

The Hon Mark Dreyfus, QC MP
Parliamentary Secretary for Climate Change and Energy Efficiency
Parliament House
Canberra 2600 ACT

Wednesday, 20 June, 2012

Dear Mr. Dreyfus,

Re: Competition between CPM 'covered' and 'uncovered' landfills

Further to our meeting on June 10 (with Veolia Environmental Services CEO - Doug Dean) and our discussion regarding competition between CPM 'covered' and 'uncovered' landfills ALOA has conducted a survey of its members to determine if the deferral of the 'prescribed distance' rule is unfairly impacting on member landfills.

As foreshadowed when we met this survey shows that the deferral of the 'prescribed distance' rule is destabilising the application of carbon pass-through costs.

Example 1

In the Adelaide metropolitan area landfill services are provided by two large sites that are clearly over the 25,000 tonne CO₂e threshold, three smaller sites that are just below the threshold and a further two small 'country' sites.

Under the current arrangements the two larger sites cannot pass through their CPM carbon costs without risking a significant loss of business to the smaller sites.

Example 2

In the Hobart metropolitan area landfill services are provided by a relatively new 'regional' landfill and two smaller council owned landfills. Notwithstanding its intention to install a gas collection system shortly the regional landfill expects to have emissions above the threshold whilst the two smaller sites are below the threshold. This situation is preventing the larger 'regional' site from passing carbon pass-through costs to its clients.

Example 3

In regional Victoria (between Bendigo and Echuca) landfill services are provided by a privately owned 'regional' landfill and a number of smaller country landfills. The regional site estimates it will exceed the threshold in 2018 and as a consequence needs to initiate a partial carbon cost recovery from 1 July 2012. The operation of the smaller neighbouring sites is frustrating the regional site's ability to recover its carbon liability costs.

These three examples demonstrate the need for the 'prescribed distance' rule to be re-instated in the legislation and as a result ALOA calls on the Government to bring forward the review of the 'prescribed distance' so that unfair competition between 'covered' and 'uncovered' sites can be avoided.

In a related issue ALOA is concerned that NGER requires corporate owned landfills to report emissions above 10,000 CO₂e whilst the Clean Energy Act requires councils to report only when their emissions are over 25,000.

ALOA believes, as it is important that all landfills understand where they stand in the market place, this disparity should be removed and all landfills report their emissions when they are over 10,000 CO₂e per annum.

Should you require any further information relating to this issue please contact me on 0400 880 677 or by email at info@aloe.com.au.

Yours sincerely,



Max Spedding
Secretary/Spokesperson
ALOA

CC: *Shayleen Thompson, DCCEE*
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