GLENCORE

19 September 2018

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

Dear Innovation, Tourism Development and Environment Committee,

Re: Glencore in north Queensland Submission on *Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018 and* draft *Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Regulation 2018*

Glencore's Copper and Zinc operations in North Queensland (NQ) welcome the opportunity to provide a submission on the *Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018* (the Bill) and the draft *Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Regulation 2018* (draft Amendment Regulation).

Our operations include Mount Isa Mines (MIM), Ernest Henry Mine (EHM), Lady Loretta Mine (LLM), the Townsville Copper Refinery (CRL) and Glencore Port Operations (GPO). Our business in north Queensland incorporates significant interests in copper, zinc and lead mining, smelting, refining and port facilities through our fully-integrated commodities supply chain. In 2017, our north Queensland operations provided direct employment for about 3,500 people, and we contributed about $2 billion to the Queensland economy, including $2.5 million investment in community development and support initiatives across remote and regional Queensland.

Glencore agrees in principle with the Queensland Government's review of the waste management and recycling framework to minimise disposal and maximise waste recycling and recovery, with the added benefits of increased employment to support the QLD economy.

However, we are concerned that the introduction of the levy has not adequately considered the following aspects, which have significant implications:

1. The inclusion of the Mount Isa Local Government Area (LGA) as a levy zone is inappropriate and does not consider the geographical distances for transport to and from a regional location and inaccessibility of recycling facilities; and
2. The proposed amendment to the definition of a 'waste facility' within the Regulation has potential for significant unintended impacts for the application of the waste levy beyond what is understood to be the intent of the Bill.

We provide further explanation of our concerns below.

LEVY ZONE

The Mount Isa LGA is one of the most remote regions of the state, and critically disadvantaged in terms of access and proximity to recycling infrastructure when compared to other Local Government Areas included in the levy zone. Its inclusion is contrary to the Queensland Government's comments in the Waste Reforms Directions Paper this year, stating government has recognised regional barriers and exempted the application of the levy to waste generated and disposed of in these areas.

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Mount Isa does not have the infrastructure, market, nor does it produce the volumes of waste required to make the construction of recycling infrastructure economically feasible for any operator.

Additionally, the exponentially increasing costs associated with transport to and from Mount Isa is a major challenge for the community.

The introduction of the waste levy in the Mount Isa LGA will further compound existing issues and drive perverse outcomes that are not aligned with the intent of the legislation. For example, the levy would not incentivise transport of wastes to recycling facilities if the cost of the levy per tonne is similar to the cost of transport from remote locations. This means that the simplest and most economic solution for operators may be to continue to dispose of waste in landfill.

Given the remoteness of the Mount Isa LGA (and associated high transport costs to recycling facilities/markets), it is not realistic that the LGA is going to be able to access or develop the infrastructure or market necessary to make recycling economically viable, so there will be limited cost relief to disposers.

Having regard to this, and to align with Government's assurance that the special needs of remote Queensland are recognised, Glencore suggests that the only reasonable position is for the Mount Isa LGA to be removed from the levy zone and classed as 'rest of Queensland'.

WASTE FACILITY DEFINITION

The application of the waste levy is directly linked to the definition of a waste facility, which has been amended in the draft Amendment Regulation tabled on 6 September 2018 for consultation purposes. Glencore appreciates that Government has considered onsite waste disposal and management activities ancillary to operations and that these activities approved under the same Environmental Authority will be exempt from the waste levy. However, through removing the reference to 'direct association' the proposed amendment to the definition of a waste facility has the potential for significant unintended impacts beyond what is understood to be the intent of the amendment.

In some situations, it is highly desirable for a common enterprise to manage waste streams across different sites under separate Environmental Authorities utilising a common facility. This not only has a cost benefit for the enterprise, related to the operation of fewer facilities, but is also highly desirable from an environmental risk management and product stewardship perspective.

The removal of the wording "or in direct association with" from 2(c) of the waste facility definition means that an enterprise utilising a single facility for the disposal (or recycling) of waste generated by one or more sites, operated by the same entity, will no longer be able to do so without being classified as a waste facility (for the purposes of the Bill), and thereby becoming a 'waste disposal site' and being subject to the waste levy. In this regard, the proposed amendment to the definition of 'waste facility' has the potential to be retrospective and consequently have substantive cost implications.

Whilst we understand that an amendment to the current definition is required to prevent abuse of the system to avoid levy payment, there are a number of legitimate scenarios where it is desirable for a facility to accept waste from an entity in direct association with the entity carrying out the relevant activity, or its associated entities. Two examples are provided below.

Example 1

A mining company operates three sites through three different associated entities under separate Environmental Authorities. Waste from each of these sites is disposed of to a single facility at one of the sites. This has multiple benefits including:

- Minimising the footprint of potential environmental impact by limiting the activity to one location;
- Demonstrating proactive product stewardship by retaining the management of contaminated and potentially contaminated materials to a controlled area avoiding exposure to third-party sites; and
- Recognising the financial benefits of operating a single facility rather than three.

In this scenario, the proposed amendment to the 'waste facility' definition would mean that, should the site on which the facility exists accept the waste from the other two sites, the facility would be classified as a waste facility and trigger the payment of the levy for all waste disposed from the three sites. As a result it is likely that either:

- Each site will construct and operate their own onsite waste disposal facility which increases the environmental impact footprint; or
- Waste from at least two of these sites would be disposed of at a third-party waste facility which, in addition to increasing the cost to operate the site, also results in the transfer of contaminants to an external facility.

Example 2

A company operating two sites (site 1 and site 2) through two different associated entities under separate Environmental Authorities transports a waste by-product generated on site 1 to site 2 where it is utilised in a processing plant to aid in the recovery of a saleable product.

In this scenario, the proposed amendment to the 'waste facility' definition would mean that by accepting the waste by-product for reprocessing/recycling, the facility would be classified as a waste facility and trigger the payment of the levy for all waste disposal activities on the site regardless of the source. As a result, it is possible that site 2 would no longer transport the waste by-product to site 1 for reprocessing/recycling and, instead, the waste by-product would be sent to landfill.

In situations such as the examples provided above, it would seem that the amendments of the 'waste facility' definition would undermine the objectives of the Bill and limit opportunities for streamlining waste management within a common enterprise.

We consider that the proposed alternative wording below recognises that limitations must be placed on entities in direct association, whilst retaining some flexibility for an entity to streamline waste management, with regulatory approval, where there are clear benefits (as outlined in the above examples).

Suggested amendment to the definition of a 'waste facility':

(4) Schedule, definition waste facility, item 2, paragraph (c)— omit, insert—

(c) the facility is operated by or for, or in direct association with, the entity carrying out the relevant activity; and
(d) either:
(i) the facility is authorised under the same environmental authority as the relevant activity; or
(ii) the facility is authorised under an environmental authority to receive waste from the entity carrying out the relevant activity.

A second issue is apparent in the 'waste facility' definition. An operational entity may have multiple facilities for the purpose of handling waste under the same environmental authority. For example, on a single operational site, wastes may be handled independently at a landfill, tailings storage facility and a processing facility in which a waste product is reprocessed. It is currently unclear as to whether each of these facilities is considered a 'facility', or whether the whole of the operational site is considered to be a single facility for the purpose of its classification. In Glencore's opinion, the former is the more sensible interpretation. However, even on this interpretation, it is unclear whether by accepting waste from an entity under a separate Environmental Authority at one of these facilities (for example, a waste by-product for reprocessing), this will change the classification of all of these facilities to a waste facility for the purpose of the application of the levy.

Glencore sees significant environmental and economic benefits in enabling an operational entity to establish multiple distinct facilities, classified independently, under the same Environmental Authority. This would support the intent of the Bill by ensuring entities may leverage opportunities for recycling/reprocessing of wastes produced under a separate Environmental Authority without triggering classification as a waste facility and payment of the Levy, which would act as a disincentive to recycle or reprocess wastes.

CONSULTATION AND IMPLEMENTATION TIMEFRAMES

Whilst Glencore understands the push to strengthen Queensland's waste management and recycling framework and discourage interstate waste disposal in the state, the short time-frames which have been allowed for consultation are concerning.

The proposed amendments have significant implications for industry and Local Government Areas across Queensland. Without a reasonable period of consultation, there is a risk that there could be significant unintended and detrimental impacts as a result of enacting the Bill in its current form. Further, the equally short proposed timeframe for the implementation of the changes makes it difficult for businesses to budget for the incoming levy or plan for new recycling opportunities.

Glencore also supports the submission made by Queensland Resource Council in relation to the Bill.

Please don't hesitate to contact myself on the details below or Anne Williams, Superintendent Environmental Strategy and Regulation, on email
if you have any questions.

Yours sincerely,

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Glencore North Queensland

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