



TOWNSVILLE CITY COUNCIL

Date >> 25 September 2018

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

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Dear Sir/Madam,

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

Council welcomes the opportunity to provide a submission to assist the Innovation, Tourism Development and Environment Committee's review of the Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018 (the Bill) introduced to Parliament on 6 September 2018.

Townsville is the largest city in Northern Australia, is the gateway to mining and agricultural regions, and is perfectly positioned as Australia's gateway to Asia. The city holds a number of opportunities for investment, development and business.

Council provides solid waste management services to a community of around 190,000 through waste collection, transportation, recycling and disposal. The waste business unit employs approximately 100 staff from the Townsville community and has a combined reported operating and capital expenditure of over \$38m.

The Bill is of significant interest to Council as there are several unresolved matters that need further consideration.

1. Waste Levy Commencement

Council supports a 1 July 2019 commencement of the waste levy in order to allow the design of the system to be fully developed and communicated to all stakeholders in order for the industry to be levy ready.



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A commencement date of 4 March 2019 will be extremely challenging both in terms of the timeframe but also the complexity of the introduction of a financial impost in the middle of a financial year.

Recommendation 1:

The Committee recommends the waste levy commencement date be deferred to 1 July 2019 to align with the start of the financial year and ensure implementation concerns are adequately addressed.

2. Waste Levy Rate

Most other jurisdictions that have a waste levy have introduced it at a very low rate and increased it gradually over time (£7 in UK, 1996/97 and today £80). There are many experiences from these other jurisdictions that can be learned from. By contrast, Queensland's levy will commence at a relatively high level with little infrastructure to support alternatives to landfill. It will take time to create markets, encourage investment and develop behavioural change in the community.

Many other jurisdictions also have a considered approach to the distance to recycling markets and infrastructure through the application of differential levy rates. Both New South Wales and Victoria have rates for metropolitan and regional areas that vary significantly.

It will take considerable time and investment to develop the infrastructure required particularly in the regions. In the Department of Environment and Science commissioned report – *Queensland Waste and Resource Recovery Infrastructure Report (Arcadis, February 2017)* for almost every region and type of waste, Queensland's requirement for additional waste infrastructure to meet the 2024 recovery targets was assessed as significant.

Recommendation 2:

That the committee recommends introducing a differential levy system in line with New South Wales and Victoria, with rates for metropolitan and regional areas.

Recommendation 3:

That the committee recommends that \$35 per tonne be the initial waste levy price for regional Queensland.



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3. Hypothecation of Levy Funds

It is unclear how the Government intends to allocate all of the levy funds that will be generated.

The forward estimates 2018/19 – 2021/22 indicate \$1.3 billion in levy funds will be generated. It has been stated in several forums that 70% of these funds will be hypothecated to Local Government and Industry with the remaining funds to be spent on schools, hospitals, transport and frontline infrastructure.

The *Resource Recovery Industry Development Program* only includes a budget of \$100 million over three 3 years. Council is concerned that the majority of the funds raised by the waste levy will not be used for the improvement of recovery rates within the Queensland waste industry.

Council supports the LGAQ position that all levy funds be used to support the waste industry in Queensland.

Furthermore, council advocates for

- State-wide training of levyable site operators and their frontline staff (weighbridge operators, etc.) in order to ensure data integrity, and
- Full payment to councils for their obligations under Section 67 for the mandatory volumetric surveys. This results in a financial impost on already constrained local government budgets that should be fully recovered under the available waste levy funds.
- Financial support to allow council to continue kerbside recycling in the short term. The impacts of China's National Sword Policy have been significant in the regions and short term support is needed.
- Council seeks a commitment that regions are working together and are sharing critical regional material processing infrastructure have subsidies applied to equalise the cost of recycling / reprocessing in the regions. Council points to the Levelised Cost of Energy (LCOE) and advocates for a similar mechanism to equalise the cost of alternatives to landfill within the regions. This enables aggregation of waste streams and supports investment in regional infrastructure creating significant employment opportunities while achieving landfill diversion targets at an affordable rate for all Queenslanders.

Recommendation 4:

The Committee recommends full hypothecation of ALL waste levy funds towards waste and resource recovery initiatives across Queensland.



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4. Local Government Levy Ready Grants Program

The *2018–19 Local Government Levy Ready Grants Program* is intended to provide funding to assist local councils with waste disposal facility infrastructure upgrades prior to the proposed introduction of the waste disposal levy on 4 March 2019.

In the last 12 months, Council has invested heavily in infrastructure upgrades in order to be prepared and ready for the waste levy. This has included hardware upgrades, software upgrades, and the installation of a weighbridge. To date, expenditure on these upgrades is approximately \$395k.

Funding applications for the 2018–19 program are now open, yet council is ineligible to access these funds as the work had already commenced. Council feels it is unfair to be penalised for having the foresight to be prepared and being a first mover.

Recommendation 5:

The Committee recommends that the *Local Government Levy Ready Grants Program* apply retrospectively for those councils that can demonstrate the expenditure was intended to be ready for the levy and meets all other criteria under the program.

5. Calculating Waste Levy amount

Section 37 of the Bill refers to the waste levy rates prescribed by Schedule 1 of the Regulation where it proposes a levy increase date of 1 January each year.

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 council's financial processes and will cause necessary confusion and complication.

This proposal creates an impost through:

- The adoption of two sets of fees and charges by council each year.
- Duplication of community engagement in order to communicate the price rise.
- Twice yearly upgrades of signage at transfer stations and gatehouses.
- Twice yearly weighbridge software system updates and the associated staff training that will be required.
- Twice yearly updates to council's web pages and customer contact centre scripting.



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Recommendation 6:

The Committee recommends that any incremental annual levy increase be introduced on 1 July each year.

6. Requirement for Local Government to include a statement in Rates Notice

The requirement for the local government to include information about the purpose of the annual payment and amount received by the local government in its rate notices (including rates notices issued to commercial premises) for the relevant year appears misdirected.

Such a statement will only cause confusion within the community and may escalate conflict at landfill gatehouses when the levy is applied to commercial clients carrying waste for domestic clients.

If local governments are required to provide this information, the more relevant place would be council's website and/or Annual Report.

Recommendation 7:

The Committee recommends amendments to Section 73D to allow local governments to provide information about the annual payment and amount received in the annual report of the local government.

7. Salvaging contracts – offence to remove waste from levyable area

Council views Section 38 of the Bill as counter-intuitive to encouraging resource recovery activities. Currently council has legitimate salvage operators under contract to recover items from the landfill for re-sale. Under the proposed Bill these activities will become unlawful.

It is proposed that transitional arrangements are put in place in order to allow for council and other landfill operators to amend site practices. Alternatively, a levy rebate (or deduction) scheme, similar to what exists in New South Wales could be introduced.

Council would need to make significant investment in order to design and construct a Front End Resource Recovery Centre that supports and complements the existing tip-shop and its contractors.



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Recommendation 8:

The Committee recommends that where contractual arrangements are in place for legitimate salvaging operations, these legitimate operations should be exempt from the offence provisions under Section 38.

8. Materials Recovery Facility (MRF) residue wastes

Council understands that MRF residue waste will be exempt from the levy of a period of 3 years under Part 3, S309 of the Bill, if the material meets the efficiency threshold. The arbitrary efficiency threshold is of particular concern to council given the recent tightening of quality specifications under China's National Sword Policy.

Under the proposed efficiency threshold, council would not be able to meet this transitional exemption. This will force council to have to pass those costs back to the householders, resulting in the perverse outcome of a wheelie bin tax.

It is considered more reasonable that a sliding scale approach be taken in order to allow councils with differing efficiency thresholds to apply for exemption under section 44 of the Bill which details the application process for a discount.

Recommendation 9:

The Committee allows residual waste generated from MRF operations, in excess of the efficiency threshold, to be eligible for discounts under the provisions of section 44.

9. Municipal Solid Waste (MSW) and other Council generated waste

Council notes that the definition of MSW includes:

- Kerbside bin waste
- Self-haul waste
- Kerbside hard waste collections
- Public place bin waste
- Parks clean up waste, and
- Street sweepings

Council is concerned that this does not include the full range of wastes generated through the provision of its core services to the community. Other waste generated that must be considered within the definition of MSW include council administration and community facility waste and road works waste.



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Council recently modelled the impact of these exclusions from the definition of MSW with a resultant increase of approximately \$15 per property per year (or \$1.2 million across rateable properties).

Recommendation 10:

The Committee recommend all core services provided by councils are considered as either exempt or eligible for the 105% advance payment in order to limit the impact of the waste levy on households.

Thank you for the opportunity to comment on the Bill and for the extension of time afforded for this important consultation to occur. If you require further information, please contact Matthew McCarthy, Team Manager Waste Services,

Yours sincerely

A handwritten signature in black ink, appearing to read "Adele Young", with a long, sweeping horizontal line extending to the right.

Adele Young MBA, MMkt
Chief Executive Officer

