ALOA
Australian Landfill Owners Association

9 May 2011

Consultation Support Team
Department of Climate Change and Energy Efficiency
GPO Box 854
Canberra ACT 2601
Australia

Submission by the Australian Landfill Owners Association (ALOA) in respect to the Carbon Pricing Mechanism architecture and implementation arrangements announced 24 February 2011.

Dear Support Team,

The Australian Landfill Owners Association (ALOA) is grateful for the opportunity to prepare and present a submission to the Consultation Support Team regarding the architecture and implementation arrangements for the carbon pricing mechanism.

ALOA is an incorporated entity comprising landfill owners who share a concern for the future viability of the environment and the provision of cost effective waste disposal services. ALOA members operate landfills across Australia and currently receive two thirds of the waste landfilled annually. In some cases members also provide services in waste disposal, waste treatment and resource recovery.

ALOA is the representative voice of the landfill industry in Australia.

Many landfill operators employ cutting edge technology - such as capturing landfill gas generated by the decomposition of putrescible waste to generate renewable energy - to minimise their environmental impact. In this manner modern landfills deliver complementary benefits to the natural environment whilst providing an essential service to the community.

ALOA members, the National Landfill Division of the Waste Management Association of Australia and DCCEE Reporting Department have been working on the development of a reliable landfill gas emission measurement mechanism over the past three years. To date improvements have been made to the models available but there is still much to be done over the next three to five years if a reliable measurement technique is to be developed.

ALOA supports the introduction of legislation to reduce carbon emissions and over the last four months has worked co-operatively with the Department of Climate Change and Energy Efficiency to develop methodologies for the landfill component of the Carbon Farming Initiative (CFI). This support, however, does not extend to the coverage of emissions from non-legacy waste under the proposed carbon price mechanism. This adverse position is taken as:

a) There are currently no reliable techniques to precisely evaluate the volume of taxable emissions from landfills. There are many techniques that can 'estimate' the volume of taxable emissions from landfills but none that can (currently) provide accurate and repeatable results for individual landfills and hence there is no reliable

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basis to apply a carbon tax liability (or any other form of carbon price) on landfills in relation to non-legacy waste emissions;

b) Landfill gas (methane and carbon dioxide) is generated over a long time period - 10 to 30 years – and as such cannot be covered under a 'simple' carbon tax. The landfill operators need to be able to pay their expected liability for carbon tax over a long period of time as opposed to most industries which will pay their carbon tax at a single point in time, for example, at the time of consuming fuel in the case of the transport industry. Consequently, the landfill operator needs access to 'bankable' arrangements should non-legacy waste be covered under the carbon pricing scheme. Once again, any such arrangement hinges on the ongoing ability to precisely evaluate the volume of taxable (or liable) emissions at any point in time and this is not expected to be available for several years;

c) There are approximately 70 individual landfills – representing around 2% of national emissions – that are expected to be liable if the proposed mechanism is applied to non-legacy waste. This represents a disproportionate administrative burden on landfill owners (who include local councils as well as private industry) and will result in significant increases in compliance costs;

d) The landfill industry – with the support of the NGAS and Greenhouse Friendly initiatives – has been able to reduce its emissions over the past 10 years; and

e) Independent modelling of the impact of the introduction of the Carbon Farming Initiative – assuming an average revenue of $20-25 per tonne of CO2e and an additionally baseline of 25% – indicates that a 20% reduction on the current emissions levels can be achieved by 2020.

Because of these concerns ALOA believes that the coverage of non-legacy waste under the carbon pricing mechanism is inappropriate at this particular time as it fails to meet many of the objectives of the MPCCC development guidelines. For example:

Environmental effectiveness:

The inclusion of landfill gas under the Carbon Farming Initiative has the potential - without the need for access to an accurate emission measurement technique for individual landfills - to achieve landfill gas emissions reductions that will exceed the Government's 2020 reduction target.

Economic efficiency:

Coverage of non-legacy waste under the carbon pricing mechanism will significantly increase compliance and administrative costs.

Fairness and clear accountabilities:

Coverage of 'non-legacy' waste – before a reliable measurement method is available – under the carbon pricing mechanism is likely to lead to market distortions, investment uncertainty and poor infrastructure planning.

Administrative simplicity:

Coverage of around 70 individual landfills to capture emissions for only 2% of the nation's emissions will create a disproportionate administrative burden on the landfill sector and will significantly increase waste disposal costs to industry and householders.

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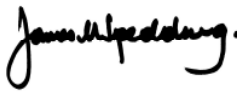
Taking all of the above into account ALOA believes - until an accurate technique is available to measure the volume of taxable landfill emissions from landfills is available – that 'non-legacy' waste should be covered under the Carbon Farming Initiative and not under the proposed carbon pricing mechanism.

For further information please contact Max Spedding on 0400 880 677 or the ALOA secretariat on 03 83 999 514.

Yours Sincerely,



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