



27 January 2009

Mr David Pearce
Centre for International Economics
By email: cie@thecie.com.au

RE: REVIEW OF THE CPRS WHITE PAPER

The Australian Landfill Owners Association (ALOA) is an incorporated entity comprising landfill owners across Australia sharing a concern for the future viabilities of the environment and their businesses.

Members of the Association receive and manage over half of the total solid waste generated in Australia. They provide services in waste disposal, waste treatment and resource recovery and employ over 12,000 people.

ALOA members operate a vast number of landfills across Australia and receive over 12 million tonnes of solid waste. These landfills employ state of the art technology to minimise any environmental impacts and generally capture methane generated by the decomposing waste to produce renewable electricity.

The waste sector is a 'non-trade exposed industry' under the proposed CPRS, and ALOA members, primarily due to the emission of methane from landfills, will be directly impacted by the proposed CPRS coverage of the waste sector.

ALOA members are most concerned that the Government has included the waste sector in the CPRS from its inception, and are fully in agreement with the Coalition's stated position that "*Excessive haste carries great risk*".

We express the following concerns with the Government's White Paper:

- 1) It proposes to proceed with immediate coverage of the waste sector, not withstanding that accurate emission measurement techniques are not yet available and methods are yet to be finalised for the National Greenhouse and Energy Reporting Scheme (NGERS)
- 2) The waste management industry has no knowledge of likely accuracy and repeatability of the proposed NGERS emission modelling techniques
- 3) The industry cannot currently advise clients with certainty on any impacts of the scheme or recommend reduction programs that should be introduced
- 4) The White Paper's treatment of the coverage threshold for landfills is confusing and needs clarification in respect to both the area to be included and the 'trigger' for adoption of the lower threshold (i.e. 10,000 TCO₂e as opposed to 25,000 TCO₂e, per annum)

ALOA is also concerned that 'legacy' waste (i.e. waste that was landfilled prior to scheme commencement in July 2010) has not been totally excluded from the scheme - these emissions have only been excluded until 2018. The inclusion of legacy waste emissions from 2018 onwards creates an unreasonable burden on landfill operators as it introduces a retrospective charge on previous operations and requires the industry to forecast 'carbon' costs for 2018 onwards.

The impact of this inclusion (although only partial) means that landfill operators will:

- a) have to charge future customers for costs created in the past; or
- b) absorb future costs from business surpluses;

Neither of these actions will reduce greenhouse gas emissions in the future.

The waste industry has an exceptional record in greenhouse gas abatement and is the only sector to record a reduction in emissions over the past ten years. This has been achieved through a combination of regulation and incentive programs (such as MRET and NSW GGAS). The introduction of CPRS needs to be coordinated with these types of incentive programs, or many of the recent gains will be put at risk and emissions may increase.

These concerns will impact significantly on the waste management industry and each will likely contribute to a higher than necessary cost pass-through to the community and industry.

As such, ALOA strongly recommends that:

- a) CPRS coverage of the waste sector be deferred for 2-5 years whilst landfill emission measurement technologies are worked through and impacts communicated to users;
- b) Legacy waste be fully grandfathered from the proposed scheme (rather than only until 2018); and
- c) Additional time be devoted to working through the scheme to ensure all perverse outcomes are eliminated before legislation is drafted.

ALOA strongly supports the reduction of greenhouse gas emissions in Australia and looks forward to further consultation and engagement with the Coalition pertaining to the development and refinement of the waste sector's participation in the CPRS.

Yours sincerely,
Australian Landfill Owners Association

JM Spedding
Association Spokesman