

CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

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

Innovation, Tourism Development and Environment Committee

September 2018

Introduction

1. The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide comment to the Innovation, Tourism Development and Environment Committee (the Committee) on the *Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018*.
2. CCIQ is Queensland's peak industry representative organisation for small and medium-sized businesses. The Chamber represents over 426,000 Queensland businesses on local, state, and federal issues that matter to them with its guiding focus to develop and advocate policies that are in the best interests of Queensland businesses, the Queensland economy, and the Queensland community.
3. CCIQ is a member of the *Recycling and Waste Management Stakeholder Advisory Group* and has been working closely with the Department of Environment to minimize the impact on levy-exposed industries and small businesses.
4. The following submission puts forward a Queensland small business perspective with respect to the contents of the *Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018*.

Overall Position

5. As the Committee is aware, CCIQ opposed to the Waste Levy as the chief mechanism to deter the interstate dumping of waste in South East Queensland.
6. Our ongoing and consistent position has been that the levy lever not only punishes Queensland businesses who are at the forefront of waste reduction, but businesses across all of Queensland for an issue largely confined to South East Queensland.
7. Businesses are already burdened by a raft of newly introduced taxes and duplicative red tape, and CCIQ is of the view that this levy only serves to increase the financial and regulatory pressures placed on them.
8. CCIQ requests the Committee recognise that small and medium enterprises will be forced to absorb the costs of the levy, adding even more pressure to already tight profit margins.
9. Nevertheless, CCIQ seeks to provide productive input into the construction of the Bill currently before the Committee, and outline suggestions as to the best use of the significant revenue raised by the levy to mitigate the impact it will have on small businesses.

Timing and Implementation of the Levy

10. A concern previously raised by the Chamber and re-iterated herein is the timing and implementation of the levy. The whole-of-government strategy is being developed in tandem with the price signal itself; this is cart before the horse policy-making.
11. In the proposed investment model outlined in the Directions Paper and Queensland's State Budget 2018-19, the three facets intended to improve the entire resource industry in Queensland is infrastructure, market development and price signaling – the Waste Levy falling under the last category.
12. As the current model focusses heavily on setting up a levy in response to a series of external drivers, such as interstate dumping, the introduction of a blanket levy will have the consequence of rapidly increasing materials in the absence of adequate infrastructure to effectively manage the overflow.
13. To underpin the long-term viability of reducing waste to landfill, infrastructure and market-development will require a targeted investment model which should be formed in consultation with stakeholders.
14. CCIQ believes a multipronged approach to reducing waste centres on four key principles: 1) developing and adopting new rules and incentives to reducing waste disposal; 2) Advocating for manufacturer responsibility for product waste; 3) Improving green industry infrastructure; and 4) Educating and promoting a credible sustainability agenda.
15. CCIQ will continue working constructively with the *Recycling and Waste Management Stakeholder Advisory Group* to minimise the impacts of the waste levy on the business community, through ensuring the State's whole-of-government strategy takes into account the four principles mentioned above.

Local Government

16. As outlined in the proposed Bill, the government has elected to provide a rebate to local governments to offset the costs of the levy on municipal solid waste with the rebate reducing over time.
17. Local governments are directed by the Bill to use the amount paid to mitigate any direct impacts of the waste levy on households with businesses being excluded from this direction.
18. The Chamber acknowledges that households should be protected from the direct cost impacts but strongly advocates that businesses should also be protected.

19. The outcome of this exclusion may be highly detrimental to businesses as the burden of this waste levy will solely fall on business shoulders, with the high possibility of small businesses crippling under another levy.
20. CCIQ maintains the position that any proposal to phase in the waste levy, through a rebate, should apply to all those affected, including businesses, for the purpose that *all* affected parties are afforded a period of time to adjust to the new regulations.
21. In the absence of a business impact statement, government cannot guarantee that the introduction of the waste levy will not result in detrimental consequences to businesses; a gradual phase in of the new provisions will at the very least lessen the impacts in the short-medium term.

Legislative and Policy Framework

22. CCIQ has previously raised concerns regarding the process of policy development and consultation with respect to Queensland's waste strategy.
23. The overarching legislative and policy framework has been a backward process with the announcement of a levy, followed by the development of a strategy, and finally the proposed implementation of a circular economy model.
24. This backwards policy making process has perpetuated the assumption that this government's first instinct is a tax reflex as opposed to responsive and consultative policy development with a view to ease the cost burden on industry.
25. The Chamber highlights the frustration experienced by key stakeholders and levy-exposed business operators, and that reactive policy making has a massive impact on confidence in the government of the day to consultatively carry out its functions.
26. As a result, CCIQ strongly recommends that the 'Waste Strategy' in its entirety be reviewed as soon as reasonably practicable, and that such review pre-empt the traditional time allocated for legislative reviews (3-5 years).
27. CCIQ strongly advocates for future policy development to first and foremost determine the objectives or societal goals. Through genuine stakeholder consultation and a transparent policy development process, effective and efficient solutions should be proposed that will address the issue from a long-term perspective.

Levy Revenue

28. Government has indicated its intention to use the revenue from the Waste Levy as a source of funding for programs to support local government, business and industry in reducing the

amount of waste they generate and increase recycling, and for the development of new markets and products.

29. It is expected that between 2018-2019 and 2021 – 2022, 70 percent of revenue generated through the Waste Levy will be allocated to advance payments to councils, scheme start-up and operational costs, industry programs and other environmental priorities. Surplus revenue, from the levy, will provide funding for schools, hospitals, transport infrastructure and frontline services. Businesses will be effectively cross-subsidising of other government programs/sectors.
30. What has not been addressed is where the remaining 30 percent of revenue will be spent which leads to the assumption that 30 percent of the revenue will be directed to consolidated revenue for the government. CCIQ advocates that levy revenue must be used in its entirety to develop the required infrastructure and industry adjustment packages, as well as small business support programs to assist businesses in reducing waste to landfill.
31. Other revenue concerns of the Chamber are:
- a. If the revenue exceeds the projected amount, then the surplus should be used to reduce government debt and or fund business programs, especially as businesses will already be bearing the brunt of the Waste Levy;
 - b. If there is a revenue shortfall, more money will need to be spent on this scheme and there has been no contingency plan set in place by government. Furthermore, the price of the levies should not be increased to cover the shortfall.
32. CCIQ has long advocated for the abolishment of inefficient State taxes and the waste levy, in the long run, has the potential to become a purely revenue-raising mechanism without achieving its desired outcomes.

Support to Businesses

33. The Queensland government's Waste Levy, and revenue generated therefrom, should form part of a broader strategy which should include the following:
- a. Educating businesses on waste efficiency operations through ecoBiz;
 - b. Supporting waste business opportunities; and
 - c. Encouraging market growth of domestic recyclers to ensure rapid uptake of adequate recycling technologies to meet increased material supply.
34. The ecoBiz program assists small businesses to implement energy and waste management efficiencies in their business and therefore plays a direct role in helping small businesses to improve their waste management practices.

35. CCIQ has numerously called on the Queensland government to increase funding to CCIQ's ecoBiz program and continues to strongly do so. CCIQ submits that this can be done from the revenue generated from the Waste Levy.
36. CCIQ is also involved in a number of other governmental environment initiatives, such as the Small Medium Enterprise Sector Adaptation Plan (SME SAP) to climate change.
37. The SME SAP aims to bring climate impacts to the forefront of industry discussion and seeks to make recommendations for future actions and a way forward to build stronger and more sustainable and resilient businesses across Queensland.
38. These types of initiatives should be coordinated to ensure that there is not duplicated funding and resources. CCIQ believes State Government, once the Bill passes, has the responsibility to encourage and support businesses to contribute to a more sustainable economy by building waste reduction into design, and encouraging a culture of valuing resources by making it easier for businesses to find out how to reduce their waste.

Further enquiries

39. If you wish to discuss any of the contents contained herein in further detail, please contact Kate Whittle, General Manager of Advocacy, at