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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

THURSDAY, 8 SEPTEMBER 2011

Brisbane

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Committee met at 10.42 am

SCHEU, Mr Graeme, Mayor, Goondiwindi Regional Council; Chairman, Downs and Surat Basin Alliance of Councils

BROWN, Mr Ray, Mayor, Western Downs Regional Council

GILMORE, Mr Thomas, Mayor, Tablelands Regional Council

CUTHBERTSON, Mr William, Manager, Water, Waste Water and Waste Operations Group, Tablelands Regional Council

LAMPERD, Ms Kirsty, Senior Adviser, Environmental Planning, Tablelands Regional Council

CRUMPTON, Mr Nigel, Acting Manager, Waste and Environment, Cairns Regional Council

CHAIR: Good morning, everybody. I am told that all the parties are online. We only have half an hour, so I am going to go through a very brief introduction and then we will get onto the conference.

I declare this meeting of the Environment, Agriculture, Resources and Energy Committee open. We have on the phone Councillor Graeme Scheu, Mayor of the Goondiwindi Regional Council and Chairman of the Downs and Surat Basin Alliance of Councils—Graeme, I know you are speaking on a couple of separate submissions that you have lodged; Councillor Ray Brown, Mayor of the Western Downs Regional Council; Councillor Tom Gilmore, Mayor of Tablelands Regional Council; Mr Bill Cuthbertson, Manager of the Water, Wastewater and Waste Operations Group with the Tablelands Regional Council and I believe you are joined by Kirsty Lamperd, senior adviser for environmental planning in the Tablelands Regional Council; and last but not least we have Mr Nigel Crumpton, the Acting Manager of Waste and Environment with the Cairns Regional Council. Good morning.

I am Carryn Sullivan, the member for Pumicestone and chair of the committee. The other members who have joined me today are our deputy chair and member for Hinchinbrook, Andrew Cripps; Andrew Powell, the member for Glass House; Di Farmer, the member for Bulimba; and Peter Lawlor, the member for Southport. Jack Dempsey, the member for Bundaberg, sends his apologies.

Before we start, I ask that everyone has their mobile phones switched off or to silent please, so we do not get any interruptions. Perhaps, Graeme, can I ask you to outline the key points in your submissions. We will follow with some questions after that and then we will hear from the others. As I said, please bear in mind that we have only half an hour, so be mindful of everybody else wanting to speak.

Mr Scheu (Inaudible).

CHAIR: We are trying to turn you up a little bit, Graeme. Can you speak a little louder.

Mr Scheu (Inaudible). We have met on a number of occasions. We meet four times a year. Our discussion point related around this waste levy and the implementation of it. It was terribly obvious to us that the implementation time for all councils was always going to be the hard point. At one of our meetings, as per the attachment that we have sent in, the proposed start date of 1 July was originally going to be the case but it is now extended to 1 December. That is simply not long enough. It would appear that we would need at least five years for all of those councils, albeit I stress that Maranoa is exempt from this policy any way. The implementation time is our major problem.

As far as Goondiwindi Regional Council goes, of which I am the mayor, there is a separate submission there. In our original deputation, I visited the minister down here and put forward the argument that the Goondiwindi Regional Council should not be included at this stage due to the fact that the preparation involved would take a number of years. That is referred to in paragraph 5 of my first submission. The hardship it causes to councils of regional areas, particularly ours, is enormous. The funding needs to be completely up-front if they want regional councils like ours to be involved. We also need time to prepare. We put forward that we not be left out of the period but would come into the second round that they were talking of earlier, and that we supply waste management strategies as we try to alleviate and answer some of the problems. It seems to us that there is \$11 million of funding up-front in Brisbane

this first round. In our particular case, one stage could require up to \$1 million. We have no power on the site, we have not got anything on the Goondiwindi site. Since the start of this, the other areas in our council area have been given a two-year window. That is basically where we are coming from. That is very quick, as quick as I could.

CHAIR: Graeme, can I hand over to Ray Brown. Ray, would you give a very brief overview.

Mr Brown: Certainly. I certainly support Graeme Scheu and the DSBAC group. Our biggest concern was the time frame. We already started implementing a waste strategy plan ourselves, but it was a program that we are reeling out over five years. What has happened is that with this new levy, it has certainly expedited it and the identification of, in our case, \$3.17 million to have this levy up and fully functional in this time frame was a huge impost, particularly if you are a freshly amalgamated council where we have had to address so many issues in this existing term and it is a program that we identified as to what is needed. We have no concerns about what is required and the intentions of the waste levy to reduce and recycle as much as we can. But we are restrained with 22 facilities that actually have to be manned, fenced, certainly with weigh bridges on those over 5,000 tonnes.

I applaud the government in changing, particularly, the measures yesterday for clean landfill to go in and cover it. That was of huge concern to us. I still have a large issue with the zero-dollar levy for domestic waste. I would prefer domestic waste to be excluded, instead of having the levy there with a figure sign on it. It means that down the track it could come in and that would be a huge impost on our communities. We have identified in the \$3.17 million that the cost just to put caretakers on the facilities, the power, the water, the telephones, are a huge cost to all of these facilities. Also, we have limited access to private recyclers. Everyone on the eastern seaboard seems to be able to get recyclers and private enterprise. But particularly in regional Queensland, we do not have access to that.

Those are our chief concerns. We know that we have \$650,000 minimum operational costs per year. Just the initial impact and the time frame is our biggest concern. We would like to see a lot of those dollars up-front. We acknowledge that we have to do something—we certainly acknowledge that—but it is the time frame and the speed that is hurting us.

CHAIR: Thanks very much, Ray. Who is speaking on behalf of Tablelands?

Mr Cuthbertson: I am Bill Cuthbertson and I will be speaking to you. Our submission revolved around the alternative waste technology for municipal solid waste and also the clean fill. I understand that you have resolved the clean fill issues, so obviously the alternative waste technology is a very big issue for us. Nigel from Cairns Regional Council will also speak to that. Effectively, we are being penalised quite severely to the tune of possibly \$150,000 a year for an unknown period. On the actual definition of the residual and how that is applied through the draft regulations and how the committee is going to look at that, obviously we would recommend as it is municipal solid waste that is being treated that there would be a zero dollar applied to that particular residual.

CHAIR: Lastly, Mr Nigel Crumpton from Cairns, can you give us a very brief overview, because we are all very keen to ask some questions.

Mr Crumpton: Certainly. The Cairns Regional Council agrees with the broad objectives and strategic intents of the bill and they are generally in line with our own waste strategy. As Bill from Tablelands has just said, it is really the waste levy regarding the municipal solid waste component of the residual waste from the resource recovery. Cairns Regional Council delivers all municipal solid waste and Tablelands Regional Council delivers a portion of municipal solid waste to the Bedminster facility, where the waste is aerobically composted and diverted from landfill, hence eliminating a generation of greenhouse gases. This kind of facility is unique in Queensland. Both councils already pay a premium to recover and divert waste from landfill via the Bedminster facility.

By potentially imposing a commercial/industrial levy on the municipal solid waste residual component, council will be significantly financially disadvantaged, so we believe in implementing innovative resource recovery technologies. Levying the municipal solid waste residual component at the commercial/industrial waste levy of \$35 a tonne would equate to additional costs to Cairns Regional Council of approximately \$1 million per year and to Tablelands council of approximately \$110,000 per year. While state government officers acknowledge it is an unintended outcome, even if a proposed discount on the commercial/industrial levy of 50 per cent or \$17.50 per tonne was granted through a provision, Cairns Regional Council would still have significant additional costs of approximately \$500,000 per annum.

Not only will imposing the commercial/industrial levy on the municipal solid waste residuals be a significant financial burden for Cairns Regional Council, it also appears to contradict the intent of the waste disposal levy outlined in the bill and acts as a disincentive for other councils considering implementing resource recoveries of this kind. The levy of municipal solid waste residuals at the Bedminster process places Cairns Regional Council residents at a significant disadvantage to residents in other council areas where municipal solid waste is not levied.

CHAIR: Thank you very much. I will hand over to the committee for questions. When you are asked a question, can you state your name and position for the sake of *Hansard*. I will hand you over to the member for Glass House, Andrew Powell.

Mr POWELL: Thank you, Madam Chair. I am Andrew Powell, the shadow minister for the environment. My first question is to Councillor Scheu. Councillor, in your capacity as Mayor of Goondiwindi, one of the reasons that the government has proposed this legislation is concerns about cross-border waste transfer. Given our council sits on the border, can you acknowledge whether there has been significant cross-border waste transfer?

Mr Scheu: We have never encountered any problem. I can understand that argument and I had that debate with the people down there. I can understand that closer to the seaboard, but in this western area it is not an issue. It really is a non-issue. The initial thought was that New South Wales was going to expand its waste levy, which I believe under the new government is not going to happen now anyway. For our inclusion in this to be based on a cross-border issue is ludicrous.

Mr POWELL: Thank you, councillor.

Mr LAWLOR: Councillor Scheu, I understand what you are saying about the cross-border issue at the moment. It is a problem down on the Gold Coast, for instance, where some councils in northern New South Wales have of a policy of encouraging their residents to dispose of their waste in the Gold Coast effectively. Also, you would have neighbouring councils that are included in this proposal. Aren't you concerned that the cost for managing waste may, in fact, go up if you are the only one excluded and that may produce an influx of waste coming from maybe interstate but also other jurisdictions? In effect, that would make Goondiwindi the dumping ground of South-West Queensland.

Mr Scheu: Again, I had this debate with the bureaucrats down there. There are other councils such as Maranoa, for instance, that are in a far worse scenario to us. The difference with us here on the border, bearing in mind if you look at our council maps you will see we are a very long, skinny council area with 522 kilometres of border with New South Wales admittedly, but I do not see that it is a problem. I am the first to admit, and I always have been, that this council is a long way behind with our waste management strategy and we need to improve it and we will. The implementation time of this is what holds the key for us. That is the way that I see that we can go forward.

CHAIR: The member for Bulimba has a question.

Ms FARMER: My question is to Cairns City Council. I just want to congratulate Cairns and Tablelands for the leadership that they have obviously taken in this area. You have made that decision ahead of time to do something with your waste management practices. I understand you have been working quite closely with DERM and with the member for Cairns, Desley Boyle, on getting some resolution to this issue. I just wonder if the best way to resolve this is for council to report to DERM about how much MSW waste is actually going into this facility, with accurate information on volumes of waste, and that way DERM would be in a situation to see how much of the waste that is going into the facility can be fully exempt. Is that possible? Can Cairns City Council actually provide DERM with that data?

Mr Crumpton: Firstly, thank you for acknowledging our technology and the path we have taken. We have actually got significant data on the MSW that is going into the facility and we are able to present a methodology to DERM, and we have talked to them about this, that shows the percentages of MSW that is going into the facility. So therefore, based on certain methodology, we can predict the MSW residual component coming out the back that is going to landfill. We have talked to DERM about that. We actually put our figures in the annual submissions as well

Ms FARMER: Great. Thank you.

CHAIR: Member for Glass House?

Mr POWELL: My question is also for Cairns, Mr Crumpton. I understand that the current advice from DERM and from the minister is that if your facility there was to be run by the local government as opposed to a private contractor your residual would actually be exempt. Is that what you are also hearing?

Mr Crumpton: We have had a discussion with DERM along those lines. However, we pointed out to them that we also own and operate our own materials recovery facility and the residual from that would still be levied at the commercial industrial rate, we believe.

Mr POWELL: Exactly, yes.

Mr Crumpton: So we are not sure if that advice is actually correct.

Mr POWELL: Thank you. That clarifies it. Because I, too, had that concern: that any residual from any resource recovery is actually going to be levied so it does not make a difference whether it is being run by local government or by a private contractor.

Mr Crumpton: That is the intent that we saw as well.

Mr LAWLOR: My question is directed to someone from the Tablelands Regional Council. I appreciate you have circumstances with your council and Cairns using a recycling facility for MSW waste, and your council should be applauded for that, but can I ask what is the recycling rate of this facility and how does it compare to some of the best practice benchmarks that we have been hearing about for these types of facilities in the vicinity of 90 to 100 per cent recycling rates? Were you aware that there is currently a 50 per cent discount for recycling residuals in the legislation?

Mr Cuthbertson: The percentage of waste that we direct to Bedminster is effectively the former Mareeba shire council area, and that percentage is approximately a quarter of the waste that is produced totally in the TRC region. With regard to the percentage that is produced and brought back to Mareeba to the landfill, it is around about 30 per cent of the total waste that we send down there.

CHAIR: Thank you. Member for Glass House?

Mr POWELL: My question is directed to representatives from each of the councils on the line. If you could just briefly confirm whether your council is in a position to enact this legislation come 1 December. I know many of you referred to it in both in your written submissions and your opening statements, but I just need it clarified. Also if you could each tell us the dollar figure that will be required upfront to meet the levy implementation and then any annual ongoing expenses, please?

Mr Brown: As I did mention to the committee and chair, we identified and submitted to DERM a \$3.17 million upfront initial impact cost and ongoing operational maintenance of \$650,000. It does not include asset depreciation. We have not included that. We will not be in a position to have it fully implemented on 1 December. We will certainly struggle with that. With 22 waste stations, part of our strategy was to transfer some of these to transfer stations. We cannot get them up and running in that period of time. We are already spending in excess of \$5 million on a whole new recycling super depot to encourage waste recycling. With this sort of impact on us our ratepayers are not in a position to put this in place from day one. So, to have it fully manned and everything abided by, no, we cannot meet those guidelines.

Mr POWELL: Thank you. Cairns?

Mr Crumpton: I believe that we will potentially struggle to have everything in place to be levy ready. However, we have had, for example, grants from DERM to upgrade our weighbridge software of around \$60,000. There will be ongoing licence fees that we do have to pay on that software which could be up to around \$20,000 a year. There is obviously administration costs, potentially additional staff and we may have to change some of the transfer stations' infrastructure and how we operate some of the transfer stations. I cannot quantify those costs at this point in time. The main costs for Cairns Regional Council would definitely be driven from the levying of the municipal solid waste at the commercial rate. As I referred to in the opening submission, it could be up to \$1 million per year and even if there is a proposed discount granted through the provision it could still be in terms of around \$500,000 per year.

Mr POWELL: Thank you. Tablelands?

Mr Cuthbertson: The council area has a total of 18 waste transfer stations and currently five landfills in operation. The costs that have been defrayed by grants at the moment are approximately \$280,000. However, there will be the ongoing maintenance associated with all of these facilities. I would like to take on notice the costing and provide it at a later date through the chair.

CHAIR: Yes, we would be more than happy for you to do that.

Mr Cuthbertson: The other aspect is, of course, the \$35 a tonne coming through the Bedminster system.

Mr POWELL: Does that leave Goondiwindi?

Mr Scheu: I cannot exactly tell you the upfront council costs because it would depend on exactly where we go. We have six landfills and one transfer station currently and, obviously, a bit like Ray has mentioned in his submission, we would be looking at trying to convert some of those to transfer stations to operate it. So I could not honestly say whether our upfront costs would be \$1 million or \$2 million. As I mentioned before, we do not have power, we do not have a weighbridge. All our things are going to have to be deemed—all our landfills. So it is going to be an enormous cost for us upfront. As it stands at the moment, our 5,000 tonne limit for Goondiwindi is going to bring in only \$165,000 and it is going to be millions. From our QTC report our 10-year outlook does not look good at the moment. We are running around trying to reduce costs and rationalise services and an impost like this on top of it, in one fell blow, would just be crippling to our council. We need to implement it over a period of time, as I have suggested to DERM all the way through.

Ms FARMER: This is a question I guess to all of you as well and it is something that I asked the other councils who attended our public hearings yesterday. This legislation has been on the table for quite a while and I understand you have all been working with DERM on the impacts for your councils. I am aware, and the point was raised by one of the councils yesterday, that the draft regulations only came Brisbane

through on Friday which gave people a lot more detail about what was required, but I just wonder if each of you could comment on what preparations you have been able to undertake to date on getting ready for the legislation?

CHAIR: Who would like to start?

Mr Crumpton: Could you ask that question again, please?

Ms FARMER: I know discussions about the legislation have been going on for quite some time. Bearing in mind that the draft regulations only came through on Friday and they obviously gave quite a lot more detail about what was required, but over that period when you have been talking to DERM about the legislation, what preparations have each of the councils put in place with what they have known was going to be happening under the legislation?

Mr Brown: From day one when this was first mooted by the department to come through, we immediately went into our waste strategy plan to see how we could adapt to it. Certainly, the time frame of the implementation was crucial, because we did not know what dollars were going to come upfront from the government towards the implementation of it. Full investigations commenced immediately to find out what particular infrastructure was required and how we are going to man it. In this period of time we have already closed two landfills. So we have endeavoured to start our strategy going. It is just the sheer speed to get it done by 1 December that has certainly been a major impact.

We have also kept our communities well aware that this will happen, particularly in lieu of all other changes that regional councils have had to endure since amalgamation. We have been at the very forefront to administer the amalgamation procedures across our region and we have worked with the government on that. This one is just the time. We would like the extension of time. That is all we are asking here. We acknowledge we need the waste levy to be in place, but the dollars upfront and the extension of time, that is all we are asking.

Ms FARMER: Thank you, Ray.

CHAIR: Who is next?

Mr Scheu: We are much the same. We have not done quite as much as Ray has out there, but in our time in the last 12 months we have spent about \$388,000 at our Goondiwindi landfill upgrading the set-up there. We have started to look at, as I said, whether we put transfer stations into some areas and not others. We have had extensive discussions, as you are probably aware, with DERM. I think the inclusion of Goondiwindi has been a very, very topical one. Not many people could see the sense of us being included right from the initial side of it. But again, we are looking down the track at what we can do in the future, what we can supply, and we just simply cannot afford to supply this unless upfront funding is made available to us and the time frames that we have requested for inclusion.

CHAIR: Anyone else?

Mr Cuthbertson: The council has received good support from DERM officers. DERM addressed the council in April of this year in a workshop environment. We have also, unfortunately, had a lot of wet weather, which has restricted our infrastructure implementation. So for us to be levy ready, which is an interesting term in itself, is going to be extremely difficult. I agree with the other speakers in relation to the extension of time. Back until July of next year would certainly give us an opportunity to get through the remainder of what dry weather we have now and get through the next wet season. The funding is appreciated. More funding would certainly assist us to develop our strategy for the implementation of this levy.

CHAIR: Finally, Cairns?

Mr Crumpton: We, too, have made quite a lot of preparations in relation to becoming levy ready, not the least we have weighbridge software with hand-held PDAs and we are rolling that out to all our sites very soon for a trial period. However, the delay in getting the regulations out and certain aspects of the bill—resource recovery areas and just little things changing inside the bill and regulations—have changed the goalposts somewhat. We have to keep going back and looking to see if we are still in line with what is being proposed. Also for our commercial customers we have a differential cleansing charge. We have a pre-levy and a post-levy cleansing charge for the commercial properties we service with kerbside collections. We have also done the same with our fees for all of our commercial customers. There is a differential fee there—one which includes a portion of the state levy from 1 December. We have also been looking at changing a couple of our small landfill sites into transfer stations so we can actually get some resource recovery. In addition, and the main part, is the cloudiness on whether or not the MSW portion of the residual from Bedminster will be leviable or not, because what we have not done is budgeted for covering the additional levy costs with our residential cleansing charges. We do not know if we had a levy obligation there or not to recover the cost.

CHAIR: That brings our meeting to a close. It is now 12 o'clock. Can I thank you most sincerely for giving us your time today. We are very grateful for the assistance and the feedback and really appreciate that you were able to answer our questions. I now declare this meeting of the Environment, Agriculture, Resources and Energy Committee closed.

Committee adjourned at 12.01 pm