

Submission

To Department of Environment & Science
mailto:wastepolicy@des.qld.gov.au

From Colin Sweet, CEO - ALOA

Date 5 July 2018

Subject Landfill Levy for Queensland

The Australian Landfill Owners Association (ALOA) was formed in late 2008. It is an incorporated entity with members from across Australia.

Modern landfills are an essential element in today's integrated waste management infrastructure as landfills:

- Offer cost effective and reliable disposal of recycling and processing residues and unsorted wastes;
- Manage greenhouse gas emission by methane collection and combustion;
- Provide a source of renewable energy;
- Have the flexibility to accept variable waste volumes; and
- Are reliable last resorts for the acceptance of large volumes of 'disaster' waste.
- Member landfills provide services to the general public, local government, industry, property developers, mining and agriculture.

ALOA members receive and safely manage the disposal of almost three quarters of the waste landfilled in Australia.

Since its inception ALOA has defended the interests of its members in national and state issues. In particular, ALOA campaigned for fairer treatment under the 'carbon' tax and worked closely with the Australian Local government Association (ALGA) to develop the Voluntary Waste Industry Protocol to utilise collected carbon tax monies.

ALOA is governed by a 'national' board and has state 'chapters' in each of the mainland states.

Introduction

ALOA is supportive of programs to increase recycling in Queensland and recognises the proposed landfill levy will;

- 1) Through increased disposal costs encourage increased diversion from landfill,
- 2) Through hypothecation provide funding for urgently needed recycling infrastructure, and market development.

Comments

At this time our concerns are;

1. Legal loopholes for levy evasion may not be fully closed. If a "recycling facility/transfer station" in the non-levy zone receives waste from the levy zone, or from NSW, the levy does not apply because it has not been received in a landfill. Then if that QLD "recycling facility" takes its residual waste to a third-party landfill in the non-levy zone, it is now legally classed as waste generated in the non-levy zone and will not be liable for the levy. Goondiwindi is on one of the main arterial routes from NSW.
2. With a \$70/tonne levy proposed for first quarter 2019, there is little time for effective consultation and implementation. The earliest practical start date is 1 July 2019, to give a clear 12 months for Councils / Waste Industry and waste generators to budget and prepare.

At \$70 / tonne for general waste, the levy presents a significant incentive for levy avoidance and perverse outcomes if the introduction is rushed.

3. Other Associated Legislative Reform

The introduction of a waste levy before the State has finalised and implemented the revised regulated waste framework and waste ERA framework is a serious threat to the success of the waste strategy. That consultation on the levy directions paper and legislation design is happening independently of discussions on the regulated waste and ERA framework legislation by different departmental teams is a problem for such an important reform.

In particular:

- ⇒ In an earlier consultation draft, DES had indicated that effective EA regulation would be extended to the whole waste industry, including **General Waste Collection and Transport** (currently Regulated Waste Transport is licensed, but general waste transport is not). The supply chain economics of the waste industry are unique and warrant careful examination by policy makers before introduction of potentially market distorting levy. The first commercial transaction between the waste generator and the collector is the point at which **ALL** the revenue (including levy liability) is collected. For some wastes such as C&D in southeast Queensland, this may more than triple the current disposal cost liability in the collected waste. For general waste, this places the biggest financial incentive and opportunity for levy avoidance into the least regulated, essentially unregulated part of the value chain. This is a serious loophole, potentially undermining business confidence to invest in new recycling or energy recovery infrastructure, which will need to rely on feedstock security from the unregulated sector. ALOA strongly recommends that DES seek to licence general waste transport **prior** to introduction of the levy. Without visibility and effective powers of enforcement as a deterrent to levy evasion, QLD will potentially follow the same mistakes made by NSW in creating conditions (refer point 1) vulnerable to waste crime.
- ⇒ The definition of **clean earthen material** still exists in the current ERA framework. This material which is exempt from licensing, has allowed a number of unlicensed waste disposal facilities to establish in quarries and sand pits outside the control of DES. Today these facilities would be able to operate as facilities (effective landfills) without incurring liability for the levy. This serious loophole may undermine legitimate investment if it is not addressed before introduction of the levy.
- ⇒ It is important that these former “clean earthen material” sites are not granted default landfill licences under the new ERA framework, which would reward them with any additional waste beyond the strict definition of clean earthen material.
- ⇒ The proposed new Regulated framework should be introduced and established well before introduction of the levy.

4. ALOA members are concerned that the legislation will impose onerous, unnecessary and ineffective CCTV type monitoring requirements on their facilities. Licensed landfills are generally owned and operated by large corporate entities and local governments and are already subject to close scrutiny by regulators (and competitors). The penalties for levy evasion, reputational damage, and the high likelihood of detection are a sufficient deterrent. We propose that other powers of inspection and audit, including weighbridge and financial audits would suffice. Furthermore, as discussed in item 3, and as experienced in other jurisdictions, levy avoidance typically happens, before the waste is delivered to the landfill site by the unregulated, unmonitored link in the supply chain.

- ⇒ ALOA members believe that the definition of a levyable waste disposal site should be

extended to include waste incineration where the primary objective is to dispose of waste by burning, with no meaningful waste to energy component. Genuine waste to energy facilities designed to use waste as the primary fuel for power generation and cement kilns using waste as an alternative to fossil fuels would be exempt under this definition.

5. Reporting and administration needs to be clear, and procedures need to be available to identify MSW from other waste.
 - ⇒ For simplicity ALOA recommends that MSW classification only apply to waste collected from council provided kerbside collection services.
6. Landfill levy portability needs to be supported by accurate weight and volume reporting at all landfills.
 - ⇒ ALOA believes this can only be obtained if all sites are fenced and manned when open to receive waste.
7. Landfill operators should not be required to remit levies for customers that have not paid due to insolvency (and cannot be pursued further).
8. That Landfill operators should not be required to provide cash flow to fund levy payments.
 - ⇒ ALOA believes levy funds should be remitted at 60 days from the end of the month the waste was received.
9. An administration fee of 5% should be retained by the landfill operator to cover their administration and reporting costs.
10. Levy hypothecation should apply to encourage recycling.

ALOA notes that MSW levies will be returned to local government and sees this as part of a program of funding going for their recycling infrastructure, landfill Improvement, education and market improvement initiatives).

 - ⇒ ALOA believes that remaining levy funds should be fully utilised to;
 - i) By going straight to the substantial levy amount of \$70/tonne for general waste, in a relatively short timeframe, government should acknowledge that the time lag for developing alternative infrastructure and markets for diverted commodities will be significant. While this happens, the levy should be fully (100%) hypothecated back to industry programs
 - ii) The waste strategy should be managed, and all levy funds administered through an **independent statutory authority**, such as Sustainability Victoria or Green Industries SA.
 - iii) Provide for greater enforcement of environment regulation and levy avoidance.
 - iv) Offer low interest loans for recycling infrastructure (in a similar manner to the Clean Energy Finance Corporation).
 - v) Offer smaller grants for product research and product verification.
11. ALOA believes that levies should be reported using a 'mass balance' reconciliation each month.
12. Levies should not apply to asbestos waste, or inert material (clean earth) imported for daily cover.
13. A full Levy exemption should apply to residual waste materials created producing trade exposed recycled materials, such as scrap metals exported for international markets.
14. Exempt materials - such as disaster waste - should be supported by a government issued

certification if no levy is to be applied.

15. Other Associated Legislative Reform

ALOA believes that the introduction of a waste levy before the State has finalised and implemented the revised regulated waste framework and waste ERA framework is a serious threat to the success of the waste strategy. That consultation on the levy directions paper and legislation design is happening independently of discussions on the regulated waste and ERA framework legislation by different departmental teams is a problem for such an important reform.

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16. Stockpiling

- ⇒ ALOA members are concerned that DES intend to make stockpiles of waste created before the introduction of the levy, exempt from the levy when they are transferred to landfill. There is a risk that this will encourage an increase in waste flows into Queensland to beat the introduction of the levy. The creation of these stockpiles in advance of the levy, which can then be trickled into the active cell at a manageable rate after the levy is introduced, is contrary to the spirit of the levy, and is likely to present a significant fire, dust (asbestos?) or leachate hazard. DES should be cognisant of this issue and if the exemption cannot be removed or limited by levy legislation, it should be a priority of the DES Compliance section to proactively police the establishment of stockpiles on licensed sites. Invariably, these facilities will be in breach of at least one of their EA conditions.

For further information on this important matter, please contact ALOA.

Yours Sincerely



Colin Sweet
CEO