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Innovation, Tourism and Environment Committee  
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Dear Committee Secretary

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

Thank you for the opportunity to provide input into the *Waste Reduction and Recycling (Waste levy) and Other Legislation Amendment Bill 2018*. As a basis for our detailed submission on the Bill, please also refer to the enclosed Housing Industry Association submission to the Department of Environment and Science on the Directions Paper – Transforming Queensland’s Recycling and Waste Industry, dated 29 June 2018.

HIA has actively participated as a stakeholder on the Recycling and Waste Management Stakeholder Advisory Group and sought to provide constructive input on behalf of its members. The HIA remains opposed to the imposition of a levy as it constitutes a tax on housing, and the cost of the levy will immediately add to the cost of housing for Queenslanders. Notwithstanding the HIA opposition to a levy, it is now seeking a more appropriate set of transitional arrangements, to soften the expected adverse impact of the levy on the residential construction sector.

### **An Adverse Impact On Small Business**

The residential construction industry in Queensland is dominated by builders operating a small business. The legislation is primarily focused on the operation of the waste recycling industry and seemingly fails to acknowledge the impact of the levy on small business. The 25 largest residential construction companies in Queensland currently build less than 30 % of all new dwellings. The balance 70% of dwellings are constructed by small family owned businesses who will be unable to transition quickly, and many will be unable to actively manage the cost and impact of the levy.

For small family owned businesses, waste management is a genuine problem with significant barriers existing for recycling materials. Individual building companies are frustrated as they feel they cannot make a difference due to the lack of economies of scale for the disposal of relatively small amounts of waste generated. HIA notes the apparent absence of any economic modelling concerning potential adverse impacts of a levy being first introduced at such a high dollar value level.

In developing the strategy and legislation it is clear the Government has not acknowledged, in any cogent way, the day to day issues faced by the average participant in the home building industry in Queensland when dealing with waste material.

The legislation fails to recognise the residential housing sectors value to the Queensland economy as a whole, and accordingly the levy has the potential to add significant and unavoidable costs (due to the absence of recycling facilities and operators) particularly outside of South East Queensland.

The key areas which impact the level of recycling and reuse of material within the home building industry include the significant cost of recycling services, limitation and absence of genuine recycling services, site constraints with ever decreasing allotment sizes and local government regulation. Until these matters are addressed and improved, any shift in practice will be slow. On this basis HIA would suggest that the introduction of a levy should be transitioned over a two year period to allow for the establishment of a genuine recycling sector capable of dealing with predicted needs. Additionally, in the interim a rebate scheme should be established to allow new home buyers to claim back the additional cost created by the levy.

Over and above these measures the introduction of the levy should be delayed to July 1, 2019, enabling a smoother transition for small business and industry. This is particularly important given the apparent absence of modelling concerning the impact of the levy on small business and the need to provide education to industry on the impact of the levy.

### **An Immediate Price Rise to the Cost of Housing**

Contrary to assertions from the Government that the levy will not have a direct impact on householders this is not the case if you are purchasing a new house or undertaking renovations. Households (new homebuyers and renovators) will incur direct additional costs because the levy necessarily must be passed onto the consumer by builders.

Current waste disposal costs for the construction of a typical one or two storey detached house are in the order of 10 to 20 tonnes of waste respectively. Most builders are already concerned about the existing pre-levy waste disposal costs (in excess of \$2500 for a house site) they currently incur for managing waste on a building site. HIA would argue that legitimate, cost effective alternatives would be welcomed by most in the industry.

Imposing a charge on the home building industry when the evidence confirms that genuine alternatives for waste disposal notably outside of South East Queensland are limited, and the few existing recycling facilities will simply not cope with any increase in business will result in the additional cost (\$1500) being passed onto new home buyers.

### **Inequitable Burden on Regional Queensland**

HIA has advocated for a two – tiered levy, with a higher levy in South East Queensland. HIA members outside of South East Queensland will largely have limited options other than to dump waste into landfill usually managed by a local authority.

This equates to an inequitable situation where HIA members and ultimately their customers will pay more via the \$70-\$90 per tonne levy without the benefit of being able to avoid landfill. The legislation states that this is an avoidable charge however in many parts of regional Queensland, this is demonstrably not the case. For this reason the State should regulate to include a lesser levy outside of South East Queensland.

Thank you once again for the opportunity to comment on the proposed legislation. Should you need any further detail or clarification please do not hesitate to contact Mr Garry Sharman, Assistant Director, Planning and Development on telephone number                      or via email at                      .

Yours sincerely  
HOUSING INDUSTRY ASSOCIATION LIMITED

**Garry Sharman**  
**Assistant Director, Planning & Environment**



HOUSING INDUSTRY ASSOCIATION



Submission to Department of Environment and Science

**Directions Paper Strategic Environment and Waste Policy 2018**

29 June 2018

HOUSING INDUSTRY ASSOCIATION



Table of Contents

1. SUMMARY..... 3

2. INTRODUCTION ..... 3

3. STRUCTURE OF THE HOUSING INDUSTRY AND WASTE MANAGEMENT ..... 5

4. WASTE MANAGEMENT AND THE SMALL BUILDER..... 5

5. COMPETING INTERESTS ..... 5

6. CONCLUSION AND RECOMMENDATIONS ..... 6

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# 1. Summary

The key areas which impact the level of recycling and reuse of material within the home building industry include the significant cost of recycling services, limitation and absence of genuine recycling services, site constraints with ever decreasing allotment sizes and local government regulation. Until these matters are addressed and improved, any shift in practice will be slow.

Despite assertions from the government to the contrary, households (new home buyers) will incur additional costs because of the proposed levy. Imposing a charge on the home building industry when the evidence confirms that genuine alternatives for waste disposal are limited and the few existing recycling facilities will simply not cope with any increase in business will result in the additional cost (\$1500) being passed onto new home buyers.

On this basis HIA would suggest that the introduction of the levy should be transitioned over a two year period to allow for the establishment of a genuine recycling sector capable of dealing with predicted needs. Additionally, in the interim a rebate scheme should be established to allow new home buyers to claim back the additional cost created by the levy.

Given the evidence provided highlighting the significant challenges associated with gaining the necessary approvals to establish recycling facilities, the distribution of any funds to local government should be contingent upon councils identifying how they intend to facilitate the establishment of the necessary facilities within their respective regions through their planning schemes.

Further, the State Government should establish an independent assessment body responsible for the assessment of all applications for waste and recycling facilities to remove any potential conflict of interest within councils.

HIA would suggest that the State Government needs to liaise directly with the home building industry to identify specific and targeted strategies to assist the average family owned business that dominates the industry to recycle more waste.

Local government should be encouraged to undertake a more rigorous surveillance regime of building sites to reduce the incidence of illegal dumping of unrelated material.

The Department of State Development, Manufacturing, Infrastructure and Planning should commence an education program with Local Government aimed at reducing the variations in the regulatory requirements surrounding housing design, which is ultimately contributing to waste generation.

# 2. Introduction

At the outset HIA would like to highlight that while the directions paper identifies that Queensland is the only state which doesn't currently impose a waste levy, this does not translate to the Queensland residential construction industry perceiving that sending waste to landfill is the cheap option. Most builders are already concerned about the costs (in excess of \$2500 for a house site) they currently incur for managing waste on a building site. HIA would argue that legitimate, cost effective alternatives would be welcomed by most in the industry.

It should also be highlighted that while Queensland may be the only state without a levy the evidence provided in the Economic opportunities for Queensland's Waste Industry Interim Report prepared by

the Queensland Treasury Corporation directions paper (figures 18 and 19) highlights that increasing disposal charges through a levy as a stand-alone strategy has had little to no impact on the long term trends in recovery rates.

Waste management is a complex issue for the housing industry as no single waste management approach guarantees significant waste reduction and cost savings. It also needs to be acknowledged that in developing any strategy targeting the residential construction sector, quite different strategies will be required to address the issues faced by the new home building sector as opposed to the renovation sector.

The residential construction industry in Queensland is dominated by small business. This is demonstrated by the fact that the 25 largest residential construction companies active in Queensland currently build less than 30% of all new dwellings. The other 70 percent of new dwellings are constructed by small family owned businesses for whom waste management is costly, time consuming and often impractical.

Significant barriers exist for recycling materials. Individual building companies are frustrated as they feel they cannot make a difference due to the lack of economies of scale for the disposal of relatively small amounts of waste generated.

Disappointingly, HIA can see little tangible evidence that in developing the strategy the government has acknowledged in any way the day to day issues faced by the average participant in the home building industry in Queensland in dealing with waste materials.

The key areas which impact the level of recycling and reuse of material within the home building industry include the significant cost of recycling services, limitation and absence of genuine recycling services, site constraints with ever decreasing allotment sizes and local government regulation. Until these matters are addressed and improved, any shift in practice will be slow.

HIA acknowledges that providing economic indicators by way of a levy can be a useful tool in modifying behaviour. HIA strongly supports the position that in isolation the introduction of a levy is nothing more than a tax. The purpose of a levy must surely be to shift behaviour towards legitimate alternatives. HIA would argue however that legitimate alternatives are very limited at this point in time in Queensland. The Economic opportunities for Queensland's Waste Industry Interim Report prepared by the Queensland Treasury Corporation states that "significant investment/capital expenditure is required into waste recovery infrastructure at the right locations to enable Queensland to have the recycling infrastructure to meet the 2024 recycling targets."

Further, the Waste and Resource Recovery Infrastructure Report for Queensland prepared by Arcadis states that "the reprocessing of recyclable materials in Queensland is generally limited to materials such as glass and small volumes of tyres and plastics. Most other materials are sorted and consolidated in the south east before being exported overseas or to interstate mills."

Anecdotal evidence provided to HIA further indicates that there is no facility in the south east that recycles timber on a commercial scale.

Unless genuine alternatives are provided the imposition of a levy will be perceived as just an additional cost being lumbered on the industry to bolster the State Government coffers and will simply be passed onto home buyers. Once again HIA would argue that legitimate cost effective alternatives would be welcomed by many in the industry.

Education and innovation will assist with change and there are some excellent industry and individual initiatives in practice already including the HIA Greensmart program that has been running for 20 years.

### **3. Structure of the Housing Industry and Waste Management**

Waste management strategies implemented by housing companies largely depend on the size of the business.

Whilst some larger builders are able to generate sufficient economies of scale in arranging for materials to be recycled, many report difficulty in finding services that offer total solutions which include collection of all materials from site.

The industry's reliance on independent trade contractors as a workforce means that building companies are working with multiple contractors (approximately fifty on an individual house site), creating a number of significant challenges for recycling waste materials. It is more difficult to implement systems for waste management with such a disparate workforce.

Additionally, it needs to be acknowledged that approximately forty-seven percent of total expenditure on housing in Queensland occurs in the renovation sector. As mentioned above in identifying solutions it also needs to be acknowledged that the challenges faced by new home builders are different to the issues faced by the renovation sector, and the quantities and makeup of waste generated are also likely to be significantly different.

### **4. Waste Management and the Small Builder**

While smaller builders constructing boutique architecturally designed homes have traditionally undertaken some over ordering of materials, builder feedback to HIA indicates there has been considerable effort in recent years to ensure more accurate estimating (primarily driven by the need to provide competitive pricing) and therefore less waste generation. The advent of pre-fabricated and pre-cut material has helped reduce waste significantly as has the considerable advancements in computer software technology which creates more accurate estimation of materials required for a construction job.

It needs to be acknowledged that the greatest efficiencies in the home building industry are usually achieved when a builder is able to roll out a consistent design, where material requirements have been tested in real life and fine-tuned over time. However, the current complexity of legislation governing the design of homes makes this difficult to achieve.

### **5. Competing Interests**

Anecdotal evidence provided to HIA identified the biggest barrier to expansion of the waste industry in South East Queensland was the challenge of finding suitable sites and gaining local government planning approval.

The Economic Opportunities for Queensland's Waste Industry Interim Report prepared by the Queensland Treasury Corporation supports this view and states that "uncertainty around planning



approval likelihood and timelines, and the potential for political influence, is a major risk and barrier to investing in new waste infrastructure”.

Additionally, the QTC report states that “for councils and operators that have invested heavily in landfills and generate significant income from landfilling, the cost impact of increasing landfill diversion could be significant-revenue could be lost, and landfill savings may not be realised”.

There is clearly a need for the State Government to take a lead role in both requiring councils to identify within their planning schemes sites suitable for the required facilities and to take on the role of assessment manager to remove any potential conflict of interest from the decision making process.

From the home building industry’s perspective there are a number of competing issues that frustrate efforts by the builder to put in place practical solutions for sorting waste on site and thereby minimise the amount of waste sent to landfill.

The propensity amongst individual Local Governments to dictate specific design outcomes through their planning scheme requirements regularly requires the builder to modify designs from one site to the next and therefore vary the quantity of materials carefully calculated to the requirements of a standard design. This routinely results in a project generating a larger amount of waste than it might ordinarily create. It is ridiculous that there are currently nine councils within south east Queensland all of whom have differing sets of design requirements to build a house.

Council local laws pertaining to site management inevitably makes it difficult for the builder to separate waste materials on site, an issue that is becoming more difficult as house sites get smaller (less than 300sqm). An example is the common (Council) requirement to have skips provided on sites, rather than allowing the builder the more flexible option of sorting on site, and using trailers or cages. While this may have advantages in terms of site appearance, due to tight site constraints (smaller blocks of land) it often acts as a deterrent for the builder to separate waste.

Adding to this, the growing propensity of Councils to issue fines (\$3500) if compliance officers perceive materials stored on site have the potential to fall out of a skip has resulted in builders emptying skips when less than full, resulting in smaller loads and more vehicle trips.

The result is that the low volumes of waste generated by individual builders (figures indicate individual material streams make up less than 15% of the total waste generated on a site) is of little value and often not able to be economically recycled. There is also a lack of available, co-ordinated services to economically collect the small volumes generated. Both are disincentives to recycling for smaller builders.

Additionally, the issue of illegal dumping of non-building related waste into skips on building sites by the general community remains an ongoing problem. This practice occurs in both established housing areas and partly-developed estates. A recent study undertaken indicated illegal dumping accounted for 20 percent of waste collected from the average residential building site.

## **6. Conclusion and Recommendations**

Despite assertions from the government to the contrary, households (new home buyers) will incur additional costs because of the proposed levy. Imposing a charge on the home building industry when

the evidence confirms that genuine alternatives for waste disposal are limited and the few existing facilities will simply not cope with any increase in business will result in the additional cost (\$1500) being passed onto new home buyers.

On this basis HIA would suggest that the introduction of a levy should be transitioned over a two year period to allow for the establishment of a genuine recycling sector capable of dealing with predicted needs. Additionally, in the interim a rebate scheme should be established to allow new home buyers to claim back the additional cost created by the levy.

Given the evidence provided highlighting the significant challenges associated with gaining the necessary approvals to establish recycling facilities, the distribution of funds to local government should be contingent upon councils identifying how they intend to facilitate the establishment of the necessary facilities within their respective regions through their planning schemes.

Further, the State Government should establish an independent assessment body responsible for the assessment of all applications for waste and recycling facilities to remove any potential conflict of interest with councils.

Constraints experienced in the housing industry with regard to waste management clearly relate to the structure of the industry. A dominance of small business means the creation of economies of scale for recycling and reuse of unused product is difficult. Even larger companies experience difficulties with recycling products with a lack of collection services available.

HIA would suggest that the State Government needs to liaise directly with the building industry to identify specific and targeted strategies to assist the average family owned business that dominates the industry to recycle more waste.

Local government should be encouraged to undertake a more rigorous surveillance regime of building sites to reduce the incidence of illegal dumping of unrelated material.

The Department of State Development, Manufacturing, Infrastructure and Planning should commence an education program with local government aimed at reducing the variations in the regulatory requirements surrounding housing design, which is ultimately contributing to waste generation.