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ENVIRONMENT, AGRICULTURE, RESOURCES AND ENERGY COMMITTEE

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Members present:

Mrs C.E. Sullivan (Chair)
Mr A.P. Cripps MP
Mr J.M. Dempsey MP
Ms D.E. Farmer MP
Mr P.J. Lawlor MP
Mr A.C. Powell MP

Staff present:

Mr R. Hansen (Research Director)
Ms S. McCallan (Principal Research Officer)
Ms R. Moore (Principal Research Officer)

HEARING INTO THE WASTE REDUCTION AND RECYCLING BILL

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 7 SEPTEMBER 2011

Brisbane

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Committee met at 9.15 am.

BEHRENS, Mr Nick, General Manager, Policy, Chamber of Commerce and Industry Queensland

HARRISON, Mr Troy, Principal Sustainability Consultant, Chamber of Commerce and Industry Queensland

CHAIR: I declare this meeting of the Environment, Agriculture, Resources and Energy Committee open. I acknowledge the traditional owners on whose land we meet and welcome everyone here this morning, particularly those in the gallery who have joined us today. My name is Carryn Sullivan, the state member for Pumicestone and chair of the committee. The other members that I would like to introduce are our deputy chair and member for Hinchinbrook, Andrew Cripps; Andrew Powell, the member for Glass House; Di Farmer, the member for Bulimba; Peter Lawlor, the member for Southport; and Jack Dempsey, the member for Bundaberg. I believe the member for Gympie will be joining us shortly.

The purpose of this meeting is to hear evidence from a number of groups and individuals who have made submissions to our work on the Waste Reduction and Recycling Bill. Whatever your particular interest or perspective, this is an important bill for how we all deal with waste in the future. Unfortunately, in Queensland we continue to produce more waste per capita than any other state. I do not think anyone here would argue about the principles behind the bill before us and that we need to change a lot of mindsets in this state about rubbish and recycling. We look forward to hearing your views on this today.

On behalf of the committee, I thank everyone who has been following our work, especially those of you who have worked on the 24 submissions that we have received. I regret that time is limited and I do encourage everyone here to be succinct. Before we start, I ask that all mobile phones be switched to silent or off.

First up we have two witnesses from the Chamber of Commerce, Mr Nick Behrens and Mr Troy Harrison. As I have stated before, our time is very limited. Could you outline your main points for the first five minutes and that will give us an opportunity to ask questions. Certainly I have a question for you. Would you like to start?

Mr Behrens: I have a very short statement to read. It is less than five minutes. I thank you for the opportunity. On behalf of the Queensland business community, the Chamber of Commerce and Industry welcomes the opportunity to appear before this committee's inquiry into the Waste Reduction and Recycling Bill. While Queensland businesses are supportive of the aim to reduce waste and increase the re-use and recycling of resources, they are strongly opposed to the introduction of the commercial waste levy. CCIQ has been working closely with DERM throughout the development of the package of reforms. However, a number of issues have remained unresolved and new issues recently emerged. Accordingly, CCIQ does not currently support the passage of the Waste Reduction and Recycling Bill.

The key issues with the bill for the chamber are, firstly, that the waste levy will threaten business viability within Queensland. Due to the ongoing poor economic conditions in Queensland, businesses do not have the financial capacity to absorb additional waste costs nor do they have the resources to make changes to their waste practices and systems. With the minimal likelihood of being able to pass costs on to customers at present, the additional costs will significantly affect the profitability and viability of many Queensland businesses. Furthermore, outside of South-East Queensland mature waste markets and opportunities for recycling and re-use are limited, meaning the levy will effectively act as a tax on business waste. The starting price of \$35 per tonne is considered too high in light of the significant transition required by industry and the waste sector. Most other jurisdictions, when introducing similar legislation, did so with a significantly lower transitional price. Business waste planning and reporting requirements were not discussed during the consultation and will significantly increase the red tape and regulatory burden.

The chamber's second area of concern is that the waste levy is inconsistent with other emerging environmental policies. The chamber urges this committee and the Queensland government to reconsider the introduction of the commercial waste levy until after the Australian government has finalised details on how the carbon pricing mechanism is to operate and its applicability to waste emissions.

The third area of concern is that the waste levy unfairly targets the business community. CCIQ continues to maintain that the exclusion of municipal and household waste from the levy not only unfairly taxes the business community but also creates a number of complexities within the legislation that significantly further increases red tape for business and the waste industry. CCIQ does not believe there is a strong argument other than for political reasons to exclude household waste from the levy, especially when the overall objective of the waste strategy and the waste reform bill is to reduce waste to landfill and the household sector is Queensland's largest growing contributor of waste. On this basis, the bill

represents poor policy and is at odds with best practice. CCIQ remains committed to the Queensland government's efforts to reduce waste and landfill. However, the chamber encourages this committee to ensure a better balance between environmental outcomes and the need to maintain a strong and productive economy.

CHAIR: Thank you very much, Nick. On page 2 of your submission, a statement states—

Advice from the waste industry suggests that the introduction of both major policy reforms—
which is obviously the carbon tax and our waste bill—

will represent a 200 per cent increase for C&I and a 300 per cent increase for C&D waste charges passed onto Queensland businesses from July 2012.

I want to know where you got those figures from, considering that another submission that we received on the waste bill from the waste recyclers organisation says they want the government to conduct a full economic analysis by an independent third party to determine the full costs to be incurred by local government as well as private sector owners and operators of landfill of the combined impact of the waste levy coupled with the federal government carbon tax.

Mr Behrens: I am certainly aware that the next witness would be able to clarify this perhaps better than I can. However, what I can say is that in the discussions—and there have been extensive discussions with the waste industry association—there is an indication that the price on carbon will act as a trigger for the reduction of waste at the same time we are imposing the waste levy. If \$35 per tonne drives a change in behaviour and that does not take into account the price on carbon and the impact that it will have on reducing waste, I think we really need to pause and ensure that both policies are implemented with the full picture known on what will happen.

CHAIR: You do not know exactly where the figures came from?

Mr Behrens: They were provided to us by the waste industry.

CHAIR: I will pass it over to Andrew Powell, who has a question, and I know Di Farmer has a follow-up.

Mr POWELL: I notice that the CCIQ has done extensive work in determining the estimated levy charges for businesses. I think that is where your comments were coming from. I think what the chair is referring to is the cost on local government and private landfill operators, and they are not your constituents. Just referring to the table that was in your submission, I note that, say, for a typical restaurant that would have two four-wheel steel bins—three cubic metres—and has those collected twice a week, we are looking at about an additional \$3,120 in costs imposed on that restaurant per annum. That is based on \$35 a tonne. It is based on the volumetric capacity of that bin and its collection. Can you explain, on top of that, what would the carbon tax impost potentially be?

Mr Behrens: The impact of the carbon tax is twofold in that for a state like Queensland it will certainly increase energy costs. Treasury modelling at the Commonwealth level indicates that energy prices across Australia will rise by at least 10 per cent. Given the nature of Queensland's electricity generation, the energy increase would be anticipated to be more than 10 per cent. For example, that hospitality operator would experience a significant increase in energy prices. At the same time, fuel for transportation is only exempt for the first 12 months and you could reasonably anticipate that transportation charges and the cost of moving produce will significantly increase. The issue here is that, given the decentralised nature of the Queensland economy, if that hospitality operator happens to be in Far North Queensland the cost of produce is significantly going to increase as the freight component increases, as a result of the price on carbon.

CHAIR: Peter Lawlor has a question.

Mr LAWLOR: I note your concerns about the effect the industry waste levy will have on business. What advice have your members given you that suggest that the new legislation, along with the price signal on landfill, will not be enough to change their waste management practices and reduce their liability?

Mr Harrison: We have had extensive dealings with the small businesses that are members of ours. Actually, in the past couple of months we have come off the back of 40 waste efficiency audits, during which time we have had a good chance to really get to the bottom of what is going on. For those businesses at the bigger end of the scale, \$35 a tonne is not going to make a great deal of difference. That has been communicated to us fairly directly by those businesses, in terms of being a key or a catalyst to change waste management behaviours. It is really the smaller end of town that is going to bear the brunt of it. Certainly within the smaller end of town, we have had businesses tell us that—and you can see by the hospitality example that we have been using here—that is a fair cost increase for a business of that size and that magnitude. Those businesses will feel the impact. Whilst there are certain things that they can do to change behaviours, there are also certain factors that come in to limit their ability to do that.

Waste management, for a long time, has been in the shadows of energy efficiency and now carbon emissions. There are only so many things that small to medium sized business owners can focus on at one time. This is the straw that is going to break the back of a few of those business owners, unfortunately, who are already working 65 to 70 hours a week to keep up with what is going on. That comment really comes
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from those who are at the bigger end of town, the bigger waste generators. That is where the tonnes are going to come from diversion wise, but for those guys at the bigger end of town they will wear it and pass it on. It is the small business owners that will not be able to pass those cost increases on.

CHAIR: Back to the member for Glass House and then the member for Bulimba has a question.

Mr POWELL: Thank you, Madam Chair. I notice CCIQ wrote to the former minister seeking her agreement to slow this down and get it right, particularly given the natural disasters that occurred earlier in the year. I understand CCIQ and others were asking that it be delayed until the start of the financial year 2012-13. The best the government came back with was 1 December. Are businesses in a position to be able to implement this from 1 December?

Mr Behrens: The request for a one-year deferral was based on two reasons. One was that we believed with the timing of implementing the waste levy, given the very poor economic conditions prevailing for the Queensland economy, businesses would be in a very difficult place to absorb it. The general feeling was that businesses would not be able to pass that cost on to the customer, given the fierce nature of competition at the moment and all efforts to try to encourage consumers to spend.

The second aspect, and perhaps more importantly, was that the general feeling throughout the consultation process was that we were rushing to get this in place by 1 July. Our view was that the deferral to 1 December was more based on the capacity to prepare the legislation for consideration before this parliament. Given that we have significant concerns that the policy is not yet right, I believe that an additional seven months to ensure that the overall package is tailored to the best interests of the entire Queensland business community would be a very good outcome for our state. 1 July 2012 would be a much better commencement date when, hopefully, businesses have been able to pick themselves up a bit more and we have been able to refine the detail of this legislation.

CHAIR: Member for Bulimba?

Ms FARMER: I was interested in a couple of the statements that you have made and in your written submission you talk about encouraging the government to ensure the right balance between required environmental outcomes and the need to maintain a strong and productive economy. I am just wondering where you see the balance across a couple of issues. You have talked about the \$35 a tonne levy being an impost for the smaller businesses but not a deterrent for the larger businesses. We have reasonable evidence to show that people from New South Wales are coming across the border into Queensland and dumping because in New South Wales the levy is as high as \$80 a tonne, so there are some polarities there. How do you see us achieving the right balance that you referred to with all of those factors in play?

Mr Behrens: There was some very strong testimony in my opening statement in relation to the equity of legislation. The chamber is endeavouring to be more balanced in its representations nowadays and, accordingly, it was a strong statement and we recognise that it was a strong statement. But the issue for us is that the driver of landfill within Queensland at this point in time is population and population growth while industry and commercial operators have demonstrated a genuine commitment to reducing their landfill. Indeed, I think the statistical information that we presented in our submission demonstrated that commercial landfill had tapered and that landfill stemming from residential users was continuing to grow. We recognise that it may not be politically palatable to impose a waste levy on residential users. However, if you were going to be genuine in the intent of reducing landfill within Queensland, you would impose it on the driver of landfill, which is residential users. So to answer your question about getting the balance right, I think if we were genuinely committed to good policy and best practice we would be imposing the levy on residential users as well and we would all have a responsibility for doing the right thing by the environment.

CHAIR: Thank you very much, gentlemen. I am afraid your time is up, but we very much appreciate the fact that you were quite succinct in your answers and we do appreciate the feedback.

RALPH, Mr Rick, Executive Director, Waste Contractors and Recyclers Association Queensland Inc.

ERHARD, Mr John, Director, The Rubbish Removers

CHAIR: Welcome, gentlemen. The same applies: if you can outline the key points in your submissions for a few minutes and then we would certainly like to ask you some questions.

Mr Ralph: Thank you. I represent the interests of more than 90 private sector operator and contracting organisations across Queensland. The position of the contractors association has been forwarded to the committee. We do not believe that the bill as presented to parliament at the moment achieves the objectives of the act. We oppose the bill in its current form. We believe it will lead to perverse commercial outcomes. It is not equitable. It will result in a substantive increase in business costs. The landscape is unknown as far as the carbon tax is concerned. With respect to the carbon tax element, all waste streams are going to be impacted and the municipal solid waste sector will be captured within that. There is going to be a very substantive pass through on costs with regard to power, plant and equipment.

With regard to the bill as presented to parliament, if it is passed the way it is, the flaws that exist in the strategy and the flaws that exist in the funding of the business plan would be enacted by that and we cannot support it unless there are changes to it.

CHAIR: Any further comment?

Mr Erhard: No.

CHAIR: I have a question, and you were here before when I asked this same question of the chamber of commerce so you will be aware of what I am going to ask you. In your submission you mention that the combined waste levy and the carbon tax would lead to increases of between 200 per cent and 300 per cent for waste when the levy is applied on 1 December and yet in that same submission you want us to conduct a full economic analysis by an independent third party to determine those costs. Can I ask then from where you got those figures of between 200 per cent and 300 per cent?

Mr Ralph: Yes, absolutely. The 200 per cent and 300 per cent represents the increase that will be passed through to the market as a result of \$35 to \$50 to \$150 a tonne with the waste levy. On top of that there will be a further increase in six months time with the carbon tax with landfill. When we try to understand what that landscape looks like, we will have to make provision in our pricing into the market for the element that that putrescible or organic stream is actually going to generate. The modelling of that is still unknown. In terms of private sector facilities, we estimate the carbon tax impact to the private facilities, which are world's best practice in South-East Queensland, could be in the order of about another \$45 a tonne. On top of that we will have an impact as far as power pricing goes and also the price of off-road fuel and equipment. We do not operate solar powered excavators or wind powered sorting and screening equipment. So all of the recycling and reprocessing equipment costs will substantially go up with the landfill costs as well. For instance, one operator—one of our members—has two loaders, two excavators and a truck. His fuel costs for that alone with the off-road fuel excise will be 6.2c gross. His fuel cost goes up \$1,000 a month. In terms of another major recycling facility in South-East Queensland, with the power price expected of about 20 per cent on the carbon tax, that will put \$40,000 additional cost into that business. His fuel costs just to process the equipment will be on top of that. The issue with the carbon tax is probably going to be even greater in the regional areas.

The private sector has won national and international awards for our landfill practices in Queensland. Local government is a different case altogether. Because of the complexity and because of the numbers and what we have had in the past, it is a complete unknown how local government is going to actually factor in its liability with organic wastes. They are actually going to have to pass through to the community with the whole business cost of those organic wastes the liability of their exposure of the gas under the carbon tax for the life of that gas in that landfill, and they have to factor that in on day one of the pricing scenario for their waste. On top of that they then have to put in gas capture systems and methane systems, because many landfills in Queensland do not have that, so they have to recover the capital cost. So the increases of 200 per cent to 300 per cent are industry estimates based on our current gate fee now and that is the price that will be passed through the market on 1 December.

CHAIR: Thank you very much.

Mr POWELL: Mr Ralph, I noticed in your submission WCRAQ is also concerned that the bill does not address all forms of disposal.

Mr Ralph: No.

Mr POWELL: It is targeting landfill. You mentioned incineration with no resource recovery benefit. Can you just perhaps give the committee an example of what incineration would mean?

Mr Ralph: Yes. You have a mass burn incinerator taking medical waste in South-East Queensland. It is also licensed to take other types of waste streams. The bill is targeting at an ERA 60. So if you do not have a facility like some of the sand quarry mining operations—and the rehabilitation of the ponds down at Yatala and at Pine Rivers, they can take fill and they have taken waste in and they have put that waste into those facilities. What you are going to find with the incineration argument, particularly for the health

service, is for someone who is operating an autoclave taking autoclave material and stabilising it, 100 per cent of that material goes to landfill. So a hospital or a medical area that is actually going through an autoclave process will be liable for the \$35 to \$50, depending on where the classification sits. An incinerator operator can go out and bid for that market and his residual will only be about 10 per cent. So instead of paying the \$35 or \$50, he will be paying a \$3.50 equivalent. There will be a market distortion. You have targeted basically landfill as the enemy. We would argue bad landfill is bad; good landfills well managed are environmentally sound and they underpin fundamentally every practice globally for waste management.

Mr POWELL: I have a supplementary question to that.

CHAIR: Sure, and then we will go to the member for Bulimba.

Mr POWELL: Sure. Are there environmental concerns around the incineration type approach to—

Mr Ralph: I believe they are quite sound and other bits and pieces. It is more the market. From our perspective it is the market distortion.

Ms FARMER: Rick, thank you for your really comprehensive submission. It was a very interesting read. You have talked about the fact that you have a very broad based membership, and I understand a number of your operators operate nationally and they represent several different sections of the waste industry, including waste transfer stations and recycling companies. Do you see a benefit that these sections of the industry will see through the increasing amount of waste that will flow through their facilities? I think of Sims Metal, for example, which is a prominent recycling business. Do you see that their operations will become a lot more productive as a result of the influx of waste being diverted there?

Mr Ralph: I think it is interesting you would choose Sims Metal because the Queensland operation of Sims Metal has just invested over \$20 million. It is arguably the most modern, most efficient and most effective recycling facility in Queensland. It will be impacted as a result of this levy on his residuals. What you will find with the component and the complexity with dragging material back with the levies is that in some market conditions it will not be to his economic advantage for him to go out to the area with the costs and the fuel structure to recover those facilities. So, in fact, it could work against the principles. I think another point that I would like to highlight—and it is in relation to the bill itself—is that we have been provided the opportunity right through the process to confer with the department and we have participated and we have been a willing participant. I think the biggest issue is the fact that the commercial complexity and the compromised position now, leaving the equity issue on municipal solid waste and self-haul out, is going to be harmful. The government's own regulatory assessment process showed that by leaving out self-haul there was likely to be a perverse commercial impact.

To provide the example and provide it succinctly, if you are going to go home on the weekend and you are going to pull your bedroom apart and you pull the waste apart and you take that to a transfer station, you will pay the cost of disposal but, because you are a householder taking material through, you will not be charged the levy. For any of my small members—and a lot of them rely 100 per cent on the household domestic sector for the self-haul—not only do they have to pass on the cost of a commercial operation, but they are also now going to be charged the cost of the levy for the disposal of that exact same waste. So if you put it in a truck and you borrow a truck and a trailer, you do not pay the levy. But if my members provide that facility, I pay the levy. We have already got a shift into the market. There are already a number of facilities because of the pricing of local government across Queensland. It is iniquitous in many cases. We are already seeing a distortion in the market where commercial businesses are actually going into transfer stations and landfills using a ute load. That is a commercial business. But, because the local government give those different things, we are already seeing a distortion in the market at the moment on that.

The other element within it is the complexity from the bill from the association's perspective. We run on a commercial basis. We like to see things black and white. We need to take out the ambiguity and we need to take out the complexity of the existing regulations that we have now got. We are dealing with what has been presented to us, and with respect to the minister she has requested that we provide her a very detailed analyses of the regulations, and we will do so. But I would like to place on record now that the regulation documents we are looking for at the moment place even greater confusion into the market for us. The opening line on the notes that accompany the regulation state—

The Waste Reduction and Recycling Bill make reference to the regulation in several areas of its clauses. However, it is not intended that there will be a regulation provision for each of these clauses in the bill.

Where does that leave business? If the bill says one thing and the future regulations say nothing, where does that leave us commercially as far as a liability goes in our licensing component? So in terms of the complexity of this, this is not a simple open and shut case. We have built in exemptions. We have built in perverse operating environments. We have got a carbon tax coming now. We have a regulatory framework where we have no idea what it is actually going to look like. I could point out a number of other areas in this draft regulation which would support the bill which shows an even greater fracture of the whole structure of it.

CHAIR: Thank you. I call the member for Glass House.

Mr POWELL: Mr Ralph, I understand WCRAQ were keen to see a legislative change to waste management in this state, but particularly from the view of streamlining and making more robust the actual practises that were occurring in the private sector. You mentioned the ERA 60 registration certificate. Is it true that your organisation has concern that there are many people out there operating in this industry who are not suitably qualified and suitably regulated?

Mr Ralph: Absolutely. It happens. The easiest thing in this state to do now is to set up a waste business and ask for forgiveness and get licensing. That is the structure of the way we do it. I can provide evidence to the committee of exactly where that has happened in the past.

Mr POWELL: Will this bill achieve an improvement in that?

Mr Ralph: No, because it does not address it. You have actually acknowledged it in the bill. You have made an allowance in the exemption provision to anybody who is not licensed who should be licensed. The bill actually covers the ability for you to get the levy off them but you will not grant them an extension of time to pay. The bill should say, 'We will get the levy off you. It is a 200 per cent increase and, bang, your doors close now.' It does not say that. Even the regulations do not address the unlicensed activities. So the core argument from the industry's perspective is that we feel that little bits have been touched but the macro reform and the supportive provisions that we wanted to see are just not addressed. The operating environment that we are going to be left in is just going to be so complex and so confusing that it will lead to a downturn in a number of our members' businesses, and my colleague here will explain how it will affect a small business owner.

CHAIR: I will give John an opportunity shortly to address us. The member for Southport has another question for you, Rick.

Mr LAWLOR: You refer to the impost of the carbon tax coupled with the industry waste levy. Are you getting any advice from your counterparts in other states that the waste levy, which has been in place for many years of course, has been scrapped to make way for the carbon tax?

Mr Ralph: There is a review in New South Wales, particularly with the recyclers. The levy component with the recyclers has now gone to such an extent that it is impacting their businesses. The landscape with a carbon tax is still unknown, Peter. It is uncharted water, and from the information that we have through the committee process with ALOA—the Australian Landfill Owners Association—et cetera, we are fairly comfortable that our numbers from the private sector are going to be in the order of \$40 to \$45 a tonne on 1 July. It will be substantially higher for local government.

But I think one of the critical points to note here is that the drivers of the bill and the other bits of pieces were to have a user-pays price system, to have social equity and to have shared responsibility. The carbon tax will do that. It will be on municipal solid waste. It will be on commercial industrial waste. It will be on construction and demolition waste. So why are we introducing a new tax specifically just on commercial industrial waste and on construction and demolition waste on top of that?

Until we know what that landscape looks like, what we are going to have here is a complete lottery of pricing across Queensland dependent on the liability of the council. The private sector will understand what it has because it already has the practices. But you are going to have a completely perverse pricing scenario for many landfills, because not every landfill is covered by the carbon tax. Local government will tell you—they are still doing the analyses—that they think about 25 to 40 landfills and, again, the landscape is unknown, will be impacted. So it is a complete unknown.

CHAIR: The member for Glass House has a question for you, Rick.

Mr POWELL: Mr Ralph, I understand your organisation has some concerns about how the waste levy funds are being hypothecated and the model that is being used.

Mr Ralph: Correct.

Mr POWELL: Can you explain your understanding of what is occurring and how you would prefer it to occur?

Mr Ralph: Our position always was from day one that if there were to be a user-pays principle system the entry point of \$35 is just huge. It has never been done anywhere in Australia. It has never been done anywhere where we actually have so many exemptions and complexities. So that in itself is a problem.

The second component is that if you have a business you are going to go to bed on 30 November and nothing changes. You wake up on 1 December and all of a sudden we have to now change our whole practices immediately. Even if we wanted to build new facilities, even if we wanted to licence new facilities, it will take three to five years for us to get there. We can get a fast-tracking on some processes, but I will give the example of a member like Kanga Bins in Rockhampton. He bought the land and he wanted to put in a sorting facility for C and D. He was forced through the Planning and Environment Court, and it cost him \$200,000. He now goes back to his original conditions, but he does not have the money to build the facility.

My understanding is—and we have not seen the restructuring of that—that the levies will be the WARE fund, the SFF fund and a fund for the green component. It is the position of industry that it is iniquitous as far as the balance to local government is concerned. Local government has been afforded substantial infrastructure costs and grants to get their house in order for the levy. It has not gone through to upgrade landfills and close them down. The contribution to my members has been 6,500 DERM leaflets that we are to put out there, but they have handed millions to local government to get them business ready. Those moneys have gone to commercialised business units that my members compete with.

The operational costs out of the WARE fund are also going to set up compliance, operational and other bits and pieces. The waste management area of DERM over the last two or three years has gone from something like two people to four people to 40. I believe it is headed to in excess of 100 by the time this is finalised. With what the landscape looks like, we are not supportive of the funding. It is iniquitous. It is skewed to local government itself, and it is not going back into the sectors that it has been derived from.

CHAIR: Do you have a follow-up question, member for Glass House?

Mr POWELL: Yes. Are there better models of how such levies raised could be applied?

Mr Ralph: We undertook a jurisdictional report, which is available and was supplied to the department. We had Hyder Consulting, who are a reputable, professional organisation, do it. The preferred model was South Australia. It shows that it is achieving. It started with a baseline. It has an independent waste board. It has all the stakeholders on that waste board, and it is achieving the best outcomes across Australia.

I think I must correct also the provision that the recycling rate is 30 per cent. One of the issues that we had from the industry—and DERM will confirm this—is that their data is flawed. We believe, and it is reported publicly, that the Queensland recycling rate now is the mid-40s.

In a closing statement, I would like to one comment please. We are very supportive of the bill but not in its current form. We are a very proud industry. We are a very fine industry. In fact, last week our industry, through our own peers, was awarded environmental excellence awards for the state's supply chain and logistics. We were behind the pillars of the clean-up after the floods and the other bits and pieces. And I also was awarded a state award, representing Queensland for industry leadership.

I would like to place formally on the record that we took great offence as an industry that in the minister's closing comments, and as now reported in *Hansard*, our sector was referred to as when this legislation comes in it will 'drag' the 'waste sector out of the Dark Ages' in Queensland. We requested a formal apology publicly in the parliament, and we have requested that of the minister. We wanted a retraction of that in *Hansard*. The honourable minister did give us an apology. She said, 'We got it wrong.' She was referring to the legislation. My members are the people who get up at two o'clock in the morning, they drive the trucks, they work hard, we have the skin in the game. We would like to be acknowledged for the professional, the proactive and the elegant industry we are. And I would like the minutes recorded to the effect that we would like that comment in the minister's speech retracted, please.

CHAIR: Thank you, Mr Ralph. I think the member for Bulimba has a final question for you.

Ms FARMER: Thanks, Rick. Congratulations on your personal award.

Mr Ralph: Thank you.

Ms FARMER: You are obviously a very passionate advocate for your industry. I just wanted to follow on from some of the comments you made to some of the things that my colleague was referring to earlier around the issue of municipal waste being included. On page 28 of your submission you talk about, aside from the other issues, that this must be a levy on all waste if the strategy is to have any regional measure of delivering the environmental targets.

Mr Ralph: Yes.

Ms FARMER: Can you talk to me a little bit about how those targets are met, including municipal waste in other states, and also physically how the levy or whatever measure is in place applies? I know you referred to South Australia. Can you give me some information about that?

Mr Ralph: Yes, sure. With regard to the municipal solid waste, the Victorian Auditor-General's report is quite an interesting document. They had an investigation into the Sustainability Victoria targets and their strategy et cetera. They identified within that, because that strategy did not actually have milestones and stepping stones in it the targets have not been met. The targets have never been met with municipal solid waste; whereas, with commercial industrial waste, because the industry got on about it and did it economically and commercially, the commercial sector in Victoria is actually outstripping that.

What will happen in Queensland is what has been proven in Victoria—and it is again public information—that is, when there was a \$6 per tonne differential price charged between municipal solid waste and commercial waste in Victoria, there was a shift from one system to another. What that means in commercial practical terms to the industry is that we can only do what we refer to as so many lifts a day. A truck can only go down a street so many times a day. You can only flick so many bins in a day. You can
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only put so many bins in a truck. What will actually happen as a result of this exclusion of municipal solid waste is that our expectation is that my members will be in conflict with local government because we are going to be doing missed services. People will take waste from small semis, as they have in the past, and take their waste home to avoid the levy. They will then put that waste into their recycling bin. We will not be able to provide those services. We will have to go back to local government and we will have to say to local government, 'We got it wrong with the number of trucks. We have to park our commercial trucks up, and we now have to go and charge you another \$300,000 times five for new trucks.' It happened in Victoria. It was \$6 a tonne. We have no idea what the landscape will look like at \$35 a tonne.

CHAIR: I call the member for Glass House.

Mr POWELL: Again, thank you, Mr Ralph, for your great submission. I note towards the end you go into some detail about proposed amendments. I just want to pick up on one. You mention that there needs to be an inclusion of a new provision to protect waste data return information. Your suggestion is that it needs to be commercial-in-confidence.

Mr Ralph: Absolutely.

Mr POWELL: Can you explain that in a bit more detail, please?

Mr Ralph: At the moment we still have to see the final requirements as far as the reporting provisions are concerned. We are in a situation where we are not really submitting much data at all, but we are going to be going to a position whereby the entire industry has to give information down to numberplates and transactions. That material goes to the government. We do not have a problem under licensing to give it. But all of a sudden, to coin a phrase, Big Brother is going to know down to every customer and every single transaction what an individual business is going to be doing, and there is no protection for our industry to ensure that that data does not just disappear. The provisions in the bill enable the director-general to delegate authorities to third persons and various people. So we have no security or any sanctity. So you either blunder the material and information so it is more abrogated. But, if you are going to go down to that level of detail, the commercial sector will need some provisions within that to protect the sanctity of our business.

I think the other element is also the fact that the landfill operator is liable for the provision of data back into the department. We can only go by the information that we are provided with by our clients. We are not going to be in any position, if we are given false information from the person delivering it, to have any protection against that false provision. We would like to see the bill reflect the fact that, if anybody gives the landfill operator the information, that is the person who is responsible, particularly when you have someone coming in and saying, 'My truck has two-thirds MSW and 6/10ths something else.'

Madam Chair, you raised that DERM made mention of this in the briefing notes, and you asked the question about an *Inside Waste* article. That *Inside Waste* article is my commentary. I can answer it for you. It was in respect of when I take self-haul waste into a transfer station and I sort it and I pull out a gas bottle or a tyre, because I actually do. Our understanding of the definitions now of commercial industrial waste is that it is the act of sorting, recycling, reprocessing and resource recovery—something along those lines. I am not exactly sure of the wording, but it is in that sort of framework. We are not allowed to put whole tyres in landfills and we do not put in gas bottles and stuff like that. So if the average householder takes the stuff and puts it into the transfer station and I pull that gas bottle out or I pull that tyre out, I have not charged them the levy going in the gate because I have given them self-exemption, but by the act of recovering and supporting the principles of the bill of recycling I have sorted it. So who is liable for that component of the waste and how do I then report that when it goes into the truck load that goes into the landfill and rely on that? That is the sort of complexity of the exemptions and the unknowns and the linkages of the two. These are real issues that are going to cause real problems in this market.

CHAIR: Thank you very much, John. I also congratulate you on your award. I would like to give John Erhard an opportunity to point out the most salient points of his submission. There might be a couple of questions for you as well.

Mr Erhard: Thank you, Madam Chair, and honourable members. My name is John Erhard and I am the director of the company Therubbishremovers.com. It is a title that does not sit well with me at the moment because we just became a company at the beginning of this year. Up until then we were just a partnership business, my wife and I. We are at the coalface. I have been going in and out of dumps for about 30 years every day except Sundays and, unfortunately, even on Sundays. I am just a working man. As you can see from our submission, our heart is for people and we welcome this waste reform because we have been seeing, for the last 30 years, the absolute waste that has been happening with people dumping into landfill. We have not enjoyed doing it ourselves, especially in the last six years when we started the skip side of our business. We target directly household market. We do not do construction or demolition or bricks or concrete. It is just household waste and our system is designed around that.

Because of the exclusion of self-haul from this levy, it is going to impact our business quite dramatically. It was a double-edged sword for us: we were pleased that something was being done and, as I said, we always wanted to do something ourselves, but it was beyond our reach. We saw it as an opportunity when they introduced the levy. Along with the introduction of that levy was the opportunity to

apply for grants. We saw that as an opportunity for us to go from just being a business that takes its rubbish to the dump to one that can take it to a recycling and sorting centre and then recycle and on-sell it. Then we could get the money out of that for our charity projects. That had always been a dream of ours. We saw this as an opportunity.

We felt that our business was going to be extinguished because self-haul was not included in the legislation and, on the other hand, because of the opportunity that we saw if we took the step we decided to start a recycling centre in February of this year and so we have done that. We were expecting that this legislation would be brought in by July. Unfortunately, because of the floods it has been put back. But that has left us in a very difficult situation because we have spent all of our money getting to where we are. We need to employ at least four or five people, but because we have spent all of the money that we have to get where we are buying equipment and renting two sheds, we do not have the money to employ people.

I am the person in the shed sorting the rubbish from 4 in the morning until about 10 o'clock at night. We are only doing about 40 per cent of the product that we get, because I can only handle so much. Might I add, I am not always in the shed from 4 to 10, but in summer I am. In wintertime we have had a little bit of respite, so I am working from probably 6 in the morning until 6 at night in the shed. We started off bringing all this rubbish into the shed—not sure what we were doing. We were only renting half of the shed. My wife was in India when I started in February. We soon realised that we had a whole heap of product that was good and we needed to do something with it, so we rented the other half of the shed. We plonked it over the other side of the shed. We put a garage sale in the local paper. The first week in, we earned \$700 from the product that we on-sold. Since then it has grown. We now average about \$2,000 every Saturday that we open it. We are in a situation where we have about 40 people lined up outside our door before we open on a Saturday morning. If you look on our Facebook site, you will see a video of those people tearing in like it is a Boxing Day sale. It is quite amazing.

One of the things that I have learnt from doing this is the connection that I now have with the community, which I think is fantastic, and also the connection that doing this has caused within the community—with each other. Our desire is to build a community recycling centre for the community. We want to build a community training centre where we can bring people who are disengaged from society—students and people in general who are disengaged from society—and give them a training pathway by using the product that we get out of our bins such as washing machines, fridges, dishwashers et cetera, train them in fixing them, and then they can on-sell them through our shed back to the community. We think it is an excellent opportunity to do that. We think it is an excellent opportunity for a model like that to be rolled out throughout the state, creating jobs and training pathways for the community throughout the state.

CHAIR: Thank you very much, John. As I said in my opening statement, we do not have a very good track record in Queensland on disposing of our waste. Can I ask you from where you got the idea of the creation of community recycling stations?

Mr Erhard: It just came to me. I like the idea. Let me use Brisbane City Council as an example. At the moment, as a resident of the Brisbane City Council you might have a kitchen renovation so you might take your kitchen cupboards, which have no recyclable value. But in that there might be a stove and a dishwasher. You take it in and you have the option of taking it over to the recycling bins. You have to dig it out from our load of rubbish, lift it off, drag it to the recycling bin and throw it in. Or you have the option of tipping up your trailer and just dumping the whole lot in the pit. There is no financial advantage for you to take that product to the bin. It is a hassle, it takes 20 minutes of your time, you could injure yourself in doing so. Most people—there is a percentage of people—will simply tip up the product and it all goes into the pit. They do not get a discount if they do the recycling in the tip. If they do not recycle they get charged the same amount when they drive out the gate as they would if they do recycle.

My idea for community recycling stations is that, as you read in my submission, the people come through a community recycling station first. We recycle all the recyclable and resaleable product. Then they get a voucher to go on and dump tax free at the waste dump. I have not mentioned this to anyone else. I have only put it in this submission. I do not know whether smarter people than I would look over it and cast doubt on the whole thing.

CHAIR: The member for Glass House would like to ask you a question.

Mr POWELL: Madam Chair, I am a bit concerned you may have undone your congratulations to Mr Rick Ralph of his award by again suggesting that Queensland is in the Dark Ages in the rubbish industry. Mr Erhard, I notice you mentioned very briefly that this bill will basically extinguish the skip bin part of your business; is that correct? If so, can you explain how and why?

Mr Erhard: One hundred per cent of our market is the self-haul market or the domestic market. If it is too expensive for people to use our service because we have to add a \$35 per tonne charge on top of GST, they will find other ways of hauling their rubbish to the dump. They will either self-haul or they will use somebody who has not got a signed vehicle and does cash jobs. They will simply call him up, he will go into the dump and he will not have to pay GST or he will not have to pay the waste levy. That will undercut us in the marketplace. There are a lot of those types of people out there doing that type of thing now.

The thing that I struggle with with the whole levy is that we have already been down this path once before. As I said, I have been going to the dump for 30 years. Brisbane City Council used to have a system where there was a two-tier charging system at the dump gate. There was one charge for commercial and one charge for private. If you were a private person—I cannot remember now it is so long ago—you either were not charged or there was a small charge. If you were commercial, you were charged at a greater rate. What that caused was no end of problems at the dump gate, because the person who was at the dump gate had to make the decision on whether this person was commercial or whether they were private. You would get people, like I mentioned, with unsigned vehicles doing commercial. They would come in and they would say that they were private so that they did not get charged the commercial rate. You would get people like me, who is a commercial operator with a signed vehicle, but I might go home for the weekend and I might clean up my own yard or do some renovation at my house. I will go in my signed vehicle and say, 'This is from home' and they would say, 'No, it is not from home; it's commercial. You have to pay the commercial rate.' We would end up with a great mess at the dump gate with people arguing with the dump people about whether they were commercial or whether they were private. It was such a disaster that the BCC abandoned the whole system. That is when they brought in the voucher system.

Mr Ralph: I would like to add something there, if I might, in support of that comment of John's. Just recently, as a result of the fees and charges that are going up in the regions, I was in Townsville and I was informed on one weekend alone that there were two bashings of landfill transfer station operators. The public were so concerned about the charges that they are now being charged, and the arguing, that they bashed these two people in local government. This is going to lead to big conflicts for the people at the gate who make those decisions. In support of what John said, we have it now. It is only going to get extrapolated significantly worse, but we are already having violence in some circumstances.

Mr Erhard: One other thing that I would like to add to that is that this is happening right now. Brisbane City Council give a discount. If you go into a Brisbane City Council transfer station and you are in a two-tonne vehicle or under, you get a discount. For the first 500 kilos you have to pay only about \$20. The tonnage rate is about \$100 a tonne, but for the first 500 kilos in a two-tonne truck or under it will cost you \$20. What happens is that skip bin operators go out in big trucks. They haul their bins back in those big trucks. They park them outside the dump gate and then call up their mate in a small truck that is under two tonne. He then starts ferrying them in and out of the dump. They are doing that to save about \$30 per bin. Can you imagine what they are going to do to save \$35 a tonne when this waste levy comes in? There is a chance that not only will they be saving \$30 a bin, they will be saving \$65 per bin when this waste levy comes in because of this self-haul loophole.

CHAIR: The member for Bulimba has probably the final question.

Ms FARMER: Thanks, John. As I said to you at the beginning, I did really enjoy reading your submission. Obviously you have a big heart for what you are doing.

Mr Erhard: Thank you.

Ms FARMER: I am interested in the issue of self-haul. Can you comment at all on how it is dealt with in other states?

Mr Erhard: I do not know how it is dealt with in other states.

Mr Ralph: It is included.

Ms FARMER: Just as a flat—

Mr Ralph: All waste streams are included. Queensland is the only state with the numbers of exemptions that we have put in. Municipal waste or self-haul are all inclusive in every other state and they all started from day one in different pricing scenarios, but it is certainly included.

Ms FARMER: I noted in your submission, Rick, that municipal waste was included in all other states, but self-haul is not dealt with in any different way from any other municipal waste.

Mr Ralph: No.

CHAIR: The final question from the member for Glass House.

Mr POWELL: Mr Erhard, I have a quick question. With the impost of the \$35 a tonne waste levy, with the impost of a carbon tax, with the impost of 10c a litre fuel tax, is your business sustainable?

Mr Erhard: It is really 'watch this space'. My wife and I have worked very hard to get where we are. We care about our employees and that is why I am here today. We are very positive people. We work very hard. We always try to see the opportunities in things that come our way. We do not look negatively. We believe we are glass-half-full not glass-half-empty people. We can only hope that the changes to this legislation will be done right. We welcome it, like I said. We want it to happen. We believe it needs to happen. But we also believe it needs to happen right. If it is done right, our business will not only succeed; it will thrive and I believe that there will be great benefits to the community because of it. If this legislation is not brought in correctly, I do not believe our business will survive.

CHAIR: I thank you very much, gentlemen, for attending this morning. We very much appreciate your feedback.

Mr Ralph: Thank you for the opportunity, Madam Chair and members.

Mr Erhard: Thank you.

BURGESS, Mr Jim, Resource and Environment Manager, Timber Queensland

KENNEDY, Mr Michael, Founder and CEO, Kennedy's Classic Aged Timbers

CHAIR: While our next witnesses are coming to the table, I want to introduce Mr David Gibson, the member for Gympie, who has joined us this morning. Gentlemen, we might start off with Timber Queensland because it is the peak body. I ask you to give us a very brief introduction on the main points in your submission and then we would like to ask you some questions. We will then hand it over to Michael to give some brief points on his submission.

Mr Burgess: Sure. Timber Queensland is the industry association for the timber industry and we have a broad role in the timber industry in terms of dealing with regulation of the industry and with ensuring that timber retains its environmental credentials as a sustainable building product. In terms of a building product, the level of recycling is a fairly important measure of sustainability. The timber industry at this stage appears to recycle or re-use the equivalent of about 10 per cent of its annual production and the equivalent of about 25 per cent of its annual production goes to landfill. So we are pretty keen to see an increase in the level of recycling in our industry to try to deal with that 25 per cent that is going to landfill. We have been pretty supportive of efforts to increase the recycling rates and we have been comfortable with the implementation of some sort of a landfill levy as the basis for trying to achieve that. But one of our conditions of supporting that levy has been that any of that money that is collected is reinvested into programs to reduce waste and to improve the recovery and recycling of materials. So basically we are reasonably comfortable that it is applied provided it is used for useful purposes.

We believe one of the critical elements to improving recycling is to find viable markets for the residues, particularly in the timber industry, and to do that we believe that we really need a detailed weight based inventory of the wood waste that is being disposed of so that we can get an understanding of the type of material that is going into landfill and the source of that material. Without a sound understanding of what is actually being disposed of and where it is coming from makes it difficult to build a business case to build a new facility to deal with that timber waste. In terms of the original proposals as part of the bill, we did have some potential issues with the disposal of treated timber waste, and some types of treated timber meet the criteria for regulated waste. From an operational point of view, it is very difficult to separate untreated timber waste from treated timber waste, particularly if it comes from a construction site or a demolition site, and it is nearly impossible to identify what timber has been treated and untreated once you actually get to a waste facility.

In response to the issues that we have raised, the draft regulations preclassify treated timber waste to attract the standard \$35 a tonne levy, and we think that is an appropriate response in terms of dealing with treated timber waste. But we would certainly like to see this bill lead to some genuine change and in particular to stimulate some alternatives to the current dumping of timber waste. We think there is a great opportunity to improve the separation of timber from other waste, but that really needs to have viable markets. In the current recycling industry using Michael Kennedy as an example, they are able to process some of the larger section material like power poles and large-diameter hardwoods and the like and some of the high-value softwoods like VJs and flooring. But there is currently no viable market for smaller materials—for short length with holes and with nails—or low-value pine framing, and it is simply not worth spending a whole lot of effort to try to recover that timber when you can grow it and produce new timber for significantly less than what it would cost to actually recover it.

Some of that sort of material would be able to be used for board-type products such as MDF or chipboard, but those board product sectors are looking for the highest quality input sources that they can so that it minimises their glue use. As you introduce more contaminants and the like, you increase the amount of glue that you use, which adds to your costs and in particular adds to the emissions from your boards. The standards on emissions from board products have been wound down tighter, so it is basically sort of heading in the wrong direction. We think that a suitable use for that material would be to use that material for power generation and we think that, through a combination of the levy changing the resource cost to a power generation facility and the potential for industry support grants, the building of a power generation facility or multiple facilities would be a great way to use some of that low-quality waste. There is already a facility at Rocky Point that uses material, but it is on the south side. Transport costs are very expensive to get material down there. A facility similar to that on the north side would be an ideal outcome for our industry.

I have previously addressed this committee on some of the policy impediments to using native forest sawmill residue for power generation, and there is a significant amount of this that is actually burnt to waste at the moment. I think that issue is outside of the scope of this bill, but I just want to bring to your attention the fact that there is a real policy issue there that makes no sense—that is, we actually have residue that is being burnt to waste when it could be used for power generation.

Moving back to the bill and our submission, the second object of the bill is to minimise the disposal of waste by encouraging waste avoidance and the recovery, re-use and recycling of waste. The bill tries to do that by shifting the economic balance away from disposal of waste towards re-use and recycling of that waste, but I think the bill misses an opportunity to improve the viability of recycling by ultimately imposing

the full levy on genuine recyclers. It does give some recognition to recyclers by having a discounted waste levy in the levy exemption, but both of those provisions are only transition provisions that last for two years and cease in June 2014.

The bill also includes measures to ensure that those discounts only apply to genuine recyclers—they actually have to meet industry standards to receive those levy discounts—but at the end of the day the levies will impose added costs on recycling businesses that will reduce their effectiveness. Recycling is a marginal business. As a resource becomes more expensive to collect and handle, then the margins decline to the point where it is not worth processing those materials. If a recycling facility is operating in best practice and there is no other viable way of disposing of the residue, then there would appear to be no point in imposing a levy on the waste from that recycling facility. All it does is actually reduce the amount of that marginal resource that the facility is able to process. An example of that is recycling of treated timber poles. Michael Kennedy will no doubt explain that processing round poles into square sections leads to a fair bit of waste. Whether it is treated poles or new timber, it generally generates between 50 per cent and 60 per cent waste or you recover about 40 per cent to 50 per cent from a log. So you have a significant amount of residue. Where that timber is processed from green timber, then you can use that material for other products such as board products, mulch, animal bedding and the like. But where it is treated with CCA, there is really no other alternative than—

CHAIR: Can I just interrupt you there? You used that acronym in your submission and so did you, Michael. Can you just confirm what CCA actually stands for?

Mr Burgess: It is copper chrome arsenic. It is the green treated timber that coppers poles and the like and power poles. Sorry about that. CCA is just one preservative that is used for timber, and there are a range of different preservatives that have various characteristics. Some of them are seen to be more toxic than others. CCA has been around for a long time and is a pretty common form of treatment. Finding alternatives to landfill for the disposal of CCA treated timber has actually been an issue for the industry nationally for some time. There are some enormous stockpiles of broken vineyard posts in the South Australian wine-growing region where, even though there is a whole heap of them, they are not sufficient to warrant a facility to dispose of those by any other means other than landfill. So there is actually no viable alternative for disposing of CCA treated waste. Imposing a waste levy like that does absolutely nothing in terms of improving the recovery of material from treated products like power poles.

In our submission we recommended two things to address that. One was to ensure that the levy relief regime was permanently included in the scheme so that it was not just a two-year process. Secondly, we recommended that the level of relief should vary depending on the viability of alternative disposal options. So if you have a recycling facility where there is potentially a viable alternative for disposing of those residues other than to landfill, then you would be looking at, say, a 50 per cent levy. If there is no alternative, such as in the CCA treated timber waste area, then you would have a 100 per cent discount on the levy. We would suggest that those discounts apply until it becomes clear that the economic circumstances have changed and that there are viable markets for using that waste.

CHAIR: Can I just interrupt you there? Time is moving on. We are pretty keen to ask a couple of questions. Would you mind if we did that now?

Mr Burgess: That is fine. That was all I had to say.

CHAIR: You might be able to include the rest of your statement in one of those questions.

Mr Burgess: Sure.

Mr CRIPPS: In your submission you were talking about the recovery of old posts that may need some work done to them to get them up to a standard to be used for alternative uses—recycled uses—such as chips or chipboard. You were talking about the possibility of using those recovered materials for something like power generation. Are you talking about a furnace/boiler scenario?

Mr Burgess: That sort of thing, yes.

Mr CRIPPS: What sort of standard would those recovered materials need to come up to to be able to be used in a furnace/boiler scenario? Obviously, you would not be able to put in materials full of nails and other things into a furnace or a boiler.

Mr Burgess: Generally, nails are not an issue in a major boiler facility that is designed to take that sort of material. It depends on the design of the facility, but Rocky Point takes material that has nails. They have a metal scrubber as part of their chip-screening arrangement, which takes as much out as it can. Yes, it is possible to process it.

Mr CRIPPS: What about treated materials? You were talking about the logs that are treated, previously. Do they have any impact in a furnace/boiler scenario?

Mr Burgess: Treated material, unless your furnace is designed to burn that sort of material, you are not able to do it. Basically, you end up with toxic emissions. You need your furnace to operate at a certain temperature and you need scrubbers to make sure you remove any contaminants.

CHAIR: Thank you very much, Jim. Michael, I might hand it over to you.

Mr POWELL: I have a very quick question, thank you, Madam Chair. In your Timber Queensland submission you also mentioned the amendments to the carbon farming practice. You particularly raised concern that an unintended consequence of these provisions could be to constrain timber production. Can you very briefly elaborate on that?

Mr Burgess: It was really just that under the current arrangements the Crown retains rights to the timber on all state owned land. The amendments allow for lessees to sell carbon associated with native forests on their land. Basically, they can potentially impose constraints on how that native vegetation is managed, because they are selling the carbon from those forests. The concern was that there is a potential for that to impact on the state's extraction of timber from those forests, which could impact on our resource supply.

CHAIR: I welcome Michael Kennedy from Kennedy's Classic Aged Timbers. Would you like to give us a brief overview of your submission. I would like to mention your wonderful project at the Tree of Knowledge. You provided the recycled timber for the state government project. We went out there for the opening and it was an absolutely fabulous day. We all congratulated you on your design. It was absolutely fabulous.

Mr Kennedy: Thank you. I have to place on record that it was not my design. In fact, I told the architect that it was going to look terrible. Do not ask me for any architectural advice. When they told me what they were going to do, I thought there must be a better thing to do.

CHAIR: The timber is fantastic.

Mr Kennedy: It is an iconic project. It was made possible because of some of the initiatives that have happened in timber recycling. It won the 2009 Australian Timber Design Awards. It also won the 2010 Australian Institute of Architects Lachlan Macquarie Award for Architecture. It is a wonderful iconic project. It has been a boom for Barcaldine and for tourism and a great project.

CHAIR: So everyone else thought it was a great design except you?

Mr Kennedy: It just shows I have no knowledge of design. I do have a little knowledge of timber, though, and I guess that is why I am here today. I thank you and all those on the committee for the opportunity to talk about a subject that I know a little about, which is timber recycling. For the benefit of those who do not know, our company has been in the industry for 17 years recycling timber and has brought about some significant improvements in this industry that have seen it operate at world's best standards and practice in a number of areas, not the least the iconic Tree of Knowledge at Barcaldine. There are a number of very significant and world-class projects that have made extensive use of recycled timber, whether it is the best Rugby League ground in the world at Suncorp Stadium, the significant Gallery of Modern Art, the six-star Energex building at Newstead, the Emergency Services building just completed and the list could go on for quite some time, including the recently opened Noosa transit centre. There are a number of projects that have used recycled timber because of some of the initiatives.

First and foremost, I guess, is the interim industry standards that were developed in conjunction with Forest and Wood Products Australia, Timber Queensland and a number of other industry organisations and universities, including the University of Technology in Sydney, the University of Queensland and others to develop those into what is at a world-class level and is looked at by many other timber recycling operators in other countries, including colleagues of mine in America and New Zealand who are green with envy at the standards established here. There have also been some significant protocols for handling recycled timber. It is true to say that approximately 90 per cent of the timber that is available for recycling has been treated with some sort of prior treatment, whether that be chemical impregnation or whether it be a paint-type fix, whether it is lead based paint or water based paint. It does come to us with some form of treatment on it.

The really sad thing about this initiative, the waste levy—whilst there are a number of very positive initiatives in the levy and I have been a long-term advocate of having a levy as one of the measures to increase timber recycling—is that you are going to have the very severe and perverse effect of actually providing a market advantage for tropical rainforest timbers from Asia and South America. They will have a market advantage over our Queensland recycled timber products. When you have an organisation like a state government organisation that specifies to use certified timber, whether that be SFC, PEFC, AFS or post-consumer recycled, the timbers coming from the tropical rainforests of South-East Asia and may or may not have been illegally logged will have a distinct market advantage over our recycled timber products because of the cost that will be imposed on us to handle the chemical treatment. It is an absolute shame that something that should be encouraging recycling of timber is going to have the perverse opposite effect and will see some of the initiatives that have already taken place go back 10, 15, 20 years. With some tweaking, you will see Queensland set itself up—as it has already in terms of world-class timber recycling and use in public buildings—step backwards.

I am sure the Australian Greens or ACOR, who are going to talk later, or the Australian Conservation Foundation or the Australian Rainforest Conservation Society or our friends at Greening Australia—all those people in environmental organisations—will look at this in horror and say, 'We have here a bill that is going to perversely and adversely damage timber recycling, because they have failed to understand and failed to recognise the nature of the product that we receive and what we can do with it.' I urge the committee to think very strongly about this and, if you have one ounce of an environmental bone in your body, to consider the severe and perverse outcome it will have on timber recycling in this state.

CHAIR: Thank you very much, Michael. You are a strong advocate for the business. The member for Glass House has a question for you.

Mr POWELL: Thank you, Madam Chair. Mr Kennedy, we are talking about the transitional levy that will be imposed on residue from recycling industries such as your own. When that question was asked of the department, the response was twofold. They said that residual from recycling could not be completely exempt for two reasons. One is the fear that other waste would be laundered through a recycler and, secondly, that unless there was some levy recyclers would not drive change in their own industry to drive down the residue. Do you have a comment in regards to those two statements?

Mr Kennedy: I am not sure whether I am allowed to say it in parliament, in this forum, but I will perhaps tone it down a little bit.

Mr POWELL: I suggest you had probably better.

Mr Kennedy: I will say that I am not sure which idiot said that, but obviously they have no concept of how timber recycling works and the significant capital investment you need to make to recycle timber. If they think people are going to divert product through a facility to try to save a levy, they are really sadly, sadly mistaken. The initiatives that have happened and the behavioural change that has happened in this industry have all happened without a levy. The levy and the tax on our residues are going to reverse the behavioural change. If you want behavioural change you will get it, but it is the wrong behavioural change. Those environmentalists amongst us who are advocating for timber recycling and for positive environmental outcomes will not see that with the timber industry and the recycled timber industry in this front.

When I look at it and I look at the staff I employ and say to them, 'Come 1 December have you got a job?', I do not know. I am terrified of the impact it will have on my business and the livelihoods of the people I employ and their families. I am petrified. It seems what we present falls on deaf ears. They listen with one ear and do not hear what we are saying. I do not know. It is frustrating.

CHAIR: Thank you, Michael. The member for Bulimba has a question for you.

Ms FARMER: Michael, thank you for your submission. I found it really interesting to see some of the benchmarks set by the industry. That was really heartening. I want to talk to you about the hardship provisions and discounted waste levy issue. I note your proposal that, where there are no viable alternative markets for the waste and the facility is operating to industry best practice, the full levy exemption should apply. In a practical sense, I guess, from an administrative point of view, how would you see that being able to be applied?

Mr Kennedy: I did not prepare for that question, so I guess—

Ms FARMER: I do not mean to put you on the spot.

Mr Kennedy: I would have to give some thought to that, because I have previously asked in a number of discussions with DERM and others that that happen. The impression I was given was that that was never going to happen, it was a pie-in-the-sky impossibility. That should be the outcome. The outcome that will achieve the greatest environmental benefit is to have, on those facilities that are licensed and are recycling timber and achieving a high benchmark, their residual product that has no other outcome not be charged the levy. That will encourage greater timber recycling, rather than discourage it.

What will happen is if we have to pay the levy on our residual, given the fact that when we cut a round pole into square pieces our recovery is somewhere less than 60 per cent—it is around about 30 to 45 per cent—that is our recovery. The rest is residual. If it is treated, we cannot dispose of that through conventional means like animal bedding, chip, mulch, particle board production. That will have a diametrically perverse effect on the market for our products. It would be possible to do and it would achieve a very significant environmental outcome if you do that. What you will see is what Jim Burgess mentioned. The amount of timber that is going into landfill that could possibly be recycled, you will see that increase because you will see people who are licensed accredited operators and more of those small businesses like the gentleman we saw before, those businesses will open up and say, 'We see a market in recycling timber because there is a market advantage to do it'. What will happen at the moment is that for someone like me who has invested millions and millions of dollars in a facility, come 1 December, the best financial outcome for me is to stop taking poles off Energex, Ergon, Q-Rail, Main Roads and to buy all my timber from the rainforests of South-East Asia. How stupid is that?

CHAIR: Do you have a final question?

Ms FARMER: I was just going to follow on from that. Thank you, Michael. I do understand the aspirations of that proposal as well. That is why I am trying to get my head around, I suppose, some way of establishing those criteria. It is just about how you would escape a huge administrative burden to establish that.

Mr Kennedy: There is a provision in the act at the moment that does allow for asbestos to be exempt because the regulators believe that asbestos should be properly handled and managed. There is a strong and viable case for the residuals from timber products to be handled in a similar manner as asbestos. So there is a precedent there and it is workable. I guess with goodwill and good intent and some green vibes amongst the committee and other people there can be an outcome that will have a positive environmental outcome rather than a perverse, very negative and job-destroying outcome, which is not

what I and any of my staff want to see in terms of the contracts I have in place with Energex, Ergon, QRail and Main Roads. I do not want to rip them up come 1 December, because that is what I will be forced to do.

CHAIR: The member for Glass House has the final question and when you answer the question could you please inform the committee of what your award is that you brought in today. We are all very curious.

Mr POWELL: Those who have not visited your establishment, that is, Mr Kennedy. I just need clarification, but I think you have answered it very clearly. As I said to you, the other reason the department gave for putting a transitional partial exemption while indicating that they would not go the full exemption on residual was that they wanted recyclers to find markets for their residue. What you are telling me is that there is no market for the residue that comes from timber recycling and that therefore you could keep saying that until you are blue in the face. You will not resolve it and really you need to treat it as you would something like asbestos.

Mr Kennedy: If the residual from the recycled timber is treated with chemical treatment—the chemical treatment could be things like creosote, arsenic trioxide, CCA, bifenthrin and a whole range of other very chemical words that are in here that I cannot even pronounce—and if it has those things in it, the only viable option for it is to send it to landfill. If it is not treated, you can do things with it, but bear in mind that more than 90 per cent of our incoming volume of timber is treated. Today I could have brought in more than 15 reports from other states such as South Australia, Victoria and New South Wales about their problem of handling treated timber residual, and it is a problem. The Queensland government has an opportunity to set the bar higher than any other state and to direct greater timber recycling by acknowledging that it is an issue and we are going to handle it like we handle asbestos.

This award is one of a couple, but the one I brought in today is the 2010 Energex Supplier Quality Award in the category of innovation and sustainability. Very briefly, about five years ago Energex used to send all of their redundant poles to landfill. Through some positive initiatives before the levy was introduced, we were able to implement a program and, with some protocols in handling their timber, we were able to recycle the poles and deliver a net financial benefit to Energex and to Ergon where we remove the residual chemical treatment from the timber and put it into wonderful projects such as, as Madam Chair has seen, the Tree of Knowledge at Barcaldine, which is 4,250 pieces of 125-by-125 boxed hard recycled power poles—projects which, under the new proposal come 1 December, we can kiss goodbye because it will not be viable to do it. I can source it from the rainforests of South-East Asia unfortunately.

CHAIR: Thank you very much, gentlemen, for giving us your time today. We really appreciate the feedback and your ability to answer those questions. We are now going to take a short break and resume at 11 o'clock.

Proceedings suspended from 10.49 am to 11.06 am

BLANCHARD, Mrs Christine, Principal Adviser, Environmental Health, Local Government Association of Queensland

HOFFMAN, Mr Greg, General Manager, Advocacy, Local Government Association of Queensland

FRASER, Mr Matthew, Acting Manager, Waste and Resources Management, Gold Coast City Council

RIGBY, Mrs Portia, Coordinator, Planning and Capital Works, Moreton Bay Waste, Moreton Bay Regional Council

FLANAGAN, Mr Kevin, General Manager, Water and Waste Services, Toowoomba Regional Council

CHAIR: The hearing is resumed. The next witnesses are Mr Greg Hoffman and Mrs Christine Blanchard from the Local Government Association of Queensland, Mrs Portia Rigby from the Moreton Bay Regional Council, Mr Matthew Fraser from the Gold Coast City Council, and Mr Kevin Flanagan from the Toowoomba Regional Council. We also have an apology from Councillor Paul Bell from the LGAQ. If you could each briefly outline the key points of your submission for just a few minutes and then we would like to follow up with some questions. I would like to start with the LGAQ. Then I will follow with Mr Fraser, Mrs Rigby and then Mr Flanagan.

Mr Hoffman: Thank you for the opportunity to appear before the committee today. The issue of waste and recycling is a major issue for local government—a key responsibility of local government in Queensland. Therefore, the introduction of this bill with its wide-ranging ramifications is of intense interest to us and has been so for a number of years. I indicate that for many years the Local Government Association has opposed the introduction of a waste levy and has done this on the basis of its concerns, as has been evidenced in other states, that the waste levy is used significantly as a tax-raising revenue for consolidated revenue purposes of state government.

Our concern had been along those lines and, when the government—the previous state government to this—had identified its intentions to proceed to the introduction of a waste levy and a waste strategy, we as an association adopted a position on the basis that if a levy were to be introduced to support a waste strategy then there would be a number of significant conditions applying to our position if the government were to proceed to introduce a waste levy. That policy position was conveyed to the former minister, Kate Jones. Subsequent discussions have taken place with the current minister, the previous minister and the department as the government has moved forward in its policy position and subsequent bill before the parliament and now before the committee.

So I highlight that as an important point. It was not local government's desire to seek the levy per se, but in response to the government's intentions in this regard we have engaged in a comprehensive policy position and have subsequently negotiated our position with the government and with the department. I do place on record our appreciation for the openness and willingness of ministers and the department to engage with us and other stakeholders in the process. That is worth mentioning for the record.

The points made in our submission before you today acknowledge some of the outstanding issues. The particular concern we have is that the significance of the bill—the introduction of the levy and the complexities that surround it—is placing significant pressure on councils to prepare. Notwithstanding efforts to support them in this task, many of them are not yet ready and hence our position has been to call for a delay until 1 July 2011. We acknowledge that there has been an extension from the previously set introduction date but, notwithstanding that, we believe that a further delay would be appropriate to ensure that many of the not only infrastructure issues but systems and processes that are required to support the orderly introduction of the levy can in fact take place.

CHAIR: You mentioned a delay until 1 July 2011; I assume you meant 1 July 2012.

Mr Hoffman: Yes. I will leave my comments at that, Chair.

CHAIR: I hand it over to Mr Fraser for some brief opening statements.

Mr Fraser: The main issue for the Gold Coast City Council is the short time frame to prepare based on the amount of information released. For example, I believe that the draft regulation was only released on Friday and it contains a lot of detail that council will be required to prepare to enforce the legislation or to enact it. We have not had the opportunity to budget for a lot of the requirements in the legislation—for example, surveying stockpiles of materials at the sites, setting up resource recovery areas as is required by the legislation. That would be the same for all councils across Queensland. They would not have had the opportunity to budget for these issues. There is also concern about whether the funding through the waste and resources fund will come back to where the levy was obtained—for example, that a proportional amount of funding will come back to the Gold Coast City Council. I would imagine that other councils would want that to occur as well.

It is acknowledged that illegal dumping as a result of the levy will increase. Councils will be required to respond to illegal dumping incidents. So the cost of this will be a burden to local government. Council is of the opinion that there should be compensation from the state for this increased requirement.

Also, clean fill that is used for daily cover material at the moment and is generally accepted free of charge at landfills will now attract a levy. Council is concerned that this material will no longer come through to landfills to be able to be used on a daily basis, and this clean fill will either have to be purchased or obtained from its virgin state. Another issue is residue waste from recycling activities. For example, residential waste coming into a landfill site does not attract the levy. The way we interpret the legislation is that, if we sort through that material and extract recyclables, the residue waste on that going into the landfill will attract a levy.

Also, currently in the environmental protection legislation there is a segregation of littering offences—from zero up to 20 litres and then a separate category from 20 litres to 200 litres. In the new legislation from zero up to 200 litres is a single offence. So, whether you throw a cigarette butt or 199 litres of waste, it attracts a similar fine. We think it should remain as it is.

Section 369 of the Environmental Protection Act is proposed to be repealed. That enables councils to licence waste transporters. So council will lose the ability to condition waste transporters in terms of the time that they can carry out their activities or the locations—issues that can cause nuisance complaints et cetera. I think the intention is that this will be covered by local law, but obviously local laws will take a number of months, if not years, to develop. We think that there should at least be a longer time frame before this section is repealed. Also, the roles and responsibilities between the state and local government are cloudy at the moment. They could be in the regulations, which I have not yet seen. But there is a grey area in terms of what local government will be required to carry out under the legislation and what state government will be required to do. That is the summary.

CHAIR: Thank you, Mr Fraser. I pass it over to Mrs Rigby.

Mrs Rigby: Thank you very much for allowing me to speak on behalf of Moreton Bay Regional Council. In summary, I have three key points that we strongly believe in. The first point is that, depending on the way the operation is run at a facility—and this has already been raised by Matthew—we will end up paying for domestic self-hauled waste even though intentionally it was supposed to be levy free. For example, if it comes straight into the landfill and you bury it straightaway, then it is levy exempt or the levy is zero. However, if you try to sort it and retrieve more recyclables from it, the residue is then leviable and when you put it into landfill you pay the levy on it. So it is not really encouraging recycling of domestic waste or self-hauled waste. Also, quite a lot of councils' landfill facilities have transfer stations or resource recovery pits or locations where your self-hauled waste like your mattresses and your chairs—the big, bulky items that cannot go into your garbage bin—can go. This is not really specified in the bill. I have had a quick look at the regulation. It does not really identify if these can be only considered stockpiles or if we can put them in a resource recovery area. If they are either of those, again, the residue from what you have retrieved will attract a levy if you put that into landfill.

The second point is that, if you recycle waste on your site—so it is not exported straight off your site—for example, clean fill or crushed concrete, and you use that at your facility, it is considered landfill so then you pay the levy on it. So if you did not recycle, say, your domestic crushed concrete and that went straight into landfill, again it would have a zero levy. But if you recycled it and used it like we do at our landfills for road construction, pad construction for wet areas and things like that, it is considered to be landfill and therefore you will pay the levy on it. So it is not really encouraging recycling of these products because, firstly, you have to pay to recycle them and process them, and then, secondly, you have to pay to put the residue into landfill. So why not just put them straight into landfill? Alternatively, if it is too expensive to use the recycled products, then you are just going to import virgin material which defeats the whole purpose of recycling and reducing waste in the first place.

The third point is that, again, if you have a facility that is combined—so it has a transfer station and a landfill together—there is a lot more data collection involved. If you are pure landfill, of course, anything that comes in is going to be landfill. So it comes in the weighbridge, it is weighed, you have your data collection details, it goes in the hole and that is it—end of story. Easy. There is not much data collection. However, if you have a facility where you sort your waste and you have your stockpiles, there is very onerous data collection required in the bill and in the new regulations. Moreton Bay Regional Council has estimated that it will cost an extra \$1 million a year just to collect the data. That seems astronomically expensive just for data collection. So we are recommending to simplify the data collection, and I will probably go into details about that later.

CHAIR: Thank you very much. You have a wonderfully good recycling depot at the Caboolture tip. I remember during the floods a lot of people took advantage of those products. So congratulations for your recycling depot. I now hand it over to Mr Kevin Flanagan.

Mr Flanagan: Thanks, Madam Chair, and I thank the committee for the opportunity to allow us to talk to our submission. Firstly, I would like to offer my apologies on behalf of Councillor Peter Taylor, who wanted to be here today but unfortunately he had prior commitments. I suppose what the other submitters have said today we totally agree with. We at the Toowoomba Regional Council are supportive of greater recycling, but we would like the committee to understand in our submission that the Toowoomba Regional Council is an amalgamation of eight councils and we believe we are, I suppose, in a unique situation in what we are trying to do in our waste management plan.

We have put together a plan, which has been to the minister, and we have been congratulated on the plan. We are looking at trying to reduce 39 sites to 23, and we are looking to do that over a five-year period. We were planning to have uniform fees and charges to apply across our region to come in on 1 July 2012. We are now required to bring that forward to meet the state levy coming in on 1 December. That puts an extra cost burden on our people, especially in our rural areas where there have been no fees paid at all to this stage. Our facilities range from fairly basic trench facilities with a number of environmental issues to engineered landfills in the Toowoomba area. We are looking at an increased cost in the order of \$1.85 million just to bring it forward to 1 December this year.

One issue is that the state levy is a hidden tax in that we cannot show on our dockets how that levy is applying. The usual small businesses and people only understand that there is one gate fee. They do not see the component of the state levy as anything but a gate fee. That limits our ability to be able to increase our funding in future years to put into place our waste management strategic plan. So we would be looking at possibly the state to provide more assistance in being able to introduce the state waste levy by 1 December.

We have been given some assurances by DERM and also by ministerial officers on a number of issues, and I think the lady from Moreton Bay Regional Council spoke about a couple of those. We would like those assurances to be built into the legislation, if possible, or into the regulations. One is the exemption of farm waste. We would like that to be treated as MSW and to be exempt. Another is the exercise of a risk based approach to compliance at unstaffed areas. We are going to have a number of unstaffed areas. If we sign those areas appropriately to say that it is limited to domestic or municipal solid waste only, we would like that to be considered a risk based approach and we would not be required to pay the levy on something that is dumped illegally. Another is the exemption of non-MSW dumped illegally from attracting the levy at unstaffed sites. The other is that clean fill that is brought to facilities and used for daily cover also be exempt from the levy. I will leave my comments at that.

CHAIR: Can you define farm waste for the committee?

Mr Flanagan: I think it is to do with the normal sorts of materials that people use on a farm around their households, I suppose, which they would usually bring to a landfill. I am not sure that we are wanting people in the production of their farm product bringing that waste to a landfill.

CHAIR: I have a question for Mr Greg Hoffman. Right at the start of your LGAQ submission, and even today, you refer to these reforms and you specifically refer to achieving outcomes that have not been afforded to local governments in other states. Can you elaborate on what outcomes have been achieved in Queensland that your counterparts did not enjoy in other states when similar reforms were being undertaken?

Mr Hoffman: The issue there relates to the application of the levy. Whilst it varies from state to state in the other jurisdictions, the levy predominantly finds its way into consolidated revenue at a state level, and what returns to support waste infrastructure or waste and recycling management is not directly related to the levy. We have argued in the policy position that I alluded to previously that all of the money raised by way of the levy should in fact be applied to waste—it is a waste levy—with the intention of enabling the implementation of a comprehensive waste strategy designed to significantly reduce waste to landfill and to increase recycling and re-use activities.

What is proposed under the strategy and for the levy is that it be applied in three funds—a Waste Avoidance and Resource Efficiency Fund, a Sustainable Futures Fund and an Environmental Initiatives Fund. The first two, the WARE Fund and the SFF fund, are, in our view, applied or have the potential to be applied directly to waste and that is where the funds should go. We are concerned that the third element of the levy funding, the environmental initiatives, is a funding stream available to state government to use more broadly. The indication has been that its application would be for such things as the acquisition of national parks and other matters. That does not fit directly with our policy position that the waste levy should be directly applied or available to be applied to waste and related issues. While there is a difference between what occurs in other states and what is proposed here, we still have that element of concern in relation to the third element of the funding stream.

CHAIR: Thank you. The member for Gympie has a question.

Mr GIBSON: I note that in the submissions from councils generally you have all indicated that you would have difficulty with the start date of 1 December and have sought an extension to 1 July next year. I also note the comments made by Moreton Bay and Toowoomba with regard to costs. I would like to direct this question to Matthew. You indicated in your introduction that councils did not have the opportunity to budget for these costs for implementation on 1 December. Have you done any modelling or any estimates as to what those costs would be for your council and can you inform the committee what that number would be, if you are aware of it?

Mr Fraser: We have done some modelling. What we are looking at having to fund is, for example, additional staff. We are looking at six additional staff. We have three landfills where we would need additional staff to check loads and where material is deposited to ensure that loads that should attract the levy are in fact paid for. We also have to survey the stockpiles prior to the commencement of the levy, I believe. We have software issues as well. I do not have the total figure with me at the moment, but certainly it is several hundreds of thousands of dollars for the extra staff alone. So we are looking at towards \$1 million, I believe. But I do not have the exact figure, sorry.

CHAIR: Do you have a follow-up question?

Mr GIBSON: Yes. I want to pick up on the Moreton Bay Regional Council's submission. Portia, you indicated a cost of \$1 million in data collection. Is that a per annum cost or is that including the initial set-up and then what would it cost in data collection going forward?

Mrs Rigby: No. That is just the ongoing costs. So that is none of the infrastructure costs or the setting up of additional weighbridges. For our particular facilities, our vehicles do not have to leave the site and come back in through the weighbridge. So the entrance infrastructure would need to be updated because of this weigh-in requirement for the stockpiles. So none of that was in that figure. That was just pure administrative costs of collecting the data. So it is your additional weighbridge staff and that sort of thing, because we have three landfill facilities at Moreton Bay.

Mr GIBSON: I must have misunderstood. Do you have an estimate as to what your total cost would be then?

Ms Rigby: I do not have it here, no.

Mr POWELL: I want to direct my question initially to Mr Hoffman. We have heard of a couple of the challenges that a number of the councils have mentioned, and we just heard then from Moreton Bay regarding MSW coming in and being recycled so it is not initially leviable—that is, it has gone through an MRF, has been recycled and the residual is then leviable and who pays it. Would it be fair to say that some of those challenges that each of the councils have just mentioned are as a consequence of pushing for MSW to be exempt in the first place?

Mr Hoffman: The reason we pushed for MSW to be exempt was that the investment that councils have made in their waste systems over many years have significantly been focused on the municipal waste stream, the kerbside collections and related collection arrangements. Councils have invested huge sums of money in their own systems and recycling capacity to date, and that is being paid for via waste charges that residents pay. It was our concern that, if there were to be an additional charge on municipal waste, that would be an undue burden on those residents and ratepayers when in fact the primary benefits that can flow from an improved waste strategy certainly relate to commercial and industrial and construction and demolition waste where the recycling capacity or potential is far greater and where, from an economic perspective, you would get significant benefits. I acknowledge your question, but we saw the priority to be focused on commercial and industrial and construction and demolition waste, and that is why we positioned ourselves in relation to MSW.

Mr POWELL: In other jurisdictions where there has been a price put on MSW as well as CNI and CND—and there has been a slight difference in the value, so in Victoria I think it was \$4 initially for MSW and maybe \$10 for CNI and onwards—there was significant creep from CNI back to MSW. We are about to embark on a system whereby CNI is going to be hit at \$35 a tonne and MSW is exempt. Have your members raised concerns that their residential pick-ups—their rubbish services—will be inundated by a range of CNI type and CND type waste that will be finding its way into kerbside wheelie bins or self-haul? Are your members prepared for that?

Mr Hoffman: I am familiar with that assertion. The extent to which it is likely to occur I think is the more important issue. I cannot indicate an extent to which it might occur. We acknowledge it as a potential. It is an issue that will have to be monitored and if it arises as a significant issue then we can consider what response should apply. But I stand by our earlier assertion that there are already significant costs being borne by ratepayers and residents via the quite advanced systems that we have to deal with MSW. The priority should be on the other waste streams which, to date, have not been as well addressed in terms of recycling potential.

Ms FARMER: My question is also to Greg Hoffman. Do you have evidence from your members that finding areas for new or expanding existing landfill sites is becoming an increasing problem? If so, do you see the objectives of this bill as helping to address that problem?

Mr Hoffman: It is certainly acknowledged that finding sites for landfill is far more challenging now than it ever was. In fact, the growth in development that is taking place in Queensland in many areas, but particularly the south-east corner and the coastal areas, makes this a far greater challenge than it has been in the past. We have to add to that the environmental concerns that communities have about the establishment and location of landfills adjacent to them. We certainly acknowledge that in the development of any waste strategy we need to focus increasingly on recycling and re-use potentials. Our policy position supports that. Local government supports that. Queensland has probably been more fortunate than most in that it has had an abundance of landfill opportunities, but as growth occurs then that will pose more problems in that regard. I do not know whether my colleague wants to add anything further.

Ms Blanchard: No.

Mr LAWLOR: I direct my question to Matthew Fraser. Firstly, you raised the issue of clean fill for daily cover of landfills. I presume you also mean for batter construction, final capping, profiling, site rehabilitation and so on, and you mention that that has not been exempted. Certainly, the regulations have been amended and I understood that they were forwarded to the LGAQ. So it is my understanding that that is not an issue any longer.

Mr Fraser: That is correct, I believe. Christine advised me of that just previously. Apparently the regulations do now exempt clean fill for those purposes.

Mr LAWLOR: That is correct. So that point is addressed. You also raised the issue of funding support from the state as being a concern. You would be aware of a dedicated fund for local government for its exclusive use generated by the levy revenue instead of going into consolidated revenue. You mentioned one of your concerns about that, but surely in the first place you must see that as a win for local government, providing you get what you have already mentioned—that is, the council's, in your case the Gold Coast City Council, share of that revenue raised. In other words, if the Gold Coast City Council contributes, say, 10 per cent, you want to ensure that you get that percentage back. That is essentially your argument, is it not?

Mr Fraser: That is correct. The funds are going to three separate funds, as we heard before. So that is only one of the funds. Overall, council would like its proportion of funds coming back to it. The local government fund is only one part of that overall funding. Obviously, the Gold Coast City Council would be contributing a substantial portion of the overall levy, so it would certainly like its portion of the levy coming back to it so that it can instigate or improve waste management on the Gold Coast.

Mr LAWLOR: And of course that is a formula that does not operate in any other state.

Mr Fraser: No, I do not think so. That is my understanding.

Mr GIBSON: I have a question to Greg Hoffman. You have indicated—and I alluded to it earlier—your concerns about the start date of 1 December. Of your member councils, how many would be ready on 1 December and how many would be struggling to achieve that start date?

Mr Hoffman: I will have to defer to my colleague Christine, who is in constant contact with councils, who could give a better idea of what proportion would be ready and what would not.

Ms Blanchard: I do not have data as such on the number of councils that would definitely be ready to go. I think there could be an assumption that the larger ones, particularly the South-East Queensland councils, would be closer to be levy ready on 1 December certainly than the regionals and smaller regionals. There is a substantial amount of work that needs to be done to become levy ready and it is not as simple as just changing some computer software or changing a few processes. There is no doubt that even those that consider themselves to be ready to go close to 1 December will still have changes to be made prior to 20 February, when the first payment is due and even further down the track than that as they realise the intricacies that are required with the levy.

Mr Hoffman: Could I add to that if I may? Certainly in our submission we have identified Goondiwindi council as an example of a challenge they face at the proximity to the levy zone and their desire to be removed from the zone, which we support. But referencing the point made by Mr Flanagan, there are quite a number of the newly created regional councils as a result of the amalgamations of 2008 that face similar problems to Toowoomba in that they are in the process of trying to rationalise the many landfills and waste disposal arrangements that have existed across the different councils. That process takes time not only in a financial sense but I think you could appreciate the political implications for the local councils in actually proceeding to put in place those plans and to implement and to make changes when it may well impose additional costs on people who cannot access an existing lesser-quality landfill as we move towards improving landfill arrangements. So they are confronted not only with costs in the short term but the political challenge of making those decisions at this particular time. The delay to 1 July gets past some significant political pressure points, dare I describe it in those terms, for governments having to deal with this matter. So it is not only a practical consideration in terms of being ready but also confronting the challenges of the decisions that have to be made to enable this to occur over the next 12, 24 and 36 months. That is a significant issue and, I would contest, an important issue for the committee to consider around the question of what is an appropriate date to proceed.

Ms Rigby: I just wanted to add that, after a very brief talk with Matthew as the No. 2 and No. 3 largest councils not only in Queensland but in Australia, you were saying that the smaller ones are not ready. Us bigger ones are not ready, because we are not. There is a very high chance that nearly all councils will not be ready. I know that that is a very broad assumption, but even Nos 2 and 3 are not ready.

CHAIR: I just want to let you know, Mr Hoffman, that we are having a teleconference tomorrow with some of the councils that could not make it today, and Goondiwindi is one of those.

Mr POWELL: My question is for Mr Flanagan. I think you mentioned briefly in your statement—I think it is also in Toowoomba Regional Council's submission—that one of the concerns that your council has is that there is no ability under the legislation for you to identify to your ratepayers that this is a state government tax. Is that correct?

Mr Flanagan: That is correct. That is what we have in our submission. What we understand is that we are not able to show that the state levy applies on that docket. We can show the gate fee and the GST, but the component of the state levy is not shown.

Mr POWELL: I have another question, this time to Mr Fraser from the Gold Coast City Council. One of the justifications for the introduction of this bill in the first place and specifically the levy is the concern at a very significant amount of cross-border dumping, because, as we all know, New South Wales does have a levy and it is quite significantly higher than ours. This morning we were provided with an answer to a

question on notice as to the quantifiable amount of cross-border waste. Basically, DERM is extrapolating its figures on hazardous and regulated waste that already exist, and I note that the majority of it is 9,757 tonnes of soil and sludge from New South Wales and 20 tonnes of sludge from Tasmania. That is a long way to come. Is Gold Coast, given that you are on the border, able to better quantify the amount of cross-border waste that is coming into the state?

Mr Fraser: No, we are not, sorry. We do require that for domestic waste people have to provide a rates certificate confirming that they are from the Gold Coast City Council area. They get their disposal free of charge if it is domestic. We do not identify where all the commercial disposal is coming from. So, no, we do not have that specifically. We can identify the total quantities, but our systems do not go to separating out how much is cross-border at this stage.

Mr POWELL: Anecdotally, is the Gold Coast concerned about cross-border waste?

Mr Fraser: It is, yes, of course. While the disposal rates are higher somewhere else there is always going to be a tendency for people wanting to transport waste to a cheaper location. Obviously, transport costs are significant so there is a limit to how far people will go, but obviously DERM is considering people are coming as far as Tasmania. We obviously need to have systems in place to try to minimise that, but at this stage Gold Coast City Council does not prohibit waste coming from outside the Gold Coast City Council area,

Mr POWELL: A simple solution possibly could have been that the Gold Coast City Council could have regulated commercial operators operating cross-border?

Mr Fraser: That is correct, yes, and also potentially differential rates. You could have different disposal fees applying to waste from external to the state.

CHAIR: The member for Bulimba has a question.

Ms FARMER: This question is probably to all or any of you. I am interested in the comments that you are all making about lack of readiness, I suppose, for the levy to be operating from the end of this year. I note the work the LGAQ has been doing with the department on this bill. Matthew, I also note your comments about the fact that you have only seen the draft regulations, and we talked in the break about that providing some of the detail you might do for the planning. I suppose I am intrigued about, given the fact that this change has been on the table really for quite some time now, what preparation have local governments generally or specifically been doing given the information that they have had about the bill to date to be ready for the change?

Mr Fraser: If I could start answering that one. In terms of software systems, local governments have weighbridge software that will be required to separate out the levy component in disposal fees. We have commenced updating that software so it can account for the levy so we can pass that on to DERM accurately. We have also looked at our rating systems. One of the issues is that commercial waste collected through our waste collection contract is actually rated on the Gold Coast. Other council areas do that separately. They may invoice for commercially collected waste. With the rating of commercial waste there is only one opportunity at the start of the financial year to actually account for the levy so if councils have not set their rates to account for the levy now they cannot do that. So in introducing a levy on 1 December, if councils have missed the boat on accounting for the levy in that commercial waste they cannot recoup that money until next financial year. We have also started looking at ways of setting up resource recovery areas in accordance with what we understand to be the requirements. We are also looking at improving our operations to minimise the levy liability—so increasing our resource separation activities—but also looking at recruiting staff. As I mentioned earlier, we need to recruit staff to police the disposal activities and to ensure that people are not trying to avoid the levy on site.

They are probably the main activities. It is sort of setting up the computer systems to account for it, the rating systems and the billing processes, and also the training of staff is another one. They need to be aware of what is going to attract the levy and what is not. So, obviously, with the detail only coming in now we have limited opportunity to train staff.

Ms FARMER: I just wonder if anyone else would like to comment on that?

Mr Flanagan: I could comment where we are with Toowoomba. With our major landfill in Toowoomba it would be the same comments as Matthew has made here about software and whatever. But with all our other landfill sites or our waste facilities, trying to get 13 which are required to be staffed—they are not staffed at the moment—by 1 December causes a problem. We are looking at around 33 staff needing to be engaged. We are looking at having to put training programs in place to be ready by 1 December. Some of our issues are with '1 December or as soon as possible thereafter.' How long 'as soon as possible thereafter' is will depend on how we can get people and conduct our training programs and also having—on the other sites we have—enough barriers in place to ensure that we are only getting municipal solid waste into those areas. So there are also some timing issues with getting those sites ready, too.

Mr Hoffman: If I can elaborate on the point made about the ability to recover the levy costs. The interaction between this bill and the Local Government Act is a complexity which we have sought to deal with. It did require the councils, in the adoption of their budgets for this financial year, to adopt the appropriate resolutions so that they could, in fact, charge the levy that they are required to pay to government. In other words, for them to have the ability to recover the costs that they have to pay to Brisbane

government they had to have adopted the appropriate resolutions within their rating resolutions at budget time. It has come to our notice that a number have not, and Matthew alluded to that. That is a problem of the misalignment of the bills. A 1 July start, lining up with the start of a budget year, would deal with that problem more effectively.

So I do not know how many councils are in this situation, but a number of them will, in fact, have to pay the levy obligation to the state but they will not be able to recover it from people dumping waste if they have not done so—an oversight, perhaps, of some on their part, but a reflection of the difficulties and the complexities that the people dealing with this are confronted with in the short time frame that they have to deal with it.

CHAIR: We might move on to the member for Southport.

Mr LAWLOR: Just by way of clarification, probably for Mr Flanagan from Toowoomba, you raised two of the issues that were also raised by the Gold Coast City Council. One was the issue of the clean fill not being exempted. That has now been addressed. The other issue that you raised was the funding going back to local government. As I mentioned, Queensland, when or if this is introduced, would be the only state that has a dedicated funding pool for the exclusive use of local government. Is your concern a similar one to Matthew's that the percentage that you raise you would like to see come back?

Mr Flanagan: In our submission we are requesting 100 per cent of our levy to come back. So that, I suppose, is the percentage that we are talking about. In our submission we are looking at the \$1.85 million extra cost to bring it forward and, I suppose, just a recognition of the many facilities in Toowoomba that we have to get levy ready.

CHAIR: Member for Gympie?

Mr GIBSON: I direct this question to the three council representatives here. I note that the state government is offering only partial funding to become levy ready. Could you indicate to us what the shortfall will be for your particular councils that you would have to cough up out of your own ratepayers' funds?

Ms Rigby: I do not have the dollar figures here, but in relation to the actual infrastructure I know that we have been given \$88,000 towards a certain amount of infrastructure, which can include fences and things like that. It can go towards your weighbridge software but, say, for example, a facility actually needs a second weighbridge; you can only get funding towards your first weighbridge. One of our facilities actually has 1,500 cars or vehicles per day so the increased amount of data collection at this given site you can imagine slowing down. If you had only 100 cars coming down and the time to collect that data is increased, it does not really impact if you have only the one weighbridge. But if you have 1,500 cars visiting and you increase the amount of time required to collect the data you can imagine the time amount and the queuing on the roads. So, therefore, you actually need more weighbridges and more staff. But that type of extra infrastructure is not allowed to be funded and, of course, it costs lots of money.

Mr Flanagan: In the \$1.85 million we have in our submission, we believe, from my recollection, we have \$136,000 for a new weighbridge at one of our landfill sites. On top of that we have to provide the funding for the foundations and whatever, which is not part of that funding. So the \$1.85 million that we have there, I suppose we can take that \$136,000 out. We have an amount of money for labour costs and wages to bring it from July next year through to December this year and we have also the additional cost of making all the facilities that we have at the moment that are fairly primitive up to being able to have facilities and the staff to operate there so that they can collect the charges. We also need to put in place the barriers to stop the transfer of waste from one site, where we are trying to collect the levy, to an unstaffed site. So we need to limit it down so only small vehicles can get in.

Mr Fraser: I guess we are similar to Moreton Bay Regional Council where we have sites with weighbridges at them but similarly we cannot get funding for an additional weighbridge at those sites. In terms of the funding, I believe we have received a similar amount—approximately \$80,000-odd. But with the additional staff that are required and upgrades to IT systems, which can run to the hundreds of thousands of dollars, it is certainly a large shortfall from what we need. Another point to consider is that there will be ongoing costs to administer the levy, too. These staff requirements are ongoing, so there is going to be an ongoing cost to local governments to administer the levy. It is not a one-off to set up. So there are substantial increased costs on an ongoing basis.

Mr POWELL: My question is to Mr Hoffman. I am just interested to know, in the preparation of the LGAQ response to this committee but potentially also to the development of this bill, how many of the local government authorities within Queensland within the levy zone actually fed into that response?

Mr Hoffman: I will defer to Christine.

Ms Blanchard: I can probably answer that. Over the last 18 months we have conducted quite a few information or face-to-face sessions with local governments throughout the state in five regions. They are the Western Downs-Dalby area, Brisbane, Bundaberg, Rockhampton and Northern Queensland. I would say that at least 90 per cent of councils have sent either an elected member or officer to at least one of those sessions, if not 100 per cent—not necessarily each council attending each session, but they would have attended a session at some point in that 18 months. I also have at an officer level very regular contact with an officer in every one of those 34 councils.

Mr POWELL: In terms of written submissions at any stage on top of those?

Ms Blanchard: I would say probably about half provided either a submission to us to provide information for our submission or provided a copy of their submission to DERM for our information.

Mr POWELL: Would it be possible, if we asked you to take it on notice, for you to provide us with a list of the councils that did so, please?

Ms Blanchard: Certainly.

CHAIR: Are there any further questions from the committee? Congratulations, you seem to have satisfied our needs. Are there any further comments at all from anyone? Mr Flanagan, just as a final round-up? You have about a minute.

Mr Flanagan: Madam Chair, I would like to clarify a comment that I made about farm waste being exempted. I think I said the wrong thing there. What we have in our submission is exemption of farm waste to be treated as MSW, whether household or generated as part of the farm operation, other than that from an ERA operating on that site. I wanted to clarify that point.

CHAIR: Thanks very much for that clarification. Once again, on behalf of the committee, I thank every one of you for attending today. Some of you have driven some considerable distance. At this point I acknowledge the very keen interest that other councils have shown in this process. Some of them have not been able to make it today. As I said before, we will be speaking to a number of them tomorrow in a teleconference and the transcript of that meeting will form part of our evidence and will be published on our website. Thank you once again for attending this morning. We very much appreciate your feedback and answering our questions.

MUSGROVE, Mr Grant, Director; Policy, Partnerships and Projects; Australian Council of Recycling

CHAIR: The next witness is Mr Grant Musgrove, who has been very attentive and has listened to all of the submitters this morning. We very much appreciate your attendance as well. Welcome, Mr Musgrove. For the benefit of *Hansard*, could you please state your name and position, and briefly outline the key points of your submission. Then obviously we would like to follow up with some questions.

Mr Musgrove: Thank you, Madam Chair. I am Grant Musgrove, Director of Policy, Partnerships and Projects for the Australian Council of Recycling. I should pass on the apologies of our chief executive officer, Rod Welford, who could not be here today. He is currently meeting with the New South Wales government.

The Australian Council of Recycling is the peak industry body in Australia representing the recycling industry. Members would have heard from a whole range of stakeholders with a whole range of legitimate interests. We represent the recycling end of the game. We do not represent the landfill guys; we are the recyclers. As recyclers, obviously we support recycling. We support a closed loop, efficient approach to the materials economy, which is everything that you can touch.

We do welcome the bill in general terms. We do think Queensland has been substantially behind the other states and that it has been a problem for the recycling industry not having a levy where other states do. Indeed, some other states have much higher levies. I was in the ACT the other day and I think they are running at about \$120 a tonne, to put some perspective on the level of the levy. We think it is time Queensland did have a disincentive to disposal. Not having it is only going to increase the number of landfills. Where are those landfills going to be? Who knows, but probably on the very urban fringes of our major metro centres in some pretty beautiful parts of Queensland. I would ask members to keep that in mind.

Some of our observations on the bill are not that different from many of the other stakeholders I have been delighted to hear this morning. We do think there should be uniform levies for all waste, with exemptions for things like residuals, community clean-up events that have obvious public benefit. We would like to see all of the funds raised by the levy reinvested directly into recycling or into activities that support the objective of the bill, being recycling and minimising waste. We are delighted at the 50 per cent exemption on residuals. We think that really puts Queensland in a leadership position nationally, coming from very much the back of the curve to the front of the curve in terms of that particular component of the bill. We would have liked a 100 per cent exemption, but we did not get there through the bureaucratic process. However, 50 per cent is certainly better than nothing.

Obviously, as other stakeholders have submitted, MSW should be in, in our view. We think it creates administrative complexities, but the world is not perfect. Rome was not built in a day. To have a clean and uniform system that would address a lot of the issues raised by other stakeholders, particularly the leakage between different waste streams, having a flat levy across the board would be administratively more desirable and would also send a signal to individual consumers and households that not recycling is expensive stuff. We are not particularly delighted that the \$120 million has been syphoned off to the sustainable future fund. That just reiterates the earlier point that others have made as well, about quarantining levy revenue for those purposes.

We think it should be called a resource recovery levy by name, because that is the objective. You could call it a whole range of things, but we think the bill could be better named to specify what the intent is. The 2014 drop-dead date for the exemption on residuals, we think that is not ideal. We welcome the 50 per cent exemption on residuals, but we do not understand the logic. Why would you stop what is quite an elegant and sophisticated policy initiative and innovation after a couple of years?

As I said before, a higher rate of levy would be highly desirable. On the positive side, we think the levy system should operate through environmentally relevant approvals, which is how licensed recycling operators come under DERM's radar. We think this levy system does have the capacity to get some backyarders and cowboys out of the shadows, because there will be an incentive for them to apply for the 50 per cent exemption on residuals. There will be a commercial incentive to get them on the radar, as I think everyone would agree is a desirable policy objective.

CHAIR: Thank you very much. I hand over to the member for Glass House who would like to ask you a question.

Mr POWELL: Thank you, Madam Chair. I acknowledge your final comment there about bringing some of the shadier practices into the light. I put to you the same question that I put to Mr Kennedy earlier this morning. When I asked DERM in the departmental briefing why there is only that two-year transitional period of the reduced levy for residual from recycling, the response was: firstly, we are trying to prevent laundering through recyclers; and, secondly, we are still trying to encourage recyclers to improve their practices to reduce that residual. Would you like to comment on those comments?

Mr Musgrove: We think by specifying performance benchmarks by material stream, which are real world and at least in the top fiftieth percentile of performance, that there will not be any scope for leakage or absolute minimum, simply because the performance benchmarks will be established for each material stream type. That might be 10 per cent residuals in, say, metals; it might be 50 per cent in, say, timber. That can be dealt with. Is there potential for administrative problems in the implementation and

transformation of the waste and recycling system in Queensland? Yes, there is. Do our members see that as a significant problem or something they would not want? Quite frankly, the industry would be absolutely ropeable at the individual company that engaged in that activity, because that would damage the whole industry.

Mr POWELL: Just to clarify: ideally, your organisation and your members would be looking for no levy on any residual from any recycling practice?

Mr Musgrove: We would prefer a 100 per cent discount for residuals from legitimate recycling operations that meet certain performance benchmarks.

Mr LAWLOR: Mr Musgrove, can you provide the committee with any practical examples of the types of innovations that we might expect to see as more investment is made into better waste management?

Mr Musgrove: This will drive performance. To answer your question properly, some of our members are very, very large members and they make very large investments, by any stretch. They will invest in more efficient processes, they will seek to minimise waste. The proposal not to have a 100 per cent exemption for residuals will inhibit some of that investment, but in general terms this will give industry certainty, which it needs, to make long-term investments. When you advertise the cost of some of this kit—as we call the equipment—over 20 or 30 years, they are \$100 million pieces of machinery. Will it give us confidence to go forward? That confidence would be increased with a higher rate of levy and with the exemptions for residuals going forward as well.

Mr POWELL: I note your concerns around the syphoning of the funds into a sustainable future fund. I also note in your submission that you recommend that if there is going to be infrastructure funding, that it actually be nondiscriminatory between public and private. That was raised also by other speakers this morning. Can you elaborate on that?

Mr Musgrove: From first principles, the funds are raised from waste and they should be invested into the transition to a much more efficient materials economy and ideally towards zero waste. We do not have a view on whether that should be public or private. It is not for us to tell governments precisely how to spend their money, but we would acknowledge that public expenditure is required, as well as private sector structural adjustment funding.

Mr POWELL: Just supplementary to that, would ACOR be supportive of the South Australian model that Mr Ralph raised earlier of an independent board that was monitoring the distribution of these funds to public/private—wherever it may be—as long as it is designed for, as you say, resource recovery, recycling, waste reduction?

Mr Musgrove: My understanding is that DERM has foreshadowed that that may in fact be the case, although whether that is as a stakeholder advisory board or whether that is a formal board established through the regulations I am not sure. There has been some discussion around that. My sense is that DERM just wants ongoing advice from affected parties.

Ms FARMER: Grant, you have talked about your thoughts that the industry waste levy is too low. I am sorry if you said this in your presentation just now, but if you did could you clarify what you think it should be set at and what is your reasoning behind that?

Mr Musgrove: The higher the levy, the greater disincentive there is for waste. In representing the recycling industry, I am unapologetic that, as well as the obvious social and feel-good benefits, we obviously support higher levies generally because they are good for our members' businesses, to be completely frank. At what level the levy should be we would not say. This is a bit of a structural change. So we would say that business needs certainty. That levy should increase in a very predictable way. One way is CPI. We would say that possibly the rate of compounding should be higher and ideally laid out for the next 20 years to enable those sorts of investments that our members make to be made with a great deal of certainty.

One of the patterns interstate has been that, particularly when governments change, they come in and look for more revenue and they decide to whack up the levy because no-one really screams. They might whack it up by 30 per cent or 50 per cent overnight. There is no consultation. They just get out of bed one day and do it because they want some more revenue for consolidated revenue. We understand that. That is an undesirable outcome from the recycling industry's point of view because of the scale and nature of the investment. So we need certainty. We do not have a magic number. But waste levies in every jurisdiction have gone only one way, and that is up. We expect that to continue. But it would be great to have 20-year plus certainty actually embodied in legislation.

CHAIR: Member for Southport, do you have another question?

Mr LAWLOR: Councils and other organisations—and you have heard some of this morning—have suggested a further delay for the levy start date. Do you agree with this and, if not, why should the legislation commence on 1 December or as soon as possible without any further delay?

Mr Musgrove: Thanks for the question. It is probably fair to say that our members in ACOR are not levy ready; we are levy weary. We would like to see it start. We do not want to kick down the road anymore. We need the certainty as an industry. The vast majority of our members who operate in Queensland operate in other jurisdictions. So they are used to administering levies. They just want to get on with business.

CHAIR: The member for Bulimba has a further question.

Ms FARMER: Thanks, Grant. Can you comment on how effective a price signal has been in driving recycling and re-use rates in other states? Is there evidence of that?

Mr Musgrove: I do not have figures at hand. What I would point the honourable member to is the Commonwealth Department of Sustainability, Environment, Water, Population and Communities—Tony Burke's megadepartment. That department is currently doing a study of the recycling sector nationally. I am not sure on the time line of when that will be out, but I imagine it will be some time within six months. We are contributing actively to that study. But it is being done by third-party consultants. Hopefully, that data will be a great snapshot of the sorts of figures you would like. Queensland has really been at the bottom of the curve in terms of the level of resource recovery. We think that it is not particularly rocket science to figure out that is associated with the absence of a levy on waste.

CHAIR: Has the committee any further questions? Grant, I noticed that today you were using this opportunity to do some networking. My burning question to you is did you convince any of the submitters that your organisation could benefit them?

Mr Musgrove: I am very hopeful that representatives from the timber industry, who we do not currently represent, will be joining ACOR very, very shortly. There is no good going it alone in these things. Obviously, we are talking about Kennedy timbers. We anticipate receiving an application for membership shortly.

CHAIR: Thank you very much, Grant, for assisting our work today. We really appreciate your feedback and we have certainly appreciated you answering our questions.

Mr Musgrove: Thank you.

HUTCHEON, Mr Toby, Executive Director, Queensland Conservation Council

CHAIR: I would like to welcome Mr Toby Hutcheon from the Queensland Conservation Council. I invite you to briefly outline the key points of your submission and we would then like to follow up with some questions.

Mr Hutcheon: Thank you, Madam Chair. The Queensland Conservation Council is the peak environment organisation of Queensland, so we very much represent the environmental non-government organisations of this state. Our particular interest in this is that obviously waste, as well as being an economic and a social issue, is an environmental issue. Wastes obviously can pollute and contaminate the environment. They can also cause litter. Secondly, waste management, or our lack of waste management, tends to mean that we have an unsustainable use of resources that then also has an impact upon the environment.

The QCC—my organisation—is very much supportive of the introduction of this bill and, of course, of the levy. The fact is that Queensland really has not had a waste strategy in place and has not had a waste levy in place, and as a result we can quite rightfully be described as a wasteful society. We regularly compete with New South Wales as the state with the highest waste generation per year, despite the fact that we have a far smaller population. We regularly compete with WA as the lowest recyclers in the nation. Around 29 per cent of what we use we recycle. We estimated in 2007 in a report that we probably wasted around \$350 million worth of resources in landfill every year. That is obviously a real waste that needs to be addressed.

To resolve that we very much support the introduction of a strategy and, of course, its associated bill. The introduction of a levy, which we very much support, is the key component of that in terms of driving a price on waste but, more importantly, investing in the alternatives to waste, in resource recovery. Like many others, we do not share the view that the municipal sector should be exempt. We believe that that creates administrative and perverse issues, and we would urge that the municipal sector does get included in that.

The reality of the levy is that most other states already have a levy, particularly New South Wales. Last year the New South Wales government extended its levy area to include the areas directly south of the Queensland border to the extent that those areas just directly south of the border currently have a levy of around \$31 per year. Next year it will be \$41. The following year it will be \$51. This really encourages a lot of cross-border trafficking in waste. So I think it is imperative that Queensland actually has a waste levy to at least prevent that. The final thing, of course, is to look at the levy not simply as a cost but as an opportunity. The reality is that if you have a levy, if you are transferring the cost of waste towards resource recovery, you are creating new business and you are creating new jobs.

I just want to cover a couple of issues that I raised in my submission. The waste hierarchy is a good tool and a framework for making decisions. We would urge that the bill is changed to reflect that waste avoidance is separate from waste reduction and it should be expressed as such. We are very, very supportive of the notion of product stewardship, as stated in the act. The key for us is that the act proposes to manage a whole-of-life cycle management of product. So it is not simply about how can you manage products in Queensland once they are discarded. It is very important that at the manufacturing stage those things are done. In the European Union and in the USA they require manufacturers in China to reduce the toxicity or the resource use in the products before they come into the market. We should be doing the same thing with other jurisdictions in Australia so that we do not become a dumping ground for products that are not acceptable in the EU.

One thing I would like to raise is the banning of single-use plastic bags. This was contained in the consultation draft of the bill and then mysteriously disappeared when the bill was tabled. I have been in virtually all of the consultation processes and it has never, ever been raised as an issue except by me and, obviously, in support of that ban. I think it is one of those hearts and minds issues to really get the community to understand the issues around waste, and I would urge that that particular section be reinserted. It is quite clear that there are very easy alternatives to single-use plastic bags in the form of biodegradable and compostable bags. It is a simple and easy thing and will signal very much the commitment of the parliament to actually turn Queensland into a more resource-sustainable society.

The last point I would like to raise is the need for review. This is the first time in reality that Queensland has done this. There are issues and problems with the bill and with the associated strategy, but it is important that we do not delay. It is important that we continue. Therefore, we believe it is important that we have a very strong review within two years of the act to see how the strategy is performing and that review should be based upon how we are progressing and performing against the targets and how money is being used. If it is decided that the municipal sector is to remain exempt, that review should question whether that exemption should continue based upon whether the municipal sector has actually achieved its performance of meeting a target of 50 per cent reduction in waste by 2014.

CHAIR: Thank you very much, Mr Hutcheon. Your submission suggests that this bill is long overdue. How far behind are we in Queensland compared to the other states?

Mr Hutcheon: At least a dozen years. The New South Wales WAR act was introduced in 1995 when the levy was brought in in New South Wales. So we are way, way behind the eight ball. We do not even compare with South Australia, of course, which has a zero waste agenda. South Australia is Brisbane

generally regarded as the leading state in terms of resource management. For instance, it has a plastic bag ban and estimates that it removes 400 million plastic bags from the state every year as a result. South Australia is a leader, but every other state is ahead of Queensland by at least a dozen years.

CHAIR: Thank you, Mr Hutcheon. The member for Glass House has a question.

Mr POWELL: Mr Hutcheon, you mentioned before that Queensland has a 29 per cent resource recovery. DERM itself is using 43 to 45 per cent. Can you explain the discrepancy there?

Mr Hutcheon: I think the difference is in terms of what commodities are actually being included in that. We have largely just based our figures—and this comes from our 2007 report—on household and commercial wastes only. There could be some additional waste that DERM is including that I am not aware of.

Mr POWELL: My understanding is that they may actually be using the National Litter Index and it has therefore been comparable to other states. No-one is disputing the fact that we might be at only 40 to 45. In terms of other states, I think the best is at 60. So just to clarify again, you are saying that there may be some types of waste that DERM is including that you are not; is that correct?

Mr Hutcheon: That is correct, yes.

Mr LAWLOR: One of our previous witnesses, Mr Kennedy, who is in the recycling timber business, said that a levy will encourage the use of rainforest timber from South-East Asia, South America and so on because most of the timber that is recycled—90 per cent of it he said—is treated with creosote and all sorts of chemicals and so on. What is your view of that—that it will encourage the use of rainforest timber from those other areas?

Mr Hutcheon: I completely disagree with that. The whole notion of the levy is to put a price on our waste. Currently, the fact is that we put more timber into landfill than we cut down from forests every year. More goes into landfill than we cut from forests. If you have a levy and that is then applied to those timbers, they suddenly have a negative commodity value. You change your practice and start to actually re-use more of that timber and that then replaces any virgin materials from either this state, other states or overseas. Believe me: there is plenty of rainforest timbers currently being discarded into landfill in Queensland right now.

Mr LAWLOR: But the point that he was making—I do not want to debate the issue—is that if you are converting, say, an electric light pole, which is treated with creosate and so on, into, say, a square beam then there is off-cuts—residue—which must be then taken to a tip. That is now going to cost money. So instead of getting electric light poles from Enerdex or anyone else, he will just go and buy the logs from South-East Asia, which have no creosate. In other words, you can get them in particular sizes and so on and they are not treated and some of the timber is more useable.

Mr Hutcheon: I suspect then that if that is the case then there is a policy loophole that can be resolved. The reality is the fact that we are wasting a whole load of resources that are currently here. Why not use them? If there is a reason or an impediment why they are not being used, then let us look to a policy change to make sure that they are.

Mr POWELL: Mr Hutcheon, you also mentioned the issue of cross-border waste and you mentioned specifically that New South Wales has now extended its levy to include the Tweed. It is at 31 going up to 41. Has QCC done any work at quantifying the amount of cross-border waste that is either coming in or is anticipated to come in?

Mr Hutcheon: We have not. We just recognise that as a threat and it is quite an apparent threat, particularly as the New South Wales government has a program of strategic increases in that levy. Every year where there is not a levy in place in South-East Queensland will encourage that cross-border trafficking of waste.

Ms FARMER: We have had representation from local governments and other organisations that the start date should be delayed until the middle of next year because of the various complexities of organising a structure around it. What would be your response to that?

Mr Hutcheon: We have already had a delay of six months. We have had plenty of opportunity. Really, what you have to look at in terms of delay is that it means two things. It means, firstly, we do not address the issues and, secondly, that when we come to address the issues it is going to be even more costly. So that is what we really have to bear in mind. The reality is, as my answer to a previous question illustrated, that we are at least 12 years behind. Most industries and most local governments have had all of this notice that this was coming. They should have had this put in place, so I would argue for no delay. On 1 December the levy needs to be introduced and let us get on with it.

Mr POWELL: You mentioned—sorry, it may have been in your submission—that there is money being made available to environmental elements through the WARE Fund. Is QCC working with the minister or DERM in determining what environmental priorities might be allocated funding through this fund?

Mr Hutcheon: There is a proposal for a small fund directly for community organisations, which we have been very much supportive of, because we believe that the community should be part of that, not just industry and government. Yes, we are providing advice on the criteria and the potential direction of that to DERM.

Mr POWELL: Sorry, but can you elaborate? A community fund for—

Mr Hutcheon: For community organisations exclusively. I am talking about the likes of Legacy, Rotary, scouts and guides so that those community organisations can access funding to work in their community, particularly around waste avoidance issues.

Mr POWELL: Are there any other environmental priorities that QCC is recommending the WARE Fund be allocated to?

Mr Hutcheon: We have been part of that whole funding process and we have taken, I guess, a suck it and see approach. Queensland is in a position where culturally I do not think we are as advanced as other states. So our approach is, 'Let's put that funding in place and let's make sure that everyone performs to meet it.' In two years a review might say, 'That was an inappropriate investment or didn't quite work. Let's see how we can change that.' But apart from that, we are supportive of the ongoing funding arrangements. Have I answered your question?

Mr POWELL: No, I do not think you have. I will probably elaborate a bit further. During the estimates process it was made clear that the funds from this fund were going to also do things like purchase koala habitat. Are there any other acquisition-type projects or other environmental priorities that QCC will be encouraging this fund to be used for?

Mr Hutcheon: No. We are quite happy that there is funding going into koala rescue and to national park acquisition. It is the first time ever that there has been funding for that, so we support that. But largely I think the rest of the funding has to be dedicated to resource recovery. That is really the key for this.

Mr POWELL: Thank you.

CHAIR: If there are no further questions from the committee, we thank you very much, Toby, for coming in today to give us that feedback and to answer our questions. We very much appreciate your attendance.

Mr Hutcheon: Thank you.

CONNORS, Ms Libby, State Spokesperson, Queensland Greens

CHAIR: Could you briefly outline the key points of your submission and, of course, we would like to follow up with a few questions?

Ms Connors: I want to thank the committee for the opportunity to come and speak this morning. Matters to do with waste and recycling are matters of grave concern to the Queensland Greens. As we said in our written submission, we strongly support the bill's focus on principles of waste avoidance and promoting resource recovery and we support the main objectives of the bill, namely, the promotion of waste avoidance and reduction and resource recovery and efficiency; reducing the consumption of natural resources in order to minimise the disposal of waste; minimising the overall impact of waste generation and disposal; ensuring a shared responsibility between government, business and industry and the community in waste management and resource recovery; and supporting and implementing national framework objectives and priorities for waste management. So we support the proposed waste levy both as a means of internalising the true environmental cost of waste disposal and as a way to finance the transition to sustainable recycling and materials recovery.

Too many landfills outside the metropolitan area are poorly or undermanaged, and the Queensland Greens have direct experience of this, with frequent public complaints about problems of seepage and pollution from poorly managed landfills. So there is a lot in the bill that is good, but there are two very big concerns we have. The first is disappointment. We think that this was a missed opportunity to include container deposit legislation as part of these reforms. Had that been included, we would have brought Queensland in line with South Australia and with the Northern Territory, which recently adopted container deposit legislation. Australia uses over 12 billion beverage containers a year. Only about half of those are recycled. Most of the remainder wind up as litter or in landfill. There are also more than four billion plastic bags given out of supermarkets. Barely any of these are recycled and four million tonnes of packaging is used and discarded every year. The Greens have been pushing for quite some time for a national container deposit scheme to handle the 12 billion beverage containers that are used and, in our view, if we put a monetary value on those containers we would see far fewer of them end up in our waterways, parks and bushland.

A container deposit scheme would place a tiny premium on the beverage container to give them an economic value and the effect, according to Greens Senator Scott Ludlam, would be to reduce our greenhouse gas emissions by nearly one million tonnes of CO₂ per year. As I mentioned, South Australia and the Northern Territory already have CDL, and South Australia, of course, is the state with the best record on waste recycling. Some 66 per cent of its waste is recycled compared with Queensland at only 35 per cent. We are actually the second worst performing state on the issue of recycling. Only Western Australia has a lesser percentage. So we are disappointed that the views of the beverage industry have been given priority over the views of community groups and the environment movement on this issue.

The other point that I would like to make was that our written submission was based on the public consultation held around earlier drafts, and I would really like to thank Rob Hansen who alerted me with a phone call yesterday to the fact that our submission was actually not up to date with the current clauses. So I only discovered last night that disposal of CSG water has now been included in the bill and the Queensland Greens are bitterly disappointed with the inclusion of that in this bill. As we said, we recognise the important principles behind the bill and we think it is totally inappropriate to bring in CSG water. There is a serious incongruity in a bill designed to minimise waste being used to facilitate an industry which is going to ravage Queensland's groundwater resources and, furthermore, an industry for which there has been no public health studies conducted. I have spoken to many of the residents of the Tara residential estate. There have already been unauthorised—presumably—releases of water from coal seam gas wells on their estate and they have reported serious health issues that were manifested in their children, from small children developing migrations and rashes. So we have consistently asked for a public health study on the impacts of the coal seam gas industry and we think it is totally inappropriate that this bill should be used to facilitate a potentially massive disposal of this industry's wastewater in a bill to do with minimising waste.

Of course, we know that the estimates are that this industry will, particularly in the early years, be producing up to 300,000 megalitres of coal seam gas produced water per year. So this is a massive amount that will potentially be authorised under this bill to be released into Queensland creeks and streams. So I wish to put on the public record the Queensland Greens support for the Lock the Gate submission. I contacted Lock the Gate once I realised this was part of the bill last night and was informed that they had also been unaware that it had been inserted into the bill and that they did a written submission on Monday, 5 September. The Queensland government promised strict environmental regulation of this industry, but now we find our rivers and creeks could potentially be used as disposable drains by the gas industry and potentially wreak as much havoc on our waterways as the Central Queensland coalfields have been wreaking on the Fitzroy River system every time we have a wet season, and for Central Queensland that has been four out of the five last summers.

The Queensland Greens also wish to draw the committee's attention to aspects of the Queensland Murray-Darling Commission's submission, which also summed up many of our concerns about this part of the bill, in particular, proposed section 329GA relating to what is a CSG emergency release. As QMDC
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wrote, they do not support, and neither do the Greens, the emergency release of CSG recycled water that may have an impact on drinking water supplies and we assert that this should not be permitted under the act.

It is possible that in an emergency situation a release of water might be essential, but we think that would realistically be a time frame of seven days, not 12 months as is provided for in this bill. If a CSG entity perceives the likelihood of emergency releases, its operation should not be allowed to proceed and an environmental authority should be declined or revoked. It is very clear that, whether we are talking about southern Queensland or Central Queensland, both of which are earmarked for massive coal seam gas developments, these regions have variable climate. Extreme events are natural to our river systems and the CSG industry has to operate with that awareness and within that reality and not assume that a summer flood is some kind of strange anomaly or emergency.

No CSG activity or infrastructure should be allowed to proceed on flood plains or on sites known to pose risks because of climate change or variability. Without access to and discussion on scientific and social research, both international and local, the proposed amendments are unable to provide us with any reassurance that public health will be protected. That is why we have repeatedly asked that a moratorium be declared so that we can do the full environmental and seismic studies required to prove interconnectivity and the public health studies that the people of Queensland have a right to know about before this industry has invested billions of dollars and, consequently, imposed all sorts of public pressure on government.

Furthermore, any disposal of their produce water should consider a region's natural resource management plan. That means they need to take into account not only the individual impacts of each CSG proposal but also the cumulative impacts of the whole CSG industry and other water users. The proposed amendments to allow prolonged emergency releases or exclusion from existing policy and legislative frameworks are not adaptive management strategies or actions. They serve to further entrench a policy and legislative framework that increases risk to both the natural resources of a region and local communities. Similarly, with proposed section 329GB, 'Relationship with Environmental Protection Act 1994 for CSG emergency release', we do not support this clause. It must be mandatory for the provider's recycled water management plan to fully consider a range of emergency conditions and plan for them within very stringent conditions of an environmental approval. Yes, we are very disappointed that a bill with otherwise really good and sound principles has been subverted by this inclusion of coal seam gas water.

CHAIR: Thank you, Libby. I will pass over to the member for Bulimba who has a question.

Ms FARMER: Thanks for those words on the CSG water issue. I probably do not have a question to ask because I think you have given us a very detailed response on that. Can I take you back, though, to the container deposit legislation? You might not be surprised to hear that South Australia has been held up as a good example by a number of the stakeholders who have been here this morning. I know you referred to a Victorian study about CDL, which is an internship report. I am interested whether any formal evaluations have been done by governments, for example in South Australia, about the benefits and outcomes of that CDL?

Dr Connors: I do not specifically know of any Victorian studies, but there certainly have been national studies. The Greens in the Senate have been urging a national container deposit scheme and, consequently, there have been a number of studies that Senator Ludlam referred to in his speech of 15 June, but I do not have the specifics. I only know that, yes, Senator Ludlam is very actively arguing on the benefits of them—the immense benefits not just in terms of minimising waste but of reducing carbon dioxide emissions.

Ms FARMER: Perhaps he might have some scientific studies or some other kind of formal studies that he is referring to?

Dr Connors: I am sure there would be, yes.

Mr POWELL: I asked this question of Mr Hutcheon just before, too. He used the percentage of 29 per cent resource recovery. You have used 35 per cent. The established percentage used by the department and other industries is in the forties. Can you explain where the 35 per cent came from, please?

Dr Connors: Again, I took that figure from some figures provided by Senator Ludlam's office. So I would have to go back and clarify what the origins were. It was a comparative study that he was doing amongst the different states. That is how I knew Queensland, under his figures, was the second worst performing state.

Mr POWELL: Can I ask that you forward that source from his speech through to Mr Hansen, if that is possible?

Dr Connors: Sure.

CHAIR: Are we happy to take that on notice?

Ms FARMER: I am not sure if you were here when the Queensland Conservation Council was talking about the issue of plastic bags. Obviously, that is an issue which always engenders quite a lot of public comment. What is your suggestion for a practical way in which some regulation around this could be put in place?

Dr Connors: I am just having to refer back to our submission. We certainly would support a ban on the supply of plastic shopping bags. That is within section 83 of the original draft. We were more than happy to support that. We commented on the fact that penalties had not been proposed for offences relating to supply. I think we would probably like to see enforcement of that provision. Am I answering your question? You just wanted steps to dealing with the issue because of the popularity of the plastic bag not so much by the public but by retailers.

Ms FARMER: You are referring to an earlier draft obviously and your submission talks about perhaps penalty amounts in the enforcement of that sort of ban. I am interested in your thoughts on that.

Dr Connors: Sorry, no, I did not have any more detailed points to make except that, given that the biodegradable option is available, it seems to me that it would be sensible to make those mandatory and then to penalise those who persist in using the plastic. I am sorry, I do not have any more detailed points to make.

CHAIR: Since there are no further questions, I thank you very much for attending today. We very much appreciate your feedback and you answering our questions.

Dr Connors: Thank you.

CHAIR: This brings our hearing to a close. I once again thank everybody who appeared today. The draft transcript of the hearing will be available from the parliament's website as soon as it is finished next week. I hope today's discussions have encouraged everyone here and our listeners online to check the submissions on our website. I now declare this meeting of the Environment, Agriculture, Resources and Energy Committee closed.

Committee adjourned at 12.53 pm