



**Parliamentary Secretary for Climate Change, Industry and Innovation**

C13/1025

Mr Max Spedding  
Secretary  
Australian Landfill Owners Association  
GPO Box 1398  
MELBOURNE VIC 3001

Dear Mr Spedding

Thank you for meeting with me on 9 May 2013 to discuss the coverage of the waste sector under the carbon pricing mechanism. The Australian Government appreciates the constructive engagement of waste sector organisations and businesses in the design and implementation of the carbon pricing mechanism.

The Government has considered the issues that you have raised regarding the carbon pricing mechanism and the waste sector. The current policy provides sufficient incentives to encourage the waste sector to improve their competitiveness, while reducing their emissions. The Climate Change Authority will review the coverage of the carbon price, which may include the waste sector, and will make recommendations in the second half of 2016. This will allow for a thorough consideration of the current arrangements, including consideration of the impact that the carbon price has had on covered sectors such as the waste industry. However, as discussed, the Government will consider any further evidence that the industry may have concerning potential issues with the way in which the application of the carbon price may be affecting particular businesses.

The broad coverage of the carbon pricing mechanism reduces the overall costs of achieving emissions reductions across Australia's economy by increasing opportunities for firms to access low cost abatement. Broad coverage also requires that competing firms and sectors operate within equivalent market rules. The liability threshold of 25,000 tonnes of carbon dioxide equivalent is central to ensuring equivalent coverage across different sectors in the economy. The waste sector is subject to a similar level of regulation compared to other sectors covered under the carbon pricing mechanism.

Landfill operators can use many different strategies to reduce their carbon price liability. Facilities may reduce the amount of waste deposited in the landfill, for example, through recycling and composting. They can also capture landfill gas for flaring or to generate electricity.

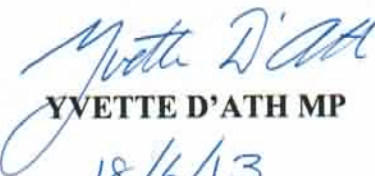
The Government has recognised that landfills should be able to estimate the emissions from homogenous waste streams that have very low organic content, without having to conduct extensive sampling and analysis. The Government has proposed revisions to the *National Greenhouse and Energy Reporting (Measurement Determination) 2008* (the Measurement Determination), which will reduce the cost of depositing the non-recyclable residue from recycling processes. These changes will include a new waste stream class for types of homogenous waste, including alternative waste treatment residue, which will apply from 1 July 2013.

The proposed amendments will allow landfill operators to separately estimate and report emissions from these homogenous waste sources, and differentiate cost pass through to their customers accordingly. However, landfill operators and other businesses are free to set prices for their goods and services, including the extent and nature of any cost pass through to customers associated with the carbon price.

I have also written to Mr Musgrove to address the concerns raised by the Australian Council of Recycling at our meeting.

Thank you for bringing your concerns to the Government's attention.

Yours sincerely

  
**YVETTE D'ATH MP**  
18/6/13