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ALOA opposes government's carbon pricing

Tuesday, 17 May 2011

In its submission to the Department of Climate Change and Energy Efficiency (DCCEE) on the carbon pricing mechanism architecture and implementation announced February 24, the landfill owners' group has opposed coverage of omissions from non-legacy waste under the proposed carbon pricing scheme. It says a carbon tax liability cannot be applied as there is no reliable technique to precisely evaluate the volume of taxable emissions from landfills.

The Australian Landfill Owners Association (ALOA) said in its submission, "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," adding that such a technique is at least 3-5 years away.

Furthermore, it said coverage of non-legacy waste under the carbon pricing mechanism will significantly increase compliance and administrative costs; and could lead to market distortions, investment uncertainty and poor infrastructure planning.

"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," said ALOA.

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 (Multi-Party Climate Change Committee) development guidelines around economic effectiveness and economic efficiency.

The organisation believes that inclusion of landfill gas under the Carbon Farming Initiative which is had endorsed, 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.

"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."

Other reasons provided for the organisation's adverse position include:

. 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.

. 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

. Independent modelling of the impact of the introduction of the Carbon Farming Initiative – assuming an average revenue of $20-25 per tonne of CO_2e and an additionally baseline of 25% – indicates that a 20% reduction on the current emissions levels can be achieved by 2020.

Aspermont Limited
Street Address613-619 Wellington Street, Perth WA Australia 6000
Postal Address PO Box 78, Leederville, WA Australia 6902
Head Office Tel +61 8 6263 9100 **Head Office Fax** +61 8 6263 9148
e-mail contact@aspermont.com **website** www.aspermont.com **ABN** 66 000 375 048