

Investigation into the Transport of Waste into Queensland

Submission no. 0006

Name Partially Confidential – Re.Group

22 September 2017

Sylvie Garner
Acting Director, Secretariat
Investigation into the Transport of Waste

Dear Ms Garner,

RE: Investigation into the Transport of Waste into Queensland

Thank you for the opportunity to contribute to the independent investigation into the cross-border transport of waste into Queensland landfills, which has been instigated by the Minister for Environment and Heritage Protection the Honourable Steven Miles, and which is being led by the Honourable Peter Lyons QC.

Re.Group is an Australian company that specialises in recycling and the recovery of resources from waste. We currently operate facilities in NSW and the ACT, as well as our Queensland Materials Recovery Facilities (MRFs) in Mackay and Townsville, our engineering headquarters in Brisbane, and our mobile baling service operating in regional Queensland.

We have set out below our responses to the matters raised in your letter of 19 September. We appreciate the requirement for this investigation to be completed in a timely manner, and we will be happy to contribute to further discussion of these issues as required.

Waste transportation

There are residual waste components from recycling facilities, which require disposal. The amount of residual waste depends on the specific type of facility; for example, a 'yellow bin' recycling facility may have circa 10-15% residual waste, compared with a 'red bin' recycling facility with circa 30-40% residual waste. The disposal of residuals generally represents a significant cost for recycling facilities, which can obviously create commercial incentives to seek lower disposal cost options.

Re.Group (including all its related entities) does not currently transport any waste from interstate into Queensland, and we have never been involved in this practice in the past. However, we are aware of the opportunity to do so, and we understand that this could potentially provide cost savings compared to disposal at appropriately licensed facilities located close to our recycling operations in NSW and the ACT.

Our approach to date has been to work with our clients to ensure they value the recycling services we provide their local communities, and are therefore willing to pay fees for these services at a level that enable us to responsibly manage the residual waste stream.

Re.Group believes in managing waste as close as possible to its source of generation; we do not want to unnecessarily transport waste, and we will continue to be strong advocates for clients to pay appropriate fees that enable responsible treatment of all waste streams. However, like any company, Re.Group does need to remain commercially competitive. If other organisations are able to undercut our operations due to disposal savings via transport to Queensland, then Re.Group will need to evaluate its options to remain competitive. At present, we are aware of several of our competitors that do transport waste to Queensland, and we do risk competing against this practice in the future.

We consider the introduction of a Queensland price signal is the best (if not only) way to ensure that waste is not unnecessarily transported interstate for disposal. Landfill levies, when appropriately designed, provide a disincentive for disposal, and also generate revenue that can be used to support more sustainable waste management approaches, including support for developing recycling infrastructure that can create new jobs and increase local economic activity.

Disposal and recycling in Queensland

We currently operate two recycling facilities in Queensland, as well as facilities in NSW and the ACT. We also have our engineering business located in Queensland, which focuses on providing engineering services for the waste and recycling sector. We also provide a mobile baling service, which involves travelling throughout regional and rural areas to bale agricultural plastics and ensure that they are recycled, rather than being disposed.

We note that the Townsville MRF, which commenced operations in June 2017, is (to the best of our knowledge) the newest recycling facility in Queensland. Both Re.Group and Townsville Council are proud of this best-practice regional recycling facility. However, it must be noted that the development of the facility has only been possible due to Council's decision to provide this service to the community, and Re.Group's willingness to invest \$5m in the development of the facility.

Recycling provides local employment, as well as a host of environmental and social benefits. But the commercial reality is that it would appear to be significantly cheaper for Townsville Council to dispose all its household material to landfill, rather than to recycle it. This situation is even more pronounced for neighbouring councils, which also have to pay the cost of transport to access the Townsville MRF, compared with disposal to a local landfill being 'cheaper and easier'.

While some Councils may choose to take a leadership position and enable their community to access high-quality recycling services (as Townsville and Mackay have done), it is clear that recycling rates in Queensland will continue to remain relatively low while there remains no commercial imperative to avoid landfill.

Additional issues

As set out above, Re.Group is involved in the development and operation of recycling and resource recovery facilities. We have already made significant investments into Queensland recycling infrastructure, and we would be prepared to invest significantly more should the right opportunities arise. However, we consider the prevalence of cheap landfill as a significant barrier to the development of additional recycling infrastructure, as well as being a barrier to optimising the recovery of materials via existing facilities.

We are not involved in the interstate transport of waste to Queensland. Indeed, our interstate transport currently is related to the sale of recycled materials. In particular, from our new facility in Townsville, we are servicing national demand for high quality glass sand products, for clients in the pool filtration and also the sandblasting sectors.

If the massive disparity in disposal costs between South East Queensland and the rest of Australia continues, then we can envisage a point where all recyclers may need to consider

interstate transport of residual waste for disposal. This would be a perverse outcome, which we very much hope can be avoided.

The introduction of a price signal in Queensland could eliminate or at least significantly reduce the current practice of large-scale transport of waste from NSW for disposal, and assist in maintaining a 'level playing field' for NSW recyclers. Importantly, a Queensland price signal can also provide significant assistance to current and future recycling operations in Queensland, by creating greater demand for recycling services.

Ultimately there is a clear decision for the Queensland Government. It can continue along the current path of protecting cheap disposal options, in which case there will be more and more waste transported to the state for disposal, and increasing public attention around the sunshine state being "Australia's dumping ground". Alternatively, Queensland can introduce a price signal and achieve a host of positive social, environmental and economic results, including:

- New jobs in the recycling sector
- Economic growth and investment in new infrastructure
- Higher resource recovery rates
- New revenue to support Government activities.

Queensland has the advantage of being able to observe the experience in every other Australian jurisdiction over the last decade, so that it can 'pick and choose' the price signal elements that will be most successful in Queensland, while avoiding some of the challenges other jurisdictions have faced and overcome. It can also be noted that, despite concerns voiced about increasing disposal costs for the community and businesses, the application of landfill levies has not in any way stalled economic growth in states such as NSW. Indeed, the opposite effect has been observed, with investment in new infrastructure and increased employment throughout the resource recovery sector.

We would welcome the opportunity to discuss these issues in more detail.

Yours Sincerely,

David Singh
Managing Director

Garth Lamb
Business Development Manager