY: Thank you.

THE CHAIR: Mr Cocks, we have about two more minutes. Do you have another question?

MR COCKS: Yes, just very quickly, I hope. In your submission you go through the differences between different types of collection points and say that the biggest, I guess, load comes from households. But you touched earlier on the fact that your trial has been run in childcare centres. It seems that childcare centres might be the easy big win initially from this type of approach. Would that be a fair assessment?

Ms Tregoning: For the purposes of a trial, we really wanted to test the technology first and get it right. The CSIRO have done a great job in validating the trial, and they have shown that it is a viable way to break down the organic material in nappies. It is early days—three tonnes of nappies—but we are going to scale, and we will stick to day care centres for now.

We are already talking about adding some more day care centres, and there are a number of other plans underway to scale. But, of course, the goal would be one day to collect nappies kerbside. That is why I think that the Toronto program is so wonderful. They have been collecting many items, including used nappies. That is not compostable nappies, by the way; that is disposable nappies. They have been collecting those for many years and recycling them through the anaerobic digester.

THE CHAIR: Thank you very much for your time today. We very much appreciate it. You will receive transcripts of the hearing today and, if there is anything that was inaccurate, please let us know. On behalf of the committee, thank you very much.

Ms Tregoning: Thank you. And on behalf of Kimberly-Clark, I would also like to say thanks for inviting us along. It was great to connect. We would love to work with ACT government moving forward should the opportunity present.

THE CHAIR: Fantastic. Thank you very much.

Short suspension.

NEWMAN, MS SOPHIA, Waste Projects Officer, City of Hobart **HOLMES, MR JEFF,** Acting Manager City Resilience, City of Hobart

THE CHAIR: We will start the next part of the hearing with the City of Hobart, Ms Sophia Newman and Mr Jeff Holmes. On behalf of the committee, thank you very much for appearing today. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you both please confirm that you have read and understood the privilege implications of that statement?

Ms Newman: Yes.

Mr Holmes: Yes.

THE CHAIR: Great. I was just wondering if you could outline what the City of Hobart has done in terms of nappy recycling and where you are at with things.

Ms Newman: Sure. In September 2021, we introduced a rebate program for reusable nappies and sanitary products. That involved Hobart residents being able to apply and get 50 per cent of the purchase back for particular products up to the value of \$50. That has gone pretty well.

We also have a FOGO service. We do accept certified compostable nappies—of which there are not a lot. We tested a local brand that we know that we can accept, and we have those in our FOGO system as well.

Mr Holmes: I will give a bit of history on that. We have had a relationship with that nappy producer for a number of years now. They approached us with a service where they wanted to provide the compostable nappies to the community. They also gave them a bin and arranged collection as well. People could put food and organic waste in that bin as well as nappies. So we knew that that was a secure load of this particular brand of nappies that we were comfortable was certified compostable. Before we made the decision to accept them, we also did some trials in our compost process that we had at our waste management centre, and they certainly did break down and they did form a part of the overall compost. After those trials, we agreed to take those on scale for that service.

As Sophia said, basically, we have rolled that out now into our council-wide FOGO. We allow people to put compostable nappies in and other biogenic products. We do not treat the majority of our FOGO ourselves; it actually goes to a commercial compost operator. They, like us, operate in accordance with Australian standard AS4454. They take compostable nappies in their process also.

That is a bit of the background as to how we started down here with the compostable nappy acceptance process. We are quite keen on it because we have to shut our landfill in about seven years time. We are our own biggest customer of that landfill in terms of our kerbside waste. It is the biggest amount of waste going into our site. From the audits we have done, about four per cent of waste in our landfill is nappies from our residential sector. That for our side equates to about 800 tonnes of waste per year. So we are nudging around trying to increase waste diversion from landfill and

getting a couple of per cent per year. If we could get all the nappies composted now, that is a big result for us.

That is why we are keen to push on with this. That is why Sophia came up with the nappy rebate program—really just to try and give people that are maybe thinking about that extra incentive to go ahead and to try it and for it not to be so cost prohibitive for them.

I have to say that that is not just compostable; that is also reusable nappies and hygiene products. We got a pretty good response to those. It was probably half and half—half nappies and half hygiene products—which was interesting. We found that quite successful and we are continuing to run that. That is pretty much the background.

THE CHAIR: Normally the environmentally friendly nappies are more expensive. Is your rebate scheme bringing them down to the other nappy cost price, or is that making them the most affordable option?

Ms Newman: It is probably still not the most affordable option in terms of outlay. So we are looking at a regular disposable nappy being about, say, 50c. A reusable nappy is still going to be around \$25, sometimes more and sometimes less. It allows people to be able to afford a handful of nappies that allows them to use them part time or at least get started and decide whether it is something they want to continue with.

Mr Holmes: And it is the long-term payback.

Ms Newman: We know that using cloth, you would need about 25 for a child. So it would save you over the lifetime of that child about \$2,000. So we just need to assist people to be able to make that initial outlay.

THE CHAIR: Ms Clay, do you have a question?

MS CLAY: Thank you, Chair. You have got compost that you can use from your compostable nappies. Obviously you can use that compost. That is a great result. What can be done with education to make sure that people are not chucking in any old disposable nappy; they are only putting in the compostable nappies that you know you can use?

Ms Newman: It is definitely a danger, and one that we have been really cautious about. We have not heavily promoted the fact that we do accept some compostable nappies, because we know there are a lot of brands out there that say that they are compostable and we know for a fact that they are not, or that there are parts of the nappy that definitely are not.

For that reason, all of the clients of the company that sell the nappy know that they can dispose of them in the FOGO. There is also mention on our website that we do accept anything that is certified but that, to our knowledge, we are most confident with this particular local company.

Mr Holmes: Just as an add on to that, it is not dissimilar to compostable bags as in what education we do give out. We will take a compostable bag in our FOGO, in a

kitchen caddy. We do not supply them to people. We do not heavily promote it. That is because of the misinformation on it—degradable versus compostable versus biodegradable. As Sophia said, we are 100 per cent certain about this one company that has a good network of customers. We are on board with them advising all their customers, "Yes, go for it. Put it in your FOGO. But we are not doing it broadscale.

Ms Newman: In the past, have run cloth nappy workshops, and there is mention of the compostable nappies in those workshops as well. Parents or expecting parents can go to these workshops for free and learn the ins and outs of cloth nappies. They also get word of those compostable options as well.

MR COCKS: Noting that your rebate program only kicked off in 2021, have you done any analysis of how much impact it has had so far? Or is that something that you are measuring as you go?

Mr Holmes: We will do a bit more in-depth measurement in October. We are going to do a bit of re-launch of the program again. We did that once before and we did get a spike in people registering. We would like to get a bit more data first before we go down that path.

But certainly, yes, we are getting data on how much people are spending in total, whether they are buying just \$50 worth of stuff or paying \$100 worth of stuff, and there is a range of anywhere in between. We can tell how many items they are buying from that process also. So we can get an indication that way. Just a quick snapshot: the total average spend at the moment is around \$140. If it is nappies, that might give them about five nappies, I think—

Ms Newman: Yes.

Mr Holmes: And it is the same with the underwear products. That gives them probably four or five of those as well. So we have certainly got that data. We just have not really presented it. We just want to get a bit more of a sense first.

MR COCKS: Are you looking into the questions around the degree it is reducing the use of non-compostable nappies and other products that are causing the problem in the first place?

Mr Holmes: Yes. Our main focus is on looking at waste reduction and how much of this product we are hoping to see come out of that waste bin. That is our real priority on this. Along with the other benefits that Sophia mentioned—for example, a lifecycle assessment of these—it will be cheaper for people in the long run, but it is hard for them to stump up sometimes. The economy is going through the roof and everything is getting more expensive.

But the main focus for us, as I pointed out at the start, is that four per cent of our waste to landfill is nappies. Anything we can do to reduce that means that, when we do not have a landfill anymore, that is less stuff that we have got to cart a long way to the middle of Tasmania to dispose of or pay for the transport and disposal fees. And it is just a good thing to do to reduce waste overall. So that is our main focus on this. So when I do the numbers, yes, it will have some stuff about the economies of it et cetera

but, primarily, it will be about how many of these have been used and, therefore, how many alternative nappies has this program reduced.

Ms Newman: It was a really interesting time when we launched it, with the COVID lockdowns. Talking to producers of reusable nappies, they were seeing a huge increase. So we kind of got people at a really good time—at a time when people were thinking, "Gee, we are quite vulnerable. We need nappies and they might not necessarily be available on the supermarket shelves when we need them." So that kind of worked in our favour in a way.

THE CHAIR: We heard from Kimberly-Clark just before your hearing. They are doing a trial in South Australia, and they were saying that you very much need the right regulatory environment to run these types of trials. Is there anything that you think is unique to the Hobart story or the Tasmanian regulatory environment that has supported this situation where you can recycle these nappies?

Mr Holmes: Not necessarily. We have a single-use plastics buyer as well, which is kind of linked in that we take a lot of these products and run them through our compost system. The main thing we need to tick off is that our compost facility continues to operate in accordance with the Australian standard that I mentioned before. Also, we are externally audited. So we get a third-party certification for that.

Generally speaking, provided we meet that Australian standard—and it extends to anything that we put through the compost—for a commercial compost facility, we are not really under any other obligation from the EPA or any other regulatory body. We have a licence for our waste management centre, which the EPA regulate. Inputs are looked at when we are audited, but compostable packaging and compostable clothing are not seen as an issue. Provided we are managing it appropriately, it is manageable.

THE CHAIR: Ms Clay, do you have another question?

MS CLAY: Thank you, Chair. We are very interested in compostables but we are also really interested in your reusables incentives scheme. It strikes me, though, that a \$50 subsidy is not a huge subsidy in terms of a drawcard. I also wonder at the admin costs you have. We sometimes have pushback from our government on small loans and small subsidies because they say the administration costs are too high for such small amounts. Do you think it is working and do you think the admin is a good use of your time?

Mr Holmes: I only got the first half of that. Sophia might have got it all. But I think you mentioned first about the amount being low for a subsidy.

Ms Newman: With the administration costs, so bang for buck. Yes, what it takes to administrate it.

Mr Holmes: It does not take a lot to administer it.

Ms Newman: No.

Mr Holmes: It is set up on an automatic form, like a lot of our processes are. The

people online register and it comes straight through. It is then one email. If we get 20 in a day—we usually do not—we can package them up and send them through to our accounts payable people to run that invoice.

It is not going through many hands. It is fairly time efficient, really. As I said, that form just comes through and Sophia or I just do a quick review that, "Yes, that person is from Hobart and, yes, they are buying an appropriate item," and then that is flicked through. So, as I said, it is fairly high priority waste items that we want to look at, and we have got discretionary funding to spend on waste reduction programs. We do not think this is overly onerous in terms of officer time or anything like that.

THE CHAIR: Mr Cocks, do you have a question?

MR COCKS: One of the concerns around that type of incentive system can be that those taking up the incentives would have purchased the product anyway. Have you done anything to try to make sure you are expanding the pie and not just hitting those who would buy those nappies?

Mr Holmes: That is a good point. We did talk about that, that we do not want to just be giving a leg up to people buying it anyway. From the data we have looked at so far, yes, there are certainly people that are going and buying \$600 worth of products that you would assume would have gone and done that anyway. But, similarly, there are an awful lot of people that are just buying that are buying \$60 worth of products and getting \$30 back. Basically, the average total spend is about \$140, and there are some big numbers that are offsetting for a lot of smaller numbers. So, from what we are seeing, the majority are under \$100, and therefore they are getting less than what they could potentially get with the \$50 rebate. Sophia might have more to add to it.

Ms Newman: Yes. I feel like it does in that it addresses those that are on the fence who are saying, "I would but is it not kind of gross and kind of expensive and kind of hard work?" Having that rebate means that we can go, "You know what? It is not going to cost you much to try, and you can also go to this free workshop and they will go through all those qualms with you and myth-bust a lot of those qualms." They can make that initial purchase. It has not cost them the Earth, and from thereon they might go, "Yes, it is worth it for me, and I will buy more or I might go second-hand or I will use the ones from a sister-in-law," whatever it might be. It does not make everybody converts, but it certainly allows for an opportunity for people that are thinking about it but are not quite committed.

THE CHAIR: Thank you so much for your time today. We really appreciate it. We will send you a transcript of the hearings today so you can check to make sure that it is all accurate. On behalf of the committee, thank you so much for speaking to committee about your really interesting program.

Ms Newman: Thank you.

Mr Holmes: Thank you, and we really appreciate the invite to get involved.

THE CHAIR: It has been great. Thank you.

The committee adjourned at 10.45 am.