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Directions Paper  
Strategic Environment and Waste Policy  
Department of Environment and Science  
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Dear Sir

The Australian Sustainable Business Group (ASBG) is pleased to comment on [Transforming Queensland's Recycling and Waste Industry—Directions Paper](#) (Directions Paper).

The [Australian Sustainable Business Group](#) (ASBG) is a leading environment and energy business representative body that specializes in providing the latest information, including changes to environmental legislation, regulations and policy that may impact industry, business and other organisations. We operate in NSW and Queensland and have over 120 members comprising of Australia's largest manufacturing companies. Members were involved in the development of this submission and ASBG thanks them for their contribution.

There are a number of issues in which ASBG will address in this submission including:

- Use of the levy money
- The proposed waste levy
- Regulated wastes: levy and tracking issues
- Levy relief for recyclers
- Waste to Energy

Should further details and explanation of the above points be required please contact ASBG.

## Use of the Levy Money

According to the data from [Recycling and Waste in Queensland 2017](#) 5.57 MT of waste was landfilled in 2016-17. A simple estimate means the waste levy would provide a revenue stream of around \$390m per annum. The cost of subsidising household waste via Council rate payments (\$130m) brings the remaining amount down to \$260m p.a. Assuming recycling has a 10% reject stream going to landfill and all of this is exempt from the waste levy this prunes the remaining levy income to around \$230m p.a. Given errors sum of around \$200m in state revenue is likely to be collected by the levy in its first year, which is considerable.

ASBG has seen in other jurisdictions, use of waste levies as an alternative means for raising consolidated revenue, with only token amounts being reinvested back into waste management. This is especially true for NSW where in some years the amount allocated back to the waste sector was less than 0.5% and currently the amount is around 15%. It is notable the [NSW Budget 2018](#) received a windfall 28% (\$162m) increase in forecast levy 2016-17 revenues, with all of this extra allocated to consolidated revenue, none for waste management.

Local Government under such conditions becomes the tax collector reflected in rate increases, a theme repeated across Australia in their submissions.

Businesses are also the major payer of such waste levies, typically paying about 65% of the levy income and Queensland is no exception. With householders receiving around \$130m pa in the first year via payments to limit Council rate increases, businesses and industry consequently, should receive, arguably 65% of the levy revenue in various forms of assistance. ASBG is concerned the allocation of levy proceeds is currently vague and ends with the catch phrase: *Surplus funds from the levy will benefit the entire Queensland community by supporting our schools, hospitals, essential infrastructure and other frontline services.* This is concerning as other Government Departments will see the levy revenue as funds for their purposes rather than assist management of waste. It is essential the allocation of levy moneys be legislated and hypothecated otherwise Queensland Treasury will be the main allocator of these funds as they feel fit and waste management will become a poor recipient of the funds they pay and collect.

### Recommendation 1

***ASBG recommends that at least 80% of the remaining waste levy revenue —after the household rate payments has been removed—be hypothecated in legislation to waste management programs and that at least 50% of this to business and industrial waste management.***

## Re-Introduction of the Waste Levy

A waste levy is a blunt tool and with diminishing returns for encouraging recycling and diversion away from landfill. The following chart shows a comparison of waste levies and landfill diversion rates for NSW and Queensland.

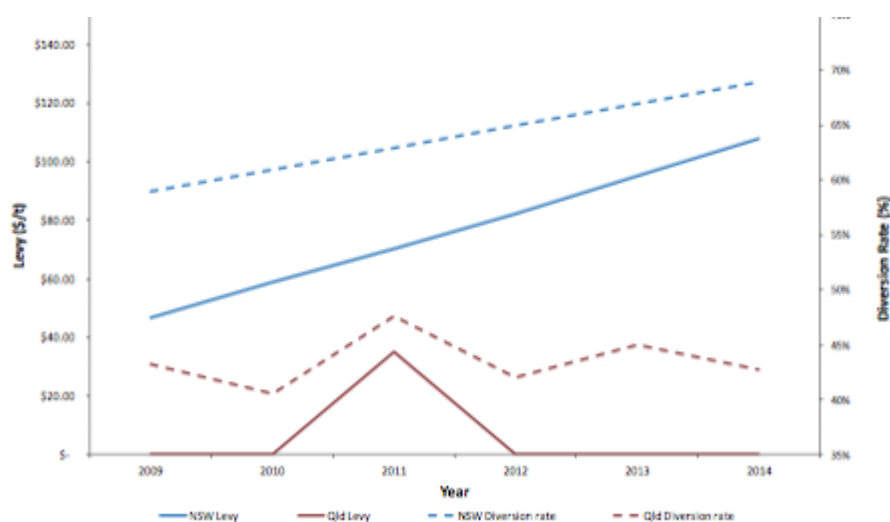


Chart 1 [MRA Blog](#) Historic recycling rates vs waste levy in NSW and Queensland

While a levy encourages diversion from landfill, its marginal effect diminishes as it increases. Another example in Chart 2 shows the small impact South Australia’s waste levy had on landfill diversion rates. [GreenIndustries](#) (was Zero Waste) South Australia, was considered quite successful at increasing recycling rates and achieving this despite comparative low waste levy rates in the early 2000s. However, the waste levy in South Australia is

now exceeding the long haul levels and to move to >\$00/t promoting long haul diversion likely to NSW rural or Northern Territory landfills, which have, as proposed in Queensland rural areas, no levy.

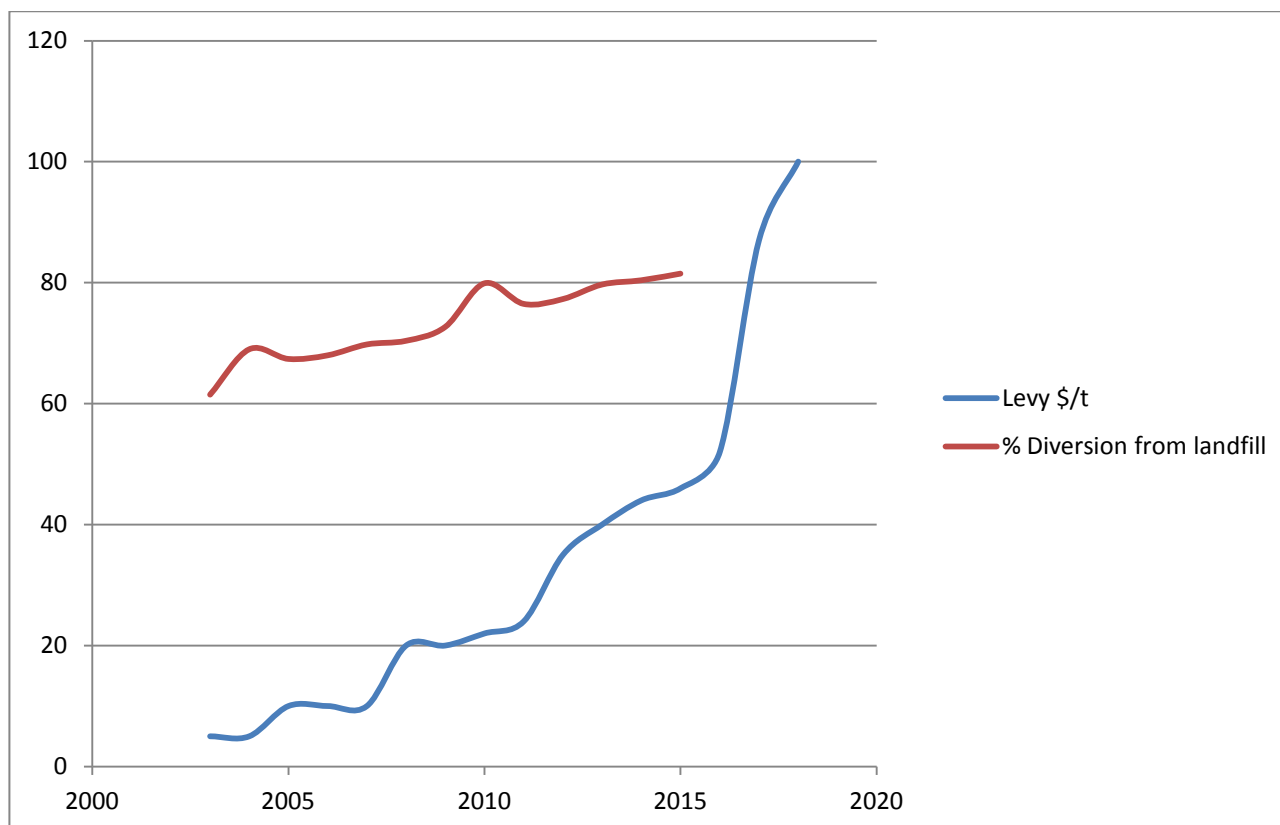


Chart 2 South Australian Waste Levy rates and landfill diversion rates<sup>1</sup>

Chart 2 shows very little increase in diversion rates and diminishing returns as levy rates significantly increased post 2012, in South Australia. However, South Australia had in 2003 a comparative very high diversion rate. The main driver for this was having a government agency promoting and encouraging recycling and resource recovery. This questions the wisdom of use of a levy as a sole means to drive landfill diversion. It also demonstrates the cost effective benefits of an effective agency pulling recycling reuse and resource recovery up, rather than a blunt levy push from the price side. There is strong evidence that having a well resourced Government agency promoting and supporting recycling, resource recovery and reuse provides much higher cost efficiency in achieving landfill diversion than a waste levy alone.

Another element working against diversion from landfill is getting the balance between environmental protection and resource recovery. An over cautious approach to environmental protection can lead to collapses in recycling markets and major diversions of these waste streams to landfills. Asbestos contamination concerns have collapsed Perth's C&D market<sup>2</sup> for example. This especially affects construction and demolition recycled products, but can easily expand to other types of recycled materials. Having a well resourced specialist agency dealing with recycling can assist in reducing fears regarding contaminants in recycled products.

A waste levy is very good a raising revenue, which can support a well resourced agency to promote and assist in recycling and resource recovery. However, waste levies are often used, especially by NSW with currently

<sup>1</sup> Sourced from [Recycling Activity in South Australia 2015-16](#) Greenindustries, South Australia

<sup>2</sup> See [Asbestos fears create stockpiles of rubble](#) – Perth Now Aug 13, 2017

around 15% returned for waste management related activities in NSW, as an alternative indirect state revenue raising process.

The proposed \$70/t levy is a significant tax jump affecting businesses across Queensland and represents a shock price increase, likely doubling many landfill gate fees across the state. In comparison with other states \$70/t is in the mid range, however, its one step introduction is substantial and no other state has even had a levy price increase exceeding \$20/t in one year. ASBG members would prefer if its introduction is spread over a number of years, preferably over 5 years, in step changes, providing a smoother transition to a higher levy environment.

### **Recommendation 2**

- ***ASBG recommends the levy to be gradually introduced over at least a four year period to reach the desired \$70/t + CPI to avoid business shock increases.***
- ***Formation of a specialised agency to promote and support landfill diversion funded by the waste levy.***

While the high price of the levy will have impacts over time the goal should be to have a consistent waste levy across eastern Australia. Victoria has a levy rate for 2018-19 at \$64.30 metropolitan areas and \$56.36 for industrial waste in rural areas which is close to Queensland's proposed rate, yet does not promote long haul waste transport. The NSW Waste levy, which is to increase to 141.20/t 2018-18 is the odd rate out. ASBG is aware of discussions between jurisdictions at the National level, under the National Waste Policy, to reach consistent waste levy rates. ASBG while concerned over the shock impact of the Queensland levy, preferable would be eastern sea board waste levies never exceeding \$70/t over the longer term.

\$70/t is considered the transport costs for long haul waste transport meaning the proposed levy is aimed at preventing such transport, especially from the greater Sydney Region. However this is a double edged sword, cutting in both directions. In this respect Queensland may be promoting the start of long haul of waste in certain regions in the Northern Territory even at \$70/t. Increasing the levy beyond this will generate ensure a long haul incentive, which the Directions Paper is trying to limit from NSW, but may also do the same to the Northern Territory, undermining the principles of this policy direction.

Mt Isa is also subject to the proposed waste levy and the Northern Territory, which has no levy. Consequently, Queensland will be encouraging long haul of waste from this region into the Northern Territory or other regions where the Regulated Waste levies also inspire this economic outcome.

In addition, China's National Sword has created major problems internationally for recycling, with kerbside collections being most affected across Australia.

### **Recommendation 3**

#### ***ASBG recommends:***

- ***Queensland Government work with NSW and Victoria, and where appropriate South Australia, to bring in a more consistent waste levy capped to minimise long haulages of wastes at around \$70/t, especially across State and Territory boundaries.***
- ***Remove Mount Isa from the levy area to avoid the promotion of long haul waste to the Northern Territory.***

## Management of Regulated Waste

ASBG applauds the risk-based approach for regulated waste in the *Review of the Regulated Waste Classification and Waste-Related Environmentally Relevant Activity Frameworks – Consultation Regulatory Impact Statement*. It is assumed the introduction of the new classification system for regulated waste will be incorporated into the legislative changes that support the changes in the Directions Paper. To do otherwise would introduce many transitional complications and additional costs for both Government and businesses. The replacement classification — which is more in line with other states— should assist in clarifying which wastes require tracking. Nevertheless there is clarification and issues associated with the proposed levy rates on regulated wastes.

### Regulated Waste Levy Rate Issues

The two Regulated Waste levy proposed rates of \$100/t for category 2 and \$150/t are again substantial step jumps over a current zero levy. ASBG considers the levy for Regulated Waste Category 2 most at issue. In most cases Cat 2 wastes are acceptable at most landfills accepting household wastes. Hence, there is an administrative and policing difficulty in assessing what are regulated wastes Cat 2 if they are not properly tracked, documented and nominated when they arrive at the gate house. Category 1 Regulated Waste should not have this differentiation issue as they must be generally treated and cannot be accepted at landfill only accepting general solid waste. As Cat 2 wastes can be assessed on chemical analysis it would be impractical for assessment at the landfill gate to police the acceptance of such wastes. Additionally, and perhaps the intent, is the higher levy rates will drive, if possible, Cat 2 and perhaps Cat 1 wastes to be treated to meet Cat 3 criteria.

The table below provides a rough comparison between Queensland, NSW and Victoria of Solid Waste classification criteria.

Rough Comparison of Solid Waste Classifications between Queensland, NSW and Victoria		
State	High Criteria	Mid Criteria
Queensland	Regulated Waste Cat 1	Regulated Waste Cat 1
NSW	> General Solid Waste (<TCLP2/SCC2)	< General Solid Waste (<TCLP1/SCC1)
Victoria	Category B Prescribed Industrial Waste	Category C Prescribed Industrial Waste

Cat 1 and Cat 2's Regulated Waste levies will also create a long haul incentive out of Queensland to other zero or low levy areas such as the Northern Territory and perhaps South Australia or even Western Australia. Again use of waste levies to control wastes within a State or Territory is limited by its neighbours and the economics of transporting waste.

#### **Recommendation 4**

##### **ASBG recommends:**

- **Clarification on how Category 2 Regulated wastes will be identified and issued with a different levy from general solid waste.**
- **Levy money raised from Regulated Waste is legislatively hypothecated to a Regulated Waste management fund for provision of grants to better manage these types of wastes.**
- **Set the levy amount for Cat 1 and Cat 3 Regulated Wastes at around \$70/ to minimise long haulage of regulated wastes out of Queensland.**

## **Regulated Waste Tracking**

Current tracking requirements for regulated waste under the *Environment Protection Regulation 2008*, is split with [Schedules 7](#) and [2E](#), making the process rather confusing. Also there are many recycled and reused wastes which should be exempt from tracking. These would include wastes which are used for resource recovery, recycling and reuse. Obviously those wastes, which are beneficially reused will not go to a landfill, hence if such wastes go to other end uses tracking requires a receiver of waste to process the closure of the tracking system, which is not available other than at landfills or licensed hazardous waste facilities designed to receive such wastes. Overall, the changes to the classification of Regulated Wastes will require changes and clarification to the tracking requirements for such wastes

#### **Recommendation 5**

**ASBG recommends a reassessment of the tracking required for Regulated Wastes and this be clarified, documented as policy and publically available.**

## **Levy relief for recyclers**

ASBG supports the proposed levy relief for legitimate recycling facilities and looks to similar approaches used nationally, especially considering the impact of China's National Sword. Currently there is only one example where levy relief is provided elsewhere; the 50% waste levy reduction for metal shredders in NSW, in which ASBG was heavily involved.

Provision of levy relief is not straight forward and there are key issues to consider:

- 1) A reduction/elimination of the waste levy for a recycler has the problem of providing an incentive for a recycler to 'salt' the waste stream with other wastes to by-pass the levy.
- 2) Use of the mass balance approach is plagued with problems and errors.

In NSW the mass balance is used to ensure recyclers are receiving the correct levy rebate. Nevertheless, the mass balance measurement approach large errors occur due to:

- moisture (rain or dust suppression, evaporation etc),
- biological activity where organic matter is eaten and turned into CO<sub>2</sub> and other gases and
- Chemical reaction; rusting steel gains weight.

Overall a mass balance is an inaccurate method requiring constant measurement to ensure the rebates are fairly calculated. There are many loopholes as well which require complex policies to plug. NSW recyclers are finding the mass-balance approach fraught with the NSW seeking subjective powers (see section 2.2 of [ASBG's submission](#)).

The way around this is to reward the % recovery not discount the recycler's waste stream. The proposal is to pay an amount (\$/t) on the recycled *products sold* by the recycler, where the payment is proportional to the amount of waste levy paid. It is not a subsidy, but a return or rebate of the waste levy paid on the waste stream. To reconfirm all wastes generated by the recycling facility pay the normal waste levy at the landfill, no gate discounts.

The advantage of payment on product sold is the market does the measurement. No need for mass-balances etc, as receipts of sale of recycled product is far more suited to normal accounting purposes. Measurement to assess the amount paid per tonne of product sold can be assessed every few years, as there are fewer loopholes for the waste sector available.

Measurement of the amount to pay on recycled product will need to be assessed on either a specific recycling type or on a site-by-site basis. Measurement of the conversion of input recyclate into either product or waste is used to set the payment on the recycled product/s. If the recycler can convert more input into product they are rewarded, incentivising the reduction in their waste stream.

#### **Recommendation 6**

***ASBG recommends the levy relief methodology be carefully considered with preference to use a rebate paid on the recycled products produced and sold, rather than a discount at the landfill.***

## **Waste to Energy**

ASBG supports Queensland's approach to Waste to Energy, but warns against pursuing a one rule fits all approach as used in the [NSW Energy-from-Waste Policy](#) (EfW Policy). NSW's EfW Policy is designed to make it especially difficult to obtain planning approval for such facilities. It is also written inconsideration for large solid waste burning processes, but in practice applies to any EfW process, stifling innovation and ignoring alternative and effective processes.

ASBG is aware of many innovative Waste-to-Energy processes which offer waste to fuels outcomes. For example, [CDP Waste2Energy](#) has a process converting plastics and other organics into liquid fuels at temperatures of around 200°C. In NSW this is considered the same as a waste incinerator and subject to the EfW Policy, making it unviable in NSW. There are many other examples where existing thermal processes can utilise waste, but each needs to consider on its merits, not a one-fit for all policy. Queensland in writing its Waste-to-Energy should permit innovation and the vast range of processes available.

#### **Recommendation 7**

***ASBG recommends Waste to Energy be strongly supported and any Waste to Energy Policy/s to:***

- *Accommodate a broad range of new and innovated processes including stand alone and use of existing industrial processes.*
- *Use a risk-based, feasible and achievable set of environmental criteria such as used for European facilities.*

Should you require additional information or clarification on the submission please contact me.

**Yours Sincerely**

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