

1 November 2013

Repeal Taskforce
Legislation and Governance
Department of Environment
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**Draft Carbon Tax Repeal Legislation
ALOA Submission**

Further to our participation in the waste industry teleconference hosted by the Department on Thursday October 24, 2013, we note the following:

1. We have recommended to members that no price reduction be offered until the repeal has taken effect.
As the carbon tax is a significant cost to the landfill industry it will be necessary to continue recovering the carbon impost until the repeal is actually enacted.

2. Repeal at the end of the financial year only is sought
As the landfill carbon tax is derived from an annual waste 'decomposition' model and cannot be extrapolated from previous data, ALOA does not support the implementation of the repeal other than at the end of a full compliance year.

3. A uniform 'price-reduction' from the industry cannot be expected
The price increases applied in response to the carbon tax were varied because of the numerous factors influencing actual price increases. These factors include:
 - Whether the landfill was 'covered' by the CPM
 - The type of waste
 - The type of the customer
 - Impacts from competition with 'uncovered' landfill competitors
 - Individual company forecasts of the 2015/16 carbon price (as this was the first opportunity to buy and bank permits against future emissions)
 - Individual company forecasts of future landfill collection and combustion
 - The extent of landfill gas collection investment put in place in response to the CPM
 - Access to CERs or ACCUs
 - Individual contract arrangements or other commercial considerations.

4. Where formal contracts are in place, individual negotiations will be needed to implement the repeal.

Because of the price 'variables' detailed in 3 above, removal of the carbon tax will need to adjust for not only the removal of direct compliance costs (i.e. purchase of eligible emissions units) but also investment and system change costs which were implemented as a result of the introduction of a carbon price.

5. That special arrangements will need to be established to ensure local government landfills continue to report under NGERs.

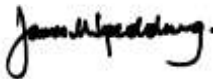
The Clean Energy Act established the need for local government landfills to report under NGERs. Its repeal will remove this obligation. As emission measurement is an essential management tool for landfills and may be necessary under the Government's proposed Direct Action Plan, it is recommended that an obligation to continue NGER reporting at local government landfills be established through related legislation.

6. Once the repeal legislation is finalised ALOA will liaise with the ACCC to develop a carbon tax repeal recommendation to members.

The calculation and introduction of carbon costs for landfills was a complex exercise. The industry's response to the repeal of the legislation will need to reverse this process transparently if misunderstandings are to be avoided.

For further information please contact ALOA at info@aloe.com.au or myself on 0400880677.

Yours sincerely



Max Spedding
Secretary ALOA