WRITE Sential for community Essential for environment

September 2018

Committee Secretary Innovation, Tourism Development and Environment Committee Parliament House George Street Brisbane Qld 4000

Dear Sir / Madam

Whilst the Association is appreciative that the committee has provided us the opportunity to make comments on the Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018, we wish it be noted that timelines allocated by Government consulting on such complex and arguably the most significant legislative changes to impact our industry in more than 40 years, are inappropriate being given only seven (7) business days' notice to make submissions.

### Waste & Recycling Industry Association (QLD) inc

The Waste & Recycling Industry Association of Queensland Inc, (WRIQ) is the state's peak waste and secondary resources industry association representing international, multi-national and family owned enterprises. WRIQ engages with its stakeholders and advocates and informs on a wide range of legislative and regulatory issues impacting the industry.

Association members provide two thirds of the 6.432 jobs in the industry and manage more than 70% of approximately 9 million tonnes of Queensland waste and recycling streams per year. Members investments in the Queensland exceed \$1.5 billion and the sector contributes more than \$830 million in industry value added to the state economy. Industry's collective turnover to the state exceeds \$2.15 billion annually. Directly and indirectly the sector provides 11,835 jobs to Queenslanders (one in every 200 jobs) and contributes 50 cents in every \$100 of the state economy.

## Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018 (Bill)

The purpose of the Bill is to impose a levy on waste delivered to a levyable waste disposal site, and to allow for an exemption from the levy, or a discounted levy rate, for particular waste.

### Association response

The Association provides in its submission ('Appendix 1), evidence that the introduction of the waste levy in Queensland will increase landfill disposal costs by an average of more than 65%. WRIQ advocates that the committee note these new additional business costs incurred by all waste generators across the levy zones will ultimately be passed to all Queenslanders. Governments claims that Queensland householders will not be impacted by its introduction are incorrect as the cost for disposal of all waste where materials are landfilled must increase result its introduction.

The introduction of the levy is a new additional cost for disposing waste that will impact every Queenslander. The Association notes significantly Government has not conducted or published a 'Cost Benefit Analysis' for the introduction of a waste levy, arguing the Lyons Report into interstate waste gives it the remit to rush this legislation. The arguments presented do not take account of the state-wide impacts that will result and in particular what will occur in regional Queensland. Many of these centres will be most impacted as most with the impost of the \$70 tonne levy applied will now exceed the current costs of what is being charged in Sydney for disposal and limited recycling /diversion opportunity exists to support the change.

The Association submits that 'A Cost Benefit Regulatory Impact Statement' should have been produced for the committee to fully appreciate the economic and social changes that will result from enacting this significant market change. That important work would then support the design of the future legislation and inform the structure of its sub-ordinate regulatory framework.

It is important to also note that whilst the Bill provides government the overarching framework to impose a waste levy, arguing its introduction is to stop the transport of interstate waste and to improve the state's current recycling performance industry advocates, that 'waste levies' when introduced must be set at a realistic level at the point of introduction, to enable an orderly market and community change to occur.

Regrettably in terms of Queensland this is not the situation. With a starting point of \$70 per tonne and more for regulated waste this will result in major market disruptors occurring until the normal operating environment stabilises. Starting at a lower rate would result in a more orderly change and be far more effective giving a clear steer for increases. As example in NSW the current rate of \$144 tonne started at a low \$0.50 cents a tonne when the levy was introduced more than 30 years ago, and in Victoria it was less than \$10.00, with similar amounts in Western and South Australia.

The Queensland rate presents significant new business risks to the sector in terms of illegal waste disposal, waste levy avoidance, bad debts and financial management risk. The Bill does not give adequate protection to the regulated industry operators against these new business risks nor does it give adequate assurances to regulate the elimination of these behaviours from occurring.

With an introductory rate of \$70 per tonne in terms of the direct impacts in South East Queensland (SEQ) this represents an amount of 2-3 times the current disposal rate for all Construction & Demolition waste. In regional Queensland the current disposal fees currently exceed an average greater than \$120 - \$150 tonne. The \$70 per tonne represents an average increase for waste disposal of 73% in regional areas.

Governments decision to start with a rate of \$ 70 tonne and by it agreeing to exclude Municipal Solid Wastes (MSW) as evidenced by the advance payment to councils of its 105% rebate, this will result in community conflicts at waste facilities and a distortion in the markets operating environment. Many Councils also operate commercial waste businesses. The advance payment plan to these Council business operations gives them an unfair competitive advantage and industry argues it is anti-competitive.

Significantly the decision erodes the future policy environment where Government is seeking to change community culture by introducing a price signal but on the other hand is legislating the principle does not apply in the home environment. This is a perverse policy arrangement and fundamentally undermines all of the core principles for introducing a price signal with its intent to shift community attitude. It will conflict with the objectives and delivery of the future waste strategy goals and all user pays principles being advocated.

Municipal Waste must be included as a levyable waste and the advance payments removed if Governments policy intent is to have any reasonable measure of delivering its landfill diversion targets.

The Association is also profoundly concerned by the continued situation by which Queensland Local Government continues to introduce new local laws giving themselves the power to regulate in their jurisdiction all 'waste' activities. These new local laws have an enduring power for Councils to monopolise the provision of all waste activities. They impose significant industry risk and have the potential to starve private waste and recycling facilities from accessing local markets. To date more than 19 new Local Laws have been enacted or are about to be approved in Queensland and the fact that they exist and can be taken up by Councils at any time (with no ability for customers to opt out) is a considerable risk. The current situation presents an unacceptable sovereign risk for private sector investment in the state and this Council capability must be removed before the waste levy is introduced.

The decision by Government to expand the exemption to include self-haul waste as part of the advance payment and 105% rebate to Councils in the definition of Municipal Solid Waste will result in a major disruption to the private sector skip industry.

In Governments own report in 2010 when the first attempt of introducing a waste levy in Queensland occurred it was quantified that in its 'Cost Benefit Analysis' that supported the Bill, a waste levy of \$ 35 tonne and by it excluding Self Haul waste in that legislation it would have an adverse impact on the competitiveness of the skip industry compared to free council kerbside collection or Self Haul. That was proven correct after the levy was introduced.

By ignoring this historical Government finding and in 2019 doubling the levy introduction to \$ 70 tonne in 2019, by Parliament passing the legislation without amending its Bill to include Self Haul as being a levyable waste, it will be responsible for a significant market distortion and many system failures. This is likely to result in a loss of jobs, it will increase conflict between industry and council staff and the public at waste landfills and transfer stations, and it will lead inevitably to small skip and bag / rubbish remover operator business closures.

### Example:

Currently; an average new 4-bedroom home during its build generates approximately 50 cubic metres of waste. This represents an estimated weight of around 32.5 tonne (calculated @650kg / m3 over the project cycle). (The estimate excludes bulk soil removal during site preparations and final site clean). Based on current SEQ disposal rates the cost to the builder and thus passed to the home owner for waste disposal for that property build is currently estimated at \$1,365. With the introduction of a \$70 a tonne waste levy the cost to the builder will increase by more than \$3,640. This represents a 167% increase in the cost of disposal of building waste on a 4-bedroom new home.

Applying the same scenario in the regional context, the current cost of disposal (outside SEQ) averages \$3,900 per build. The cost to a builder and thus passed to the homeowner with the introduction of the levy is expected to rise to more than \$6,402 dependent on existing landfill disposal costs.

In cases where home renovations are completed, the amount of waste generated is often more than that created by a new home due to the removal of old materials and new building materials then added. The future cost for these property owners will be significant with the \$ 70 per tonne entry figure.

Legislating a waiver for 'self-haul waste' (as is what occurred in previous attempted legislation) at that time, industry noted a significant shift by both builders, home renovators and unregulated transporters to change their signage, to use Council free vouchers, to hire trailers and to use car utes or small trucks to haul that waste to landfill as opposed to get a contractor to supply a bin and thus be charged differentially. These activities provided for a conflict environment at facilities where operators knew the waste was commercial but were unable to police it.

Industry advocates the introduction and justification of the waste levy should be focussed at what is appropriate for Queensland, and not be introduced simply to meet others flawed or outdated policy environments. The levy introduction must support a wholistic long term cultural change in waste management practices and not simply match other states policy agenda's.

The Association advocates that the introduction of the waste levy in terms of its regional application should be applied at a differential amount of \$35.00 per tonne (half that of SEQ), set with a clear signal of increases to accommodate the significant market change. Currently there is very limited recycling and resource recovery infrastructure capability, the regional tonnes of available waste capable of being captured and then processed is limited, and the tyranny of distance and cost of transport to markets / end users for recovered products is challenging. The power cost to operators in operating sorting plant and equipment as part of the processing of waste is a significant business cost and with landfill disposal costs now escalating to over \$220.00 tonne in some areas with the \$70.00 increase it will result in regional areas being significantly impacted. It will also lead to a substantive increase in illegal waste disposal occurring, the cost of which will ultimately be borne by the community

### Regulated Waste

The Bill provides no details or structure to how the rate applied to regulated waste has been calculated. The application of \$150.00 per tonne will have a profound impact on wastes that are liquid in nature and their disposal is only to landfill. In these instances, as example; galvanic acids generated in manufacturing processes these require fixation before disposal. Typically, a mix of 4.5-50 to one of fly ash and cement is applied. For some generators the cost of disposal for these complex wastes will rise to more than \$600 a tonne result the required fixation and disposal solution.

WRIQ advocates regulated waste fee schedules must be revised and the levy applied be based on environmental risk and that a full impact statement should have been conducted. Arbitrarily applying a rate of \$150 and \$100 without any assessment or structure as to the rationale for calculating these amounts is not supported and should be reviewed before legislating.

Government should consider the future expected business cost, impacts to local manufacturers as opposed the importation of these locally manufactured goods and the associated environmental risks must be reassessed to calculate whether or not the regulated waste schedule of rates is appropriate and what should be applied.

### Levy proceeds to waste, environmental and community programs.

The Bill fails to provide transparency of how Government will allocated waste levy revenues.

2018 Queensland budget papers provide the following analysis of how the waste levy funds are to be allocated over the 3-year budget estimates.

Waste Levy Revenues	\$1,221,492	Million
Allocation of Funds		
Waste Disposal Levy - Advance Payments to Councils	\$ 383.7	
Waste Disposal Levy - Implementation & Operational Costs	\$ 34.3	
Eco Biz Program for Small Business (CCIQ Delivered)	\$ 3.9	
Torres St & Palm Island Car & Waste Metal Removal	\$ 5.0	
Resource Recovery Industry Development Grants	\$ 100.0	
Total Funds Allocated	427.0	Million
Treasury non-allocated funds	\$745.6	Million

The Bill does not provide for any transparency of how the state will allocate the revenues generated. WRIQ advocates government has not been transparent in demonstrating its commitment to the allocation of funds and that it must commit to full hypothecation of the funds to the programs it is proposing to introduce. WRIQ also advocates the Bill should include provisions for the formation of a statutory board that will overseeing the funds management and that the waste strategy is actually delivered.

### Industry's Landfill Levy Policy

- If implemented, landfill levies should be part of a clearly articulated state waste management and recycling strategy and be subject to regular performance review against landfill diversion targets.
- Landfill levies and their governing regulations should be a permanent instrument.
- Landfill levies should be straightforward to implement and administer and be designed to minimise fraud risk. This includes the reporting, administration and payment of levies.
- 4. Landfill levies should have only essential exemptions and avoid differentiation by waste source or generation to avoid distorting waste collection and disposal activities and markets.
- Landfill levies should be consistent across the largest jurisdiction practical, and ideally be applied
  in a manner that minimises transport away from levy regions.
- Landfill levies should not be applied to any recycled or composted material, i.e., material that does not go to landfill.
- Landfill levies should not have an adverse economical impact on recycling or composting.
- Landfill levies should not be applied on waste volumes subject to bad debts.
- Landfill levy income for the state should be hypothecated to the development of the waste and recycling industry through education, promotion, landfill diversion initiatives and new waste infrastructure.
- The state government should provide final landfill levy regulation details in sufficient time prior to the commencement date to allow for government and industry to redesign systems.

We trust industry's response provides solid evidence of the issues and constructive feedback to the committee as it deliberates the Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018

Sincerely

Waste Recycling Industry Association (QLD) Inc

Rick Ralph

Chief Executive Officer

# Appendix 1

Current and Future landfill waste disposal charges in Queensland: note projected future costs exclude any administrative increases or other associated costs that will be incurred and form future gate fees.

	Most Recent			Book W		
Commercial Waste Landfill Charges	Price (incl GST)	unit	Comments	Post Levy	% Increase	
Weighbridge not always stated	.,			2017	111010400	
Banana Shire	\$ 140.00	per tonne	2018/19	\$ 217.00	55	
Brisbane City Council	\$ 128.10	per tonne		\$ 205.10	60	
Vouchers 100 kg per voucher	NC					
Bundaberg Regional						
Outside Bundaberg	\$ 200.00	per tonne	2018/19	\$ 277.00	38	
Within Bundaberg	\$ 150.00	per tonne	2018/19	\$ 227.00	51	
Burdekin Shire Council - landfill only	\$ 135.00	per tonne	2018/19	\$ 212.00	57	
Cairns Regional						
Large load - ute and trailer	\$ 41.80	load	2017/18			
or tandem trailer (Commercial Customers en	couraged to liaise	directly with S	Suez Bedminste	er)		
Cassowary Coast						
Mixed waste wet and dry	\$ 200.00	per tonne	2017/18	\$ 277.00	38	
Dry	\$ 85.00	per tonne	2017/18	\$ 162.00	91	
Wet	\$ 210.00	per tonne	2017/18	\$ 287.00	37	
Central Highlands Regional						
With weighbridge - as stated	\$ 138.00	per tonne		\$ 215.00	56	
Hard to handle waste	\$ 265.00	per tonne		\$ 342.00	29	
Without weighbridge - per m3 rate	\$ 44.00	per m3				
Charters Towers						
Commercial and Industrial	\$ 124.00	per tonne	2018/19	\$ 201.00	62	
When weighbridge nonoperational >23T	\$ 230.00	load				
Fraser Coast						
C&I / C&D Waste	\$ 129.50	per tonne	2017/18	\$ 206.50	59	
Gladstone Regional - C&I/C&D						
Benaraby Landfill	\$ 142.00	per tonne	2017/18	\$ 219.00	54	
Gladstone Waste Management Centre	\$ 225.00	per tonne	2017/18	\$ 302.00	34	
Sites without weighbridge	\$ 80.00	per m3	2017/18			
Car & Dual Axle Trailer	\$12.00	Combined				
Gold Coast	\$ 98.80	Tonne		\$ 175.80	78	

Gympie Regional	\$ 134.00	per tonne	2017/18	\$ 211.00	57
Hinchinbrook	\$ 78.00	per tonne		\$ 155.00	99
Ipswich City Council	Not Published				
Isaac Regional Council					
Standard unsorted commercial waste	\$ 161.55	per tonne		\$ 238.55	48
Weekend rate	\$ 220.00	per tonne		\$ 297.00	35
Commercial C&D	\$ 185.95	per tonne		\$ 262.95	41
Waste containing Blast Cable, Conveyor belting, Hydraulic hoses, Rubber hoses, pods, steel, timber, ventilation shafts etc (usually waste generated on a mine site)	\$ 223.85	per tonne		\$ 300.85	34
Lockyer Valley					
Large vehicle/truck	\$ 115.00	per tonne	2018/19	\$ 192.00	67
If weighbridge unavailable	\$ 50.00	per m3	2018/19		
Logan City Council					
General Waste	\$ 100.00	per tonne	2017/18	\$ 177.00	77
Mackay Regional - gen commercial					
Paget waste station	\$ 151.00	per tonne	2018/19	\$ 228.00	51
Hogans Pocket Landfill	\$ 120.00	per tonne	2018/19	\$ 197.00	64
Maranoa Regional Council					
Commercial (C&I / C&D) - weighbridge	\$ 53.60	per tonne	2017/18	\$ 130.60	143
Commercial (C&I / C&D) - no weighbridge	\$ 17.10	per m3	2017/18		
Moreton Bay Regional Council					
Commercial / General Waste	\$ 131.00	per tonne		\$ 208.00	58
MA Inc City Coursell					
Mt Isa City Council	£ 40.00		2017/10	e ne nn	405
Vehicle carrying >1tonne	\$ 19.00 \$ 12.00	per tonne per load	2017/18	\$ 96 00	405
501 kg to 1 tonne			2017/18		
<500kg	\$ 5.00	per load	2017/10		
North Burnett					
Commercial - North Burnett Businesses	\$ 10.00	per m3	2017/18		
Commercial - Outside NB	\$ 11.00	per m3	2017/18		
Contaminated Green waste	\$ 21.00	per m3	2017/18		
C&D	\$ 30.00	per m3	2017/18		
Redland City Council - Birkdale					
Commercial Mixed Waste	\$ 136.64	per tonne	2017/18	\$ 213.64	56
C&D (Bricks and concrete)	\$ 155.68	per tonne	2017/18	\$ 232.68	49
Green Waste (clean)	\$ 130.50	per tonne	2017/18	\$ 207.50	59

Rockhampton Regional					
If Weighbridge available	\$ 145.00	per tonne	2017/18	\$ 222.00	53
If Weighbridge unavailable	\$ 72.50	per m3	2017/18		
Scenic Rim Regional - general waste	\$ 108.00	per tonne	2017/18	\$ 185.00	72
Somerset Regional					
Commercial Waste per m3 - Esk	\$ 55.00	per m3	2017/18		
South Burnett - Kingaroy					
Commercial & Industrial	\$ 100.00	per tonne	2018/19	\$ 177.00	77
C&D	\$ 37.00	per tonne	2018/19	\$ 114.00	208
Southern Downs					
C&I With weighbridge	\$69.00	per tonne	2017/18	\$ 146.00	111
C&I Without weighbridge	\$ 30.50	per m3	2017/18		
C&D with weighbridge	\$69.00	per tonne	2017/18	\$ 146.00	111
C&D without weighbridge	\$ 33.00	per m3	2017/18		
Sunshine Coast					
Commercial (C&I / C&D)	\$ 161.00	per tonne	2017/18	\$ 238.00	48
No weighbridge	\$ 104.00	per m3	2017/18		
Tablelands Regional - Atherton					
Commercial (C&I / C&D)	\$ 71.00	per tonne	2017/18	\$ 148.00	108
Toowoomba Regional					
Commercial (C&I / C&D)	\$ 107.00	per tonne	2017/18	\$ 184.00	72
Townsville - weighbridge					
Commercial (C&I / C&D)	\$ 90.00	per tonne	2017/18	\$ 167.00	86
Western Downs					
General Waste	\$ 112.00	per tonne	2018/19	\$ 189.00	69
No weighbridge	\$ 38.00	per m3	2018/19		
Whitsunday Regional Council					
Non-Putrescible C&I	\$ 120.00	per tonne	2017/18	\$ 197.00	64
Non-Putrescible C&I - Approved Contractor	\$ 110.00	per tonne	2017/18	\$ 187.00	70
Putrescible C&I (inside WRC area)	\$ 130.00	per tonne	2017/18	\$ 207.00	59
Putrescible C&I (outside WRC area)	\$ 270.00	per tonne	2017/18	\$ 347.00	29

# THE ECONOMIC CONTRIBUTION OF THE

# Waste Management & Secondary Resources Industry

to the Queensland Economy





Queensland's Waste
Management and Secondary
Resources Industry (The
Industry), provides world class
infrastructure and services in
the areas of waste collection
processing, recycling and
disposal to the community.

Industry businesses work across all areas including waste transport, processing, fuel manufacture and landfill management. They process all material streams including municipal, commercial, industrial, construction, hazardous and liquids.

The Industry recovers valuable secondary resources generated during extraction and manufacturing processes and those later discarded by society, thereby driving a circular economy and directly contributing to the economic growth of the State.

The recovery of secondary resources and efficient management of waste in Queensland results in a variety of tangible environmental benefits including energy savings, avoidance of greenhouse gas emissions, water savings as well a reduction of emissions to air, water and land.

In addition to these tangible benefits the Industry makes a considerable contribution to the Queensland economy in the jobs, investment and economic activity that it generates.

A vibrant and competitive Waste Management and Secondary Resources Industry with a social license to operate is crucial to the prosperity and growth of our State.



Rick Ralph CEO WRIQ

Queensland's Waste Management and Secondary
Resources Industry provides infrastructure and services
to the community in the collection, processing,
recycling and disposal of waste. The Industry is an
important contributor to the Queensland economy.
Results of a macro-economic analysis of the Industry
reveal the following.





842 BUSINESSES

842 businesses operating of which 828 are defined as small businesses



9.8m

Collected, processed, recycled and disposed of 9.8 million tonnes of waste



4.4m

Recovered and diverted from landfill disposal.

# The Industry each year directly:



6432

Provides 6,432 jobs to Queenslanders



\$504m

Salaries paid to Queenslanders



\$78,345 AVG ANNUAL SALARY

Provides an average livelihood to each employee (average Qld annual salary of \$59,316)



\*830M



Land, buildings, plant and equipment, collection vehicles and collection bins

# TAX

COLLECTIVE

**TURNOVER** 

⇒158M TAXES, RATES AND CHARGES

Commonwealth and State taxes, Local Government rates and charges



\$1.5b

MANAGE \$1.5B ASSETS
INCLUDING VEHICLES



1530 COLLECTION VEHICLES

Manages \$1.5 billion in assets including the operation of 1.530 collection vehicles

# The Industry **indirectly** contributes:

The Industry also indirectly contributes to Queensland through flow-on demand for goods and services through expenditure by waste management business on goods and services supplied by other businesses in Queensland and the expenditure of industry workers' income on goods and services supplied by other Queensland businesses.



5403 Jobs

Provides a further 5,403 jobs



\$321m PAID IN SALARIES

Provides an additional \$321 million in wages and salaries



\$667M TO THE ECONOMY

To the Queensland economy through flow on demand for goods and services.

Direct

Indirect

# IN TOTAL THE INDUSTRY EACH YEAR:



11,835 JOBS TO QUEENSLANDERS

Provides 11,835 jobs to Queenslanders (one in every 200 jobs)



\$825m PAID IN SALARIES

\$825 million paid in wages and salaries



\$1.50 TO THE STATE ECONOMY

Contributes \$1.5 billion toward Queensland's gross state product



1516 BUSINESSES THROUGHOUT QLD

Supports 1,516 businesses throughout Queensland.

# The economic contribution of the Waste Management and Secondary Resources Industry to the Ipswich Economy each year

The Ipswich Industry directly contributes:



428 JOBS

Provides 428 jobs to lpswich residents



25m PAID IN SALARIES

Salaries paid to Ipswich residents



\$58,340

Provides an average livelihood to each employee (average Qld annual salary of \$50,097)



\$74.7m



\$130.9m

Land, buildings, new waste cells, machinery, plant and equipment



\$3.2m RATES TO IPSWICH COUNCIL



\$373M MANAGES \$373 MILLION IN ASSETS

# The Ipswich Industry indirectly provides



360



\$58.8m

360 jobs and \$58.8 million in industry value added to the South East Queensland economy through flow on demand for goods and services.



in industry value added towards SEQ's gross regional product.

**Regional Estimates** By Queensland region, estimates of direct and indirect employees, wages and salaries and Industry value add are:

	EMPLOYEES		WAGES AND SALARIES (\$ millions)			VALUE ADD (\$ millions)			
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
Greater Brisbane	3,131	2,630	5,761	245	156	401	406	325	731
Gold Coast	785	659	1444	61	39	101	102	81	183
Sunshine Coast	474	398	872	37	24	61	61	49	111
Cairns	329	276	605	26	16	42	43	34	77
Central Queensland	300	252	552	24	15	38	39	31	70
Darling Downs - Maranoa	171	143	314	13	9	22	22	18	40
Mackay - Isaac Whitsunday	231	194	424	18	11	30	30	24	54
Queensland Outback	109	92	201	9	5	14	14	11	26
Toowoomba	203	171	374	16	10	26	26	21	47
Townsville	312	262	574	24	16	40	40	32	73
Wide Bay	388	326	714	30	19	50	50	40	91
Queensland	6,432	5,403	11,835	504	321	824	834	667	1,501



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