



ENQUIRIES: Nigel Crumpton
PHONE: 4044 8251
OUR REF: NC:NC #3296824:
18/57/1-09

01/09/2011

The Research Director
Environment, Agriculture, Resources and Energy Committee
Parliament House
George Street
Brisbane QLD 4000

Dear Sir/Madam

RE: WASTE REDUCTION AND RECYCLING BILL 2011
CALL FOR SUBMISSIONS BY THE EAREC COMMITTEE

I refer to the above document currently in circulation for comment. Please consider the attached submission from Cairns Regional Council in your further deliberations.

Council agrees with the broad objects and the strategic intent of Queensland's Waste Reduction and Recycling Strategy 2010-2020 and the Waste Reduction and Recycling Bill 2011. These are generally in line with Council's own Waste Management Strategy 2010-2015.

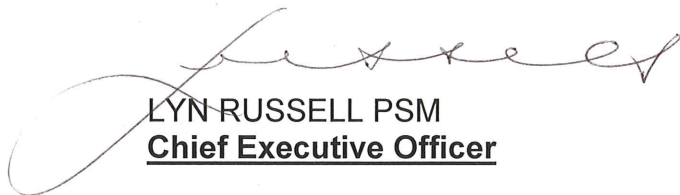
There are a number of primary issues that may impact on Council, however, the principal issue to emerge is the application of the waste levy regarding the municipal solid waste component of residual waste, particularly from resource recovery facilities.

Imposing the commercial or industrial levy on the MSW residual waste component will be a significant financial burden for Council and appears to contradict the intent of the waste disposal levy outlined in the Government's Bill and also in Queensland's Waste Reduction and Recycling Strategy 2010-2020.

I also note that the Waste Reduction and Recycling Regulations 2011 are only available as proposed draft provisions and policy intent prior to submissions closing on 2 September 2011 and are subject to separate future consultation process.

This matter is discussed in more detail in the attached submission for your consideration. Should you wish to discuss any aspects contained in the submission please contact Nigel Crumpton, Acting Manager Waste & Environment at Council on 4044 8224.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Lyn Russell', with a large, sweeping flourish on the left side.

LYN RUSSELL PSM
Chief Executive Officer

Atts

14/07/2011

VS 3229194

Hon Vicky Darling MP
Member for Sandgate
Minister for Environment
Level 13
400 George Street
GPO Box 2454, Brisbane QLD 4001

Dear Minister

**RE: CLARIFICATION ON WASTE LEVY FOR MUNICIPAL SOLID WASTE
LIKELY TO BE CHARGED TO CAIRNS REGIONAL COUNCIL**

Congratulations on your appointment. No doubt you are busy getting up to speed with your important portfolio. I would like your urgent clarification on the application of the proposed waste disposal levy for municipal solid waste (MSW) in Cairns as proposed under the Draft Queensland Waste Reduction and Recycling Bill 2011 (WRR Bill 2011).

Cairns Regional Council is at the leading edge of utilising resource recovery technology in Queensland and already meets the Government's Waste Reduction and Recycling Strategy 2010-2020 target to recover and recycle 65% of municipal solid waste by 2020.

Council delivers all MSW to an Advanced Resource Recovery Facility (ARRF) where the waste is aerobically composted and diverted from landfill – hence eliminating generation of greenhouse gases. This facility is the only one of its kind in Queensland. We also own and operate a material recovery facility (MRF) where over 10,000 tonnes per annum of recyclables are recovered.

The WRR Bill 2011 indicates that MSW attracts a zero (\$0) dollar waste levy. It is therefore Council's interpretation that the residual component of any MSW from the above two facilities which is transported to landfill will be levied at zero (\$0) dollars.

However, current advice from Queensland Department of Environment and Resources Management (DERM) officers is that all the residual waste from these resource recovery facilities will attract a commercial and industrial (C&I) waste levy, as the waste is viewed as having been passed through a commercial process; a position that my Council challenges.

Council already pays a premium to recover and divert waste from landfill via the ARRF. If the levy is imposed on the MSW residual waste component from the ARRF and MRF, Council will be significantly financially disadvantaged for implementing innovative waste recovery technologies. This appears to contradict the intent of the Government's Waste Reduction and Recycling Strategy which states that "developing innovative and accessible resource recovery technologies will be vital to meet the targets".

Levying the MSW residual component would equate to additional costs to Council in excess of \$1 million dollars per annum.

Should this view prevail, Council will need to consider whether it should continue paying the high costs associated with utilising resource recovery facilities or make significant financial savings by taking all our kerbside collected MSW (including recycling) directly to landfill. An outcome I am sure you will agree is undesirable.

In addition, I believe that if the levy remains in place for MSW residual waste from the ARRF, this would act as a disincentive for other Councils considering the implementation of alternative resource recovery facilities.

Can you please, as a matter of urgency, clarify and confirm your position in relation to the application of the waste levy on the MSW residual waste component from resource recovery facilities, particularly Council's ARRF and MRF. Council looks forward to your prompt response.

Should you wish to discuss any aspects contained in this letter please contact Mr Bruce Gardiner, General Manager Water & Waste at Council on 4044 8220.

Yours sincerely

Val Shier
Mayor
Cairns Regional Council

Queensland Waste Reduction and Recycling Bill 2010

Submission from Cairns Regional Council

Cairns Regional Council (Council) has reviewed the consultation draft and provides the following comments for consideration.

Purposes, applicable principles and application of Act

1. Council agrees with the objects of the Act.
 - We would particularly encourage the efficiency of funding; however, these funding sources appear to be primarily targeted at infrastructure projects. Funding opportunities for staff resources will also be critical in assisting Councils to play their role in achieving the aims and goals of the Act and waste strategy and should be considered further.
 - Consideration to the tyranny of distance and lack of economies of scale in supporting regional strategies should be considered in the future actions under the strategy. This could include specific funding or subsidy arrangements that assist in making regional projects commercially viable such as capital grants and transport subsidies for getting products to markets located in SEQ.
2. Council agrees in general with the guide to achieving the Act's objectives.
 - In particular, changes such as product stewardship should be encouraged but the potential transport issues with the distance to market, and impacts on consumer prices need to be well managed.
 - Council supports the user pays principles but has in the past received considerable concern from residents over the potential price impacts of achieving full cost recovery. Current approaches and legislative frameworks encourage cross-subsidy rather than full user pays. Future directions should be designed to encourage user pays.

Meaning of municipal solid waste (MSW)

3. Council notes a definition of MSW is included in the Act, however, needs clarification to avoid any ambiguity in the application of the meaning of MSW.
 - In particular, it is not clear whether household self-haul waste is included in the definition of MSW. Reference is given to waste collection and disposal systems regularly operated in a local government area but the examples both show collection systems. However, in the Queensland's Waste Reduction and Recycling

Strategy 2010-2020, household self-haul waste is included in MSW. Council is concerned the definition of MSW in the Act and Queensland's Waste Reduction and Recycling Strategy 2010-2020 is not consistent in both documents.

- It is noted in the companion document Waste Strategy Consultation Summary Report that waste generated from the commercial or administration activities of local government is not included as MSW, however, clarification of the definition of commercial and administration activities is required.

Identifying exempt waste

4. Council supports the inclusion of residue waste from recycling activity as a category of waste eligible to be declared exempt waste.

- However, the definition of a recycling activity is not clearly explained in the Act and no definition of such an activity exists in the Act. In conjunction with this, the criteria for granting an exempt waste application are also not clearly explained.

For example, Cairns Regional Council owns and operates a material recovery facility (MRF) which sorts kerbside domestic & commercial recycling and self-haul domestic & commercial recycling.

The residual waste from the MRF is processed at an alternative treatment technology facility (SITA Environmental Solutions Bedminster Advance Resource Recovery Facility) along with kerbside domestic & commercial waste, self-haul domestic & commercial waste and council waste. The organic portion of the waste is aerobically composted and diverted from landfill. The residual waste is taken to landfill for final disposal.

It is noted in the companion document Waste Strategy Consultation Summary Report that the levy does not apply to autoclave, composting or incineration facilities.

The application of the levy to this residual waste needs to be clarified on several levels:

- Firstly, Council submits that the alternative treatment technology facility is classified as a recycling activity (composting facility) and therefore the residual waste is eligible to be declared exempt waste
- Further, if this is not the case, then Council submits that the residual from the MSW component of the feedstock is declared exempt waste.

- Council believes the implications of the residual waste from the MSW component of the feedstock not being declared exempt waste will have the direct effect of imposing the commercial and industrial waste disposal levy on municipal solid waste which has a zero dollar waste levy.
- Imposing the levy on MSW residual waste contradicts the intent of the waste disposal levy outlined in the Act and also in Queensland's Waste Reduction and Recycling Strategy 2010-2020
- Utilising an alternative treatment technology facility, such as the SITA Environmental Solutions Bedminster Advance Resource Recovery Facility, significantly reduces the amount of waste going to landfill however currently attracts higher gate fees than landfills in Queensland. Imposing a levy on MSW residual waste processed through an alternative treatment technology facility effectively provides a disincentive for future development of this type of facility in Queensland.

Operation of the waste levy

5. Council agrees in general with the operation of the levy and the levy scheme operating model particularly where the levy is only applicable to material which is actually landfilled.
 - It is noted in the companion document Levy Scheme Operating Model that the site operator can make a determination about material that is delivered to the site and base pricing on this. However, Council is concerned with the potential issue of mixed waste loads and determination of how much of the waste is exempt waste and how much of it is levyable waste.
 - There is potential for the levy to be payable for exempt waste delivered in mixed loads which is subsequently recovered resulting in the gate fee including the levy but no levy liability. Providing Councils with ongoing support and the ability to resource awareness and education campaigns will be essential for the smooth transition of the scheme.

Waste and Environment Fund

6. Council agrees with the general object of the fund but is concerned the criteria for payments from the fund is unclear and the Waste and Environment Fund regulation is not available at the time of writing this submission.

Management of priority and other products

7. Council agrees with the general principles for the management of priority products.
 - Changes such as product stewardship should be encouraged but the potential transport issues with the distance to market, and impacts on consumer prices need to be well managed.
 - In particular, providing Councils with ongoing support and the ability to resource collection models and awareness campaigns will be essential for the smooth transition of the scheme, including disposal ban waste.
 - However, Council is concerned management of plastic shopping bags has been singled out and believes plastic bags should be subject to the same criteria as other waste types to be declared a priority product or for disposal bans.

Offences relating to littering and the pollution of land

8. Council agrees with the general principles and desire to strengthen littering and pollution of land provisions.
 - However, Council is confident that instances of illegal waste dumping will increase with the introduction of the levy. Providing Councils with the ability to resource additional monitoring and enforcement action will be essential to limiting these impacts.

Waste Reduction and Recycling Bill 2011

Submission to EAREC Committee from Cairns Regional Council

Cairns Regional Council (Council) has reviewed the draft Waste Reduction and Recycling Bill 2011 (WRR Bill) and provides the following comments for consideration.

Background

Council has previously made several submissions regarding the WRR Bill. Among several other matters, these submissions highlight that Council already pays a premium to recover and divert waste from landfill via an Advanced Resource Recovery Facility (ARRF) and by potentially imposing a commercial or industrial levy on the municipal solid waste (MSW) residual waste component from the ARRF and materials recovery facility (MRF), Council will be significantly financially disadvantaged for implementing innovative waste recovery technologies.

These previous submissions are attached for your consideration within this submission and are as follows:

- Submission on Waste Reduction and Recycling Bill 2010
- Submission on Waste Reduction and Recycling Bill 2011
- Letter to Hon Vicky Darling MP, Minister for Environment from Cairns Regional Council

Comment

Cairns Regional Council is at the leading edge of utilising resource recovery technology in Queensland and already meets the Government's Waste Reduction and Recycling Strategy 2010-2020 target to recover and recycle 65% of MSW by 2020.

Cairns Regional Council delivers all MSW and Tablelands Regional Council delivers a portion of MSW to a resource recovery facility (the ARRF) where the waste is aerobically composted and diverted from landfill. This facility is the only one of its kind in Queensland. We also own and operate a MRF where over 10,000 tonnes per annum of recyclables are recovered.

The application of the waste levy regarding the MSW component of residual waste, particularly from these resource recovery facilities, is the primary issue that may substantially impact on Council.

Cairns Regional Council MSW and Tablelands Regional Council MSW delivered to the ARRF seem to satisfy the definition of MSW in the WRR Bill Regulation which states that waste is MSW if it is domestic waste that is either:

- self-hauled by the householder generating the domestic waste or
- collected as part of a waste collection and disposal system regularly operating in a local government area or part of a local government area; and
- the collection and disposal system is operated by the local government for the area or by another entity on behalf of the local government for the area.

Chapter 3, Part 3, s37 of the WRR Bill states the rate of the waste levy for each type of waste, as prescribed under a regulation, is the rate prescribed for that type under a regulation.

The rate prescribed for MSW under the WRR Regulation is contained in Chapter 3, Part 2, s2 which states the rate of waste levy on a type of levyable waste delivered to a site is stated in schedule 1, column 2 opposite the type of levyable waste for each tonne of the type of levyable waste. Schedule 1, Part 1, column 2 indicates that MSW attracts a zero (\$0) dollar waste levy.

It is therefore Council's interpretation that the residual waste component of any MSW from the above two facilities which is transported to landfill will be levied at zero (\$0) dollars.

However, current advice from Queensland Department of Environment and Resources Management (DERM) officers is that all the residual waste from these resource recovery facilities will attract a commercial or industrial waste levy, as the waste is viewed as having been passed through a commercial process; a position that Council challenges.

Levying the MSW residual component at the commercial or industrial waste levy of \$35 per tonne would equate to additional costs to Cairns Regional Council of approximately \$1 million per annum and Tablelands Regional Council of approximately \$110,000 per annum.

Chapter 3, Part 3, s33 indicates that if exceptional circumstances apply in relation to a particular waste then the chief executive officer may declare the waste to be exempt subject to any limits or conditions.

Even if the MSW residual component was declared exempt and assuming a discounted commercial or industrial waste levy of 50% (\$17.50 per tonne) was to be applied, Cairns Regional Council would still have significant additional costs of approximately \$500,000 per annum.

Proposed Position

The following position is put forward by Council on the application of the levy to residual waste from such resource recovery facilities:

- That the residual waste from the commercial or industrial component of the feedstock is levyable waste and the rate of the waste levy for the commercial or industrial residual waste component is \$35 per tonne.
- That the residual waste from the MSW component of the feedstock is levyable waste and the rate of the waste levy for the MSW residual waste component is zero (\$0) dollars per tonne.
- Further, if this is not the case, then the residual waste from the MSW component of the feedstock is declared exempt waste.

Conclusion

The implications of the residual waste from the MSW component of the feedstock not being levied at the zero (\$0) dollar MSW rate of waste levy or being declared exempt waste will have the direct effect of imposing the commercial or industrial waste disposal levy on MSW which has a zero (\$0) dollar waste levy.

Imposing the commercial or industrial levy on the MSW residual waste component appears to contradict the intent of the waste disposal levy outlined in the Government's WRR Bill and also in Queensland's Waste Reduction and Recycling Strategy 2010-2020 which states that "developing innovative and accessible resource recovery technologies will be vital to meet the targets".

Should this view prevail, Council will need to consider whether it should continue paying the high costs associated with utilising resource recovery facilities or make significant financial savings by taking all our kerbside collected MSW (including recycling) directly to landfill. An outcome I am sure you will agree is undesirable.

In addition, Council believes that if the commercial or industrial levy remains in place for MSW residual waste component from the ARRF, this would act as a disincentive for other Councils considering the implementation of alternative resource recovery facilities.

Queensland Waste Reduction and Recycling Bill 2011

Submission from Cairns Regional Council

Cairns Regional Council (Council) has reviewed the consultation draft and provides the following comments for consideration.

Cairns Regional Council is seeking clarification on the impacts of the Waste Levy on its MSW streams that are collected kerbside.

MSW (GARBAGE):

Council currently delivers all its kerbside MSW to a Bedminster Facility where approximately 60% of this waste stream is diverted from landfill through reprocessing into compost. The residual (non treatable) component of the MSW delivered to this facility is sent to landfill. This equates to approximately 40% of the kerbside MSW stream. Council is currently paying a significantly higher gate fee at this facility than at landfill to achieve waste diversion (approximately \$110 per tonne).

MSW (RECYCLING):

Council currently delivers all its kerbside recyclable MSW to its Materials Recovery Facility (MRF) where approximately 85% of this waste stream is diverted from landfill through sorting recyclable materials. The residual (non recyclable) component of this stream is sent to landfill. This equates to approximately 15%. Council owns and operates the MRF at significant cost which equates to a processing fee of approximately \$120 per tonne.

The Draft Bill indicates that MSW attracts a \$0 levy. It is therefore Council's interpretation that the residual portion of its MSW that is transported to landfill will be levied at \$0. Our current advice from DERM officers is that the residual component of these waste streams will attract a levy as the waste is viewed as having gone through a commercial process. If this is the case Council will be significantly disadvantaged financially, given we are already paying a premium to divert waste from landfill and levying the residual components would equate to additional costs in excess of \$1 million dollars. Should this view prevail, Council will need to consider whether it should continue pay the high costs associated with utilising these waste recovery facilities or make significant financial savings by taking all our kerbside collection waste to landfill, an outcome which is contrary to the intent of the Waste Strategy.

Could you please clarify the position of DERM in relation to this matter.