

19 September 2018

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

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

Thank you for the opportunity to provide a submission on this important piece of legislation.

Master Builders is the peak industry association representing building and construction in Queensland. With more than 8,500 members across the State, we are committed to representing the interests of members and the broader building and construction industry in Queensland.

Introduction

We strongly oppose the introduction of a waste levy. There is very little that builders and trade contractors can do to reduce the amount of waste they send to landfill. Over many years builders and tradies have improved their estimating and design practices to minimise wasting materials. The industry is acutely aware that waste equals a cost to the business.

We believe that for the housing and commercial sectors, the levy will do nothing but push up the cost of construction.

Our position is based on the following:

1. On-site sorting of waste is not viable, particularly in the housing sector where there has been a shift to smaller lots.
2. There is limited access to resource recovery facilities; almost none outside of South East Queensland. This means there is little or no opportunity for builders to reduce the amount going to landfill.
3. The absence of markets for recycled waste products means there is little or no incentive for the industry to invest in new/expanded resource recovery facilities. On that basis, it is highly unlikely that resource recovery facilities will ever be developed in the remoter parts of the state.
4. Regardless of when the levy commences, it will take several years for the waste recycling industry (in the major towns and cities) to develop additional resource

recovery facilities (assuming the market exists). We are concerned that it will not happen at all in the regional and remote parts of the state. The review of the 2014 waste strategy confirms this view, identifying obstacles including the distance to markets for recovered resources, the availability of skills for operating and maintaining waste infrastructure, and small dispersed populations with limited financial resources.

We note that the Explanatory Notes outline the policy objectives of the waste levy, including:

- i. act as a price signal that encourages waste avoidance and resource recovery behaviours, and discourages disposal to landfill as the first option
- ii. provide a source of funding for programs to assist local government, business and industry to establish better resource recovery practices, improve overall waste management performance and sustain Queensland's natural environment, and
- iii. facilitate industry investment in resource recovery infrastructure.

Our response

The levy will act as a price signal that encourages waste avoidance

In exploring this issue over the past few months we have seen nothing to indicate there is any significant opportunity for building contractors to reduce the amount of waste they send to landfill. Currently, the waste generated by house builders and smaller commercial builders - and all builders in regional and rural areas - goes direct to landfill due to the lack of options for waste recycling. Major commercial builders operating in SEQ or regions where there are resource recovery facilities, use third party waste handlers to remove and recycle waste. We do not anticipate that this will change any time soon.

There is a view within government that the experience from other states is that the construction sector is likely to respond rapidly to the landfill levy by lifting recovery performance. This overstates the real position. The only way there will be a lift in recovery performance is if the recycling industry responds on two fronts: at a regional level, improving access to resource recovery facilities; and at a local level, waste handlers collecting waste from building sites.

Outside of SEQ and the major regional centres, given the lack of scale, we are sceptical that this will happen. Once the levy commences it will take several years for the waste recycling industry (in the major towns and cities) to develop additional resource recovery facilities (assuming the market exists). It won't happen at all in rural and remote parts of the state.

The impact on households

The Explanatory Notes state that the Bill will ensure there is no direct impact on households. We do not accept that view: we believe that the inability of the construction industry to reduce their waste to landfill will most certainly impact householders building a new home or renovating their existing home.

A typical renovation generates as much waste as a typical new home because of the need to partially demolish to prepare for the renovation work.

Building an average new home (230m² floor area) generates approximately 15 tonnes of waste (8 to 10 tonnes for low set; 15 to 20 tonnes for high set). The current cost of disposing of building waste is about \$2,800 (4 bins at \$700 per bin) for a new home or renovation. Note - these rates are based on SEQ gate prices; in the regions the gate prices are significantly higher.

The levy will add more than \$1,000 to the cost of building/renovating, which is a significant impact on housing affordability.

Investing in resource recovery infrastructure: the impact of the levy in the regions

Gate prices in regional areas are significantly higher than those in South East Queensland.

Currently, the waste generated by house builders and smaller commercial builders - and all builders in regional and rural areas - goes direct to landfill due to the lack of options for waste recycling, particularly the lack of access to resource recovery facilities.

For this reason Master Builders supports discounting the levy, or an exemption from the levy, in regional areas until there are services in place for collecting, sorting and recycling waste.

Use of levy proceeds

We note that it is expected over 70% of the levy revenue over the next three years will be allocated for industry programs etc.

We support the use of all of levy revenue for the necessary additional facilities and infrastructure upgrades required to improve waste to energy options in the regions and SEQ, as well as enterprise level programs and waste management solutions that will assist businesses in reducing their waste to landfill.

We do not support levy proceeds being used for general revenue investment outside of the waste industry.

Funding for programs to assist businesses to reduce the amount of waste that goes to landfill

We have been exploring measures that would assist builders in this regard. For example, in Scotland we understand that the following initiatives have been developed:

- Materials Exchanges where surplus materials on one site/project are used at another. Waste management companies could be interested in this. But it would need state-wide support and co-ordination.
- Local Construction Material Recycling Facilities could be used as a hub for the waste management sector to co-ordinate logistics across several sites. This would improve collection efficiency, making it easier for sites to separate and store recyclables.

However, we don't believe these would provide any significant benefit.

Levy zones

We query how the levy will be enforced where waste is carried from interstate or inside the levy zone and dumped outside the levy area.

Regards,

A handwritten signature in dark ink, appearing to read 'Paul Bidwell', is displayed on a light grey rectangular background.

Paul Bidwell
Deputy CEO