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GENERAL:

ALOA's landfill levy checklist

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Garth Lamb

The Australian Landfill Owners Association has outlined its position on landfill levies, coming up with an 8-point checklist it believes should be adopted around the nation to improve consistency and make for the best system. Running through the dot points, Queensland's recent proposal scores very poorly, while Victoria's recently updated levy rates fairly well. So what does ALOA want from levies?

1. Waste levies should only be introduced when they are part of a clearly articulated waste 'strategy' and should be put in place for at least five years.

Spokesperson Max Spedding explains that, for governments to attract investment in resource recovery, the industry needs long-term certainty about political commitments. Ideally he would like to see 10-15 year horizons, with five years deemed the minimum.

Ensuring levies are wrapped up in wider waste strategies will help achieve greater certainty that they won't be adopted or dumped in any surprise moves.

Spedding said industry can cope with changes to the value of the levy applied, but would ideally like to see a schedule of anticipated increases over at least a five year timeframe.

2. Waste levies should only be varied as part of a waste 'strategy' review and not without at least six months notice.

Spedding said a review, perhaps conducted four years into a 10-year strategy, "should determine whether the levy is working at its current rate, and if it's not... [the reviewer] could take into consideration that it should be increased".

"But if you introduce the levy and there is a significant uptake of recycling and a reduction in waste, maybe the situation is that the levy is pitched at the right level."

Industry operators have long questioned how the NSW Government came up with its schedule of hefty \$10/year increases, with industry keen to ensure levies are really linked to desired policy outcomes, not just used to raise state revenue.

3. Waste levies should not be differentiated by waste type (other than for hazardous waste where identification can be supported by accompanying documentation) or waste origin.

ALOA has consistently argued that differential levies cause "gaming," pointing to the situation in Victoria where, until recently, there was a \$5 difference between C&I and MSW levies. Even this small differential, claims Spedding, saw a significant diversion of waste into the MSW stream, which went from representing 24% of the total waste stream to 28%.

4. Waste levies should be 'state' wide (in order to avoid boundary disputes).

ALOA would prefer not to have any differential between different landfills. Spedding points out waste in Queensland could feasibly be carted up to 200km to avoid a \$35/tonne impost in one jurisdiction.

5. Waste levies should be reduced in direct proportion (by weight) for all waste genuinely recycled (for clarity this also means producing a product for sale or use in the landfill - e.g. daily cover - and includes creation of electricity or a heat supply landfill gas to a power station or brickworks).

"What we want is clear definitions of what is a rebatable material or rebatable action, because the trend is for landfills to become recyclers," said



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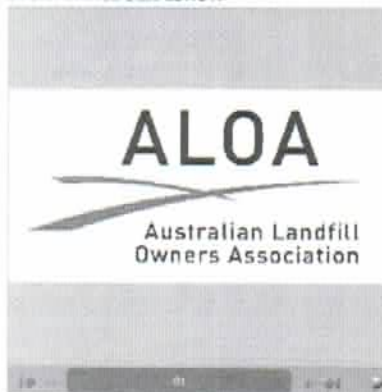


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Spedding. "What we're saying is, if a landfill receives any material that can be processed and recovered as goods, in any form, those goods should be recognised."

The various states treat the application of daily landfill covers differently, with NSW landfill operators the most hard done by – any material coming through the gate is subject to the levy. Spedding prefers the Victorian model, where all landfillers are gifted a blanket 15% levy rebate to cover production and use of cover material.

The more controversial aspect of ALOA's fifth checklist item is the call to consider the capture and use of methane gas produced by rotting waste as effectively removing a proportion of waste from the landfill.

"For every megawatt hour of electricity you generate, you remove from the landfill three-quarters of a tonne [750kg] of waste – it's physical material that comes out of the landfill; the landfill sumps," said Spedding. "This is the amount of waste that's consumed in creating the gas that's used to make the power."

Golder Associates conducted a recent study into this topic for ALOA, and Spedding has offered to make the peer reviewed report available to any skeptics.

NSW Government staff might need to take Spedding up on the offer to read the report in more detail. Spedding points out states are not constitutionally allowed to raise taxes – which becomes a relevant point because, "if a state government doesn't allow a rebate on a product, the levy becomes a tax".

"We're seriously considering mounting a constitutional challenge [in NSW] if we can't resolve this issue," said Spedding.

6. Waste levies should not be due on waste subject to a 'bad debt'.

Levies in some jurisdictions are now getting to seriously high values. In Sydney, levy collection can represent 50-70% of the revenue for a landfill operator. This leaves them vulnerable if a major client goes out of business while owing them money.

"If you have a major bad debt in the C&D industry, which is possible if a property developer goes down the tube... then paying the levy could break [the landfill operator]," said Spedding.

"Where all of the procedures have been gone through... [unpaid levies] should become a debt to the state, in preference to a debt to the landfill," he argues.

7. Waste levies should be noted on invoices (in order to convey the extent of the levy to the waste generator).

While this point is primarily an issue for landfill operators, the obvious problem is that generators need to know where the increased costs are coming from if the goal is truly to try and reduce waste generation rates. ALOA would like to see this practice to be encouraged.

8. Waste levies should not be utilised to fund landfill infrastructure (in order that early initiators are not disadvantaged).

Interestingly, the word "hypothecation" does not appear anywhere within ALOA's checklist, despite it being the word most commonly screamed by other groups pushing for landfill levy reform.

ALOA wants to ensure early movers are not disadvantaged, compared to their laggard competitors, by governments handing out buckets of money to help bring everyone up to the same standard.

In Queensland, for example, landfill operators who have already privately invested in weighbridge systems to improve their operations were not at all impressed to hear the government will now subsidise those who had not moved yet.

"We believe the money should go to compliance, education, and the creation of markets – not to the creation of infrastructure," said Spedding. "[Otherwise] all the early initiators are retrospectively harmed."

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