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18<sup>th</sup> September 2018

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

Via email: [itdec@parliament.qld.gov.au](mailto:itdec@parliament.qld.gov.au)

Dear Committee Secretary

I thank you for the opportunity to make a submission regarding the Proposed Queensland Government Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018.

As Group Executive for the Customer Engagement and Planning Services Group at the Sunshine Coast Council, I am happy to provide you with the attached Submission made on behalf of our council. This Submission has been considered by Councillors on our Waste Advisory Group and approved at the Executive Level.

Kind Regards

A handwritten signature in blue ink, appearing to read "Ruprai", written over a light blue circular stamp.

James Ruprai  
Group Executive, Customer Engagement and Planning Services



## **Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018 - Sunshine Coast Council Submission**

### **Executive Summary**

The Sunshine Coast Council (Council) welcomes the work of the Queensland Government in progressing a state-wide strategy to improve Waste Management outcomes across the state.

The *Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018* (the *Bill*) clarifies a number of concerns previously identified by Council in our response to the 'Transforming Queensland's Recycling and Waste Industry Directions Paper'.

However, we consider the *Bill* has not adequately addressed all matters relevant directly to our waste and recycling policy objectives for this region, our current and future business model for waste and resource management activities, and moreover the impacts, threats and opportunities for the local government sector more broadly.

Through this submission Council appreciates the opportunity to provide further comment on both the proposed introduction of a state-wide waste disposal levy and its interaction with the resource recovery, recycling and waste management strategy.

The *Bill* and associated regulation broadly establish the structure of the proposed state-wide levy and a pathway for implementation. Council notes however, that there is still further work required to provide full clarity around the terms of the proposed levy, as well as the expenditure of revenue raised through the imposition of the proposed levy and its application to waste management.

The *Bill* is of significant interest and concern for Sunshine Coast Council as there are several unresolved matters that need further consideration, including:

- the timing of both the introduction of the levy and the annual calculation of increments
- the application of the levy to domestic waste
- the requirement that councils advise rate payers of the advance payment rebate for domestic waste
- lack of clarity on the treatment of a number of waste streams including waste generated from some commercial premises such as retirement villages and residual waste from legitimate resource recovery and recycling activities

The *Bill* issued by the Queensland Government notes that design of the levy ahead of the finalisation of the strategy makes it difficult to assess if it would be successful in improving outcomes in the recycling and waste industry. Finalising the strategy would provide guidance in the design of the levy and also the ability to measure the proposed outcomes.

Moving forward, the implementation of a levy without clear purpose provided by a strategy could lead to unsuccessful implementation.

As the *Bill* stands, Council could only support the proposed levy with the following modifications:

- the levy is not applied to domestic waste

- the implementation schedule and notification requirements are revised to consider the impacts on local councils
- there is a clear rationale and process developed for inclusions, exemptions and concessions
- all revenue generated from the imposition of the levy is directed either to councils for zero waste, waste to energy or circular economy initiatives; or to the recycling industry to directly target problem waste streams.

## Background

The Queensland Government announced the development of a comprehensive waste management strategy on 20 March 2018. The strategy was to be underpinned by a waste disposal levy to increase recycling and resource recovery and create new jobs.

The 'Transforming Queensland's Recycling and Waste Industry Directions Paper' was then released to outline the directions for Queensland's new resource recovery, recycling and waste management strategy. Council provided a submission on the direction paper in July 2018.

The *Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018* was introduced to the Queensland Parliament on 6 September 2018

## Sunshine Coast Council

The Sunshine Coast local government area is located in south-east Queensland, about 100 kilometres north of Brisbane. The region covers 229,072 ha with a population of 311,551 (Australian Bureau of Statistics).

Council operates as a significant waste and resource management business in accordance with Chapter 3, Part 2, Division 2 of the *Local Government Act 2009* and Chapter 3, Part 2 of the *Local Government Regulation 2012*.

Council applies full cost pricing to its suite of waste and resource management services:

- Business Operations.
- Waste Collection:
  - o Domestic, commercial and public place solid waste bins; and
  - o Domestic and commercial holding tanks.
- Resource Recovery / Waste Disposal.
- Former Landfill Remediation (16 closed landfills across the region).
- Contract Management:
  - o All major services and facility operations are currently delivered under contractual arrangements.
- Project Management.
- Asset Management.

Council also undertakes ongoing environmental monitoring at all closed and operating landfill sites across the region.

The revenue generated from waste collection charges is reinvested back into the waste and resource management responsibilities and services delivered by Council and contribute significantly to achieving the government's existing 2025 waste diversion targets

## The Waste Levy

The Queensland Government is proposing to implement a waste disposal levy that will apply equally across all waste streams. It is further understood that the *Bill* proposes to mitigate direct cost to households through an advance on levy charges being paid to the local governments responsible for disposal of Municipal Solid Waste (MSW).

Council supports the notion that households be protected from the direct cost of the levy. However, rather than mitigate the cost, Council's preference is that the levy is not applied to domestic waste in the first place.

Council is very concerned about the longevity and surety of the advance payment of levy charges and that this will remain subject to policy decisions of government over time. This absence of certainty is of considerable concern, both to Council itself and on behalf of its ratepayers, which could be far more effectively addressed by the up-front exclusion of the application of the levy to domestic waste.

### **Introduction of Waste Disposal Levy on 4 March 2019**

The proposal to introduce the levy (mid financial year) on 4 March 2019 is of concern.

The State Government, Councils and third parties require sufficient time to properly plan for the introduction of the levy and how it will be administered.

As noted in our previous submission and in the state government's Discussion Paper, there is considerable preparatory work required - legislative, infrastructure, education and training. With that in mind, Council holds concerns with the timeframe proposed for implementation of the levy. Council requires enough time to fully evaluate and implement any levy, including time to consider impacts from any legislative amendments that may impact existing landfill operations, collections and facilities management contracts.

The proposed timing of introducing the waste disposal levy on 4 March 2019 does not recognise that:

- Councils and private sector landfill operators need to be provided with sufficient time to plan for and to implement necessary changes to operational and administrative practices that will be required; and
- Councils need time to plan for and apply changes to operational budgets, utility charges and gate fees that will all significantly change when the levy is introduced.
- Council budgets are adopted in June each year and whilst the State Government also proposes to amend legislation to allow governments to amend by resolution, charges for commercial waste management in the 2018-19 financial year, second-half SCC rates notices are issued in January leaving insufficient time to properly and accurately introduce the necessary revisions to commercial utility charge rates notices.

For these reasons, Council strongly advocates that the commencement date for the levy be deferred to 1 July 2019. Not only will this provide a clearer and more achievable implementation timeframe for councils, but it also coincides with the commencement of the financial year and enables councils to appropriately reflect the levy impacts in its financial statements adopted as part of their 2019-2020 budgets.

## Proposal to Apply Incremental Levy Increases on 1 January

It is unclear why incremental annual levy increases are proposed to be introduced on 1 January each year rather than 1 July each year to align with budget cycles. This proposal does not align with traditional financial process and will cause unnecessary complication.

Council advocates that any incremental annual levy increase be introduced on 1 July each year.

## Requirement for Local Governments to Include a Statement in Rates Notice

It is unclear why local governments must include a statement in each rates notice (including rates notices issued to commercial premises) informing the ratepayer of the advance payment amount paid to the local government to mitigate any direct impacts of the waste levy on households.

Such a statement will only exacerbate the likely conflict that will occur at landfill gatehouses when the levy is applied to commercial clients delivering waste for disposal generated at domestic premises.

This requirement does not provide any clear value to residents and Council advocates that it should be removed from the *Bill*.

## Exemptions from the Levy

Council recognises exemptions from the levy are necessary to moderate unintended consequences.

While Council agrees with the concept of conditional exemptions for not for profit organisations that would be administered through an application process, further detail is required on how the exemptions would operate, including how eligible entities would be identified. For example, would organisations such as not for profit organisations, community sporting clubs need to be registered on the Australian Charities and Not-for-Profits Commission Register or would a separate register be established and managed by the Queensland Government?

When considering community sports organisations, they are caught between being classified as a commercial premises and operating as a not-for-profit. These organisations operate for community benefit and must retain the very best financial ability to support their members, maintain their club facilities and grounds, pay increasing insurance charges, however the proposal as it stands would not exempt sporting clubs from the levy.

It is also noted that under Part 3 of the *Bill*, residual waste resulting from a legitimate Material Recovery Facility (MRF) will have an exemption from the waste levy until June 2022.

Council's position is that further detailed design on the proposed exemptions is required including how the process for administering exemptions for not for profit organisations is managed and the permanent exemption of residual MRF waste from the levy.

## Waste Generated from Commercial Premises

In regards to the treatment of commercial premises as commercial businesses, there is a grey area in relation to the exemption (or otherwise) for household waste generated in premises within retirement villages. Particularly where the entire complex is under one Lot, but may have multiple separate dwellings e.g. there may be 200 plus units / townhouses, but individual units or townhouses are not strata titled.

The *Bill* should clarify if retirement villages are to be categorised as households or not, i.e. are they to be treated as domestic premises or commercial premises.

As it stands, the *Environmental Protection Regulation 2008* definition for either domestic or commercial premises could apply to retirement villages. Any definition regarding the treatment of retirement villages identified in the *Bill* should be replicated in relevant Environmental Protection legislation.

The definition of commercial premises being:

**commercial premises** means any of the following types of premises—

- a) a hotel, motel, caravan park, cafe, food store or canteen;
- b) an assembly building, institutional building, kindergarten, child minding centre, school or other building used for education;
- c) premises where a sport or game is ordinarily played in public;
- d) an exhibition ground, show ground or racecourse;
- e) an office, shop or other premises where business or work, other than a manufacturing process, is carried out.

The intent of the levy advance payment to councils is to ensure households are not affected, however as it stands, retirement villages are currently considered premises where business is carried out. If a council applies the waste levy to a retirement village operator through the waste utility charge, the costs will likely be passed on to the respective tenants.

Council's position is that the status of premises within retirement villages should be clarified within the *Bill* and the *Environmental Protection Regulation 2008* definitions.

### Reinvestment of funding raised through the levy

Implementation of a levy must be fully transparent, with all revenue generated from the imposition of the levy allocated either to councils for zero waste, waste to energy or circular economy initiatives or to the recycling industry to directly target problem waste streams.

The LGAQ has adopted a Zero Waste Strategy for local government, predicated on the establishment of a network of facilities across the state that deliver waste to energy solutions. Council supports this approach and recognises that a significant portion of the revenue generated from the waste levy would need to be applied to managing the financing costs for the establishment of the State wide waste to energy network.

Council is also of the view that even if this network solution does not proceed, then there must be clear guarantees that all levy revenue will be reinvested in local waste management solutions that can contribute towards achieving a zero waste objective, given there is clear community support for that policy outcome.

This should include alternate waste technologies and research and development that will identify and build markets for recovered material, and new resource recovery technology.

Council does not support the use of revenue generated by the waste levy to support State Government programs or departmental service provision, given the State is not the owner or manager of the waste stream resource and does not bear the cost of the waste management, recycling and recovery services.

As indicated above, Council is firmly of the view that there must be full transparency around the use of the levy and the impacts of its introduction. Anything less would reduce the level of accountability required by all participants in the waste and resource recovery space (including local governments) and the general community for the levy and the associated waste strategy.

### Conclusion

In summary, Council could only support the proposed levy with the following modifications:

- the levy is not applied to domestic waste
- the implementation schedule and notification requirements are revised to consider the impacts on local councils
- there is a clear rationale and process developed for inclusions, exemptions and concessions

- all revenue generated from the imposition of the levy is directed either to councils for zero waste, waste to energy or circular economy initiatives; or to the recycling industry to directly target problem waste streams.

