

Investigation into the Transport of Waste into Queensland

Submission no. 0017

Name Waste Management Association of Australia
(WMAA)



WMAA NATIONAL OFFICE

Suite 4.08, 10 Century Circuit
Baulkham Hills NSW 2153
ph: 02 8746 5000 ABN 78 071 897 848
info@wmaa.asn.au
www.wmaa.asn.au

Secretariat
Investigation into the Transport of
Waste into Queensland
Level 32, 400 George St
BRISBANE QLD 4000

26 September 2017

Attention: secretariat@qldwasteinvestigation.com.au

Investigation into the Transport of Waste into Queensland

The Waste Management Association of Australia (WMAA) welcomes the opportunity to provide comment on the Inquiry into the Investigation into the transport of waste into Queensland, by the Honourable Peter Lyons. WMAA is the peak body for the waste and resource recovery industry, with members based in a broad range of business organisations, government, universities and community groups.

WMAA's members are involved in a range of important waste management and resource recovery activities within the NSW economy, including infrastructure investment and operations, collection, manufacturing of valuable products from resource recovered materials, energy recovery and responsible management of residual materials, and community engagement and education.

WMAA appreciates the Queensland Government's commitment to effective two way communication between industry and the regulator, and appreciates that the Queensland government is committed to addressing this challenging issue. Our responses to the Terms are provided in the Annexure (A).

The initial contact for this correspondence is the National Office, namely Gayle Sloan should the Inquiry require further information or comment.

Yours sincerely

Gayle Sloan
Chief Executive Officer
Waste Management Association of
Australia

WMAA is the peak body for the waste and resource recovery industry

Comment on *Investigation into the Transport of Waste into Queensland*

Part/Clause	Comment
Part/Clause	
IDENTIFY	<p>A.WHAT ARE THE FINANCIAL, REGULATORY AND OTHER INCENTIVES FOR THE MOVEMENT OF WASTE FROM OTHER STATES TO QUEENSLAND LANDFILL?</p> <p>B.WHETHER THERE ARE ANY REGULATORY FRAMEWORKS IN PLACE THAT WOULD INHIBIT OR AFFECT THIS MOVEMENT OF WASTE IN STATE OR NATIONAL REGULATIONS?</p> <p>C. WHETHER ANY OTHER JURISDICTIONS IN AUSTRALIA OR INTERNATIONALLY HAVE DEALT WITH SIMILAR MOVEMENTS OF WASTE, IF SO, WHAT WAS THE RESPONSE?</p>
	<p>A. The waste and resource recovery industry in Australia is characterised by a substantial volume of regulations and related instruments operating at all levels of government, and across all jurisdictions. The particularly challenging feature of these regulations in Australia at this time, is that in many senses the state based waste and resource recovery frameworks differ from each other, with each state on a different point in the continuum of supporting the waste management hierarchy and improving diversion of waste from landfill by use higher up the hierarchy.</p> <p>The major incentive for waste to move to Queensland is simply the commercial reality that it is cheaper to transport and landfill in South East Queensland than landfill or resource recover this waste in other States, particularly NSW.</p> <p>The reality is that at present on average 60,000 tonnes of predominantly construction and development (C&D) waste in being transported from Metropolitan Sydney to South East Queensland each month. Why has this situation arisen to such a scale in Queensland? WMAA submits that it is due to two (2) reasons-</p> <ol style="list-style-type: none"> 1. The cost of landfill in Queensland is too cheap. This situation is worsened by the fact that there is essentially a two speed system in place between Queensland Council and non - Council landfill operations, with some Council sites not fully costing the true cost of managing landfill sites (including post closure costs). Queensland Rate payers are subsidising these costs; 2. Unlike NSW (and most other Australian states), Queensland does not have a well articulated waste policy that mandates targets for diversion from landfill and provides support for resource recovery and the waste management hierarchy. This situation is worsened by the fact that the landfill levy was repealed in 2014, as such Queensland has no levy currently in place and as such limited ability to support and invest in resource recovery infrastructure in NSW. <p>At present in South East Queensland, waste can be disposed of for as little as \$10- \$30/ tonne, this potentially fails to cover the costs of establishing and operating a modern landfill, much less post closure capping and rehabilitation costs. Due to the NSW Government focusing on diversion from landfill, there are a limited number of landfill sites in metropolitan Sydney, the gate fee cost for these vary from \$200 to \$350/tonne (inclusive of levy). Given that transportation costs to South East Queensland are estimated to be in the vicinity of \$40/tonne - this significant cost differential results in some operators within the NSW waste industry electing to transport to Queensland as opposed to either landfilling in NSW (at a higher cost) or undertaking resource recovery activities (recycling target for C&D in NSW currently being 75%, which is often a more expensive option than landfilling).</p> <p>Whilst it is recognised that the majority of landfills in South East Queensland are professionally managed, the low cost of landfill in Queensland is of concern, as this could reflect a failure to properly allow for post closure costs associated with these sites - this means that potentially current risks are not being well managed as well as the real potential that these sites will be future liabilities to Government and the community in relation to clean up and remediation.</p> <p>It is the role of Government to determine where it wishes to be placed on the spectrum of diversion, and then implement the policies that support this policy objective. A landfill levy is the economic tool that supports the diversion targets, with the overarching objective being to achieve the socially optimal level of waste going to landfill versus alternatives, such that the overall economic welfare of society is maximised. In short, this is achieved at the point where the landfill gate price reflects the full social costs of landfill.</p> <p>The negative environmental and economic impacts of waste are well known. With the increasing consumption of a finite amount of resources, innovation has been key in shaping and changing the way we view waste materials. Historically, landfill has been the simplest and cheapest way of disposing of society's waste with landfill prices (per tonne of waste) typically only reflecting the private costs of their operation and not the wider cost to society</p>

and the environment. These costs include greenhouse and other air emissions, the reduction of amenity for surrounding landholders, damage to surrounding soils and water resources and a significant ongoing environmental management challenge for Government, even after landfills have ceased operation.

The full social cost of landfill consists of three key cost categories namely:

1. 'Private costs' for landfill operation, including full life cycle costs such as site and cell establishment costs, operating costs, and post-closure cell and site management;
2. 'Direct externalities' associated with waste collection and landfill disposal, such as greenhouse gas emissions, other air emissions, leachate, the opportunity cost of land and transport externalities.
3. 'Avoided externalities' associated with avoiding the extraction and production of virgin materials, which occur as a result of waste materials being diverted from landfill and mobilised into productive use.

In addition to the full social cost of landfill, the landfill levy should also reflect society's desire to reduce waste and encourage resource recovery. For the most part, the private costs of landfill are reflected in the gate price. Therefore, in order to determine the right levy amount, the two types of externalities need to be quantified. If the landfill gate price does not reflect these externalities, they will be borne elsewhere in the economy, for example in clean up/remediation costs post closure of a facility.

Therefore, in the absence of other mechanisms to address externalities, government intervention is necessary to ensure that landfill's full cost to society is reflected in the gate price. A landfill levy is a key mechanism in internalising these externalities, and has the effect of reducing volumes of waste to landfill from waste generators (households and businesses as well as the residual material from recycling facilities) while increasing volumes for recycling through making alternatives more price competitive.

Whilst there is an absence of clear policy settings promoting resource recovery in Queensland, which results in there being no levy being in place to support this policy, a price differential for landfill between States will continue to exist and waste will continue to be transported to Queensland. In 2015/16 it was reported that there were 566,000 tonnes from interstate taken to Queensland (a 40% increase from the year before) due to this pricing difference. That is 20,000 truck movements, each way, every year.

Waste Policy

State and territory policy on waste and resource recovery should be an endorsement of the waste hierarchy, supporting actions that divert and supporting industry to deliver by creating certain regulatory and policy settings, enhanced further with levy investment by government into supporting the sector and community . The gusto at which each state achieves its objectives, as demonstrated by the differences in target percentages, varies.

State and territory policy is summarised below, as can be seen Queensland is less ambitious in its targets than many other states.

ACT	<p>Growth in waste generation less than the rate of population growth. Reuse of goods to expand.</p> <p>Waste sector is carbon neutral by 2020, with energy generated from waste doubling and waste resources recovered for carbon sequestration.</p> <p>Recovery rate increases to:</p> <ul style="list-style-type: none"> * Over 85% by 2020 * Over 90% by 2025.
NSW	<p>By 2016-17, reduce litter items by 40% compared with 2011-12 then continue to reduce to 2021-22,</p> <ul style="list-style-type: none"> * reduce waste per capita * reduce illegal dumping in Sydney and the Illawarra, Hunter and Central Coast regions by 30% * establish baseline data to allow target-settling elsewhere. <p>By 2021-22, increase recycling rates for:</p> <ul style="list-style-type: none"> * MSW from 52% (in 2010-11) to 70% * C&I waste from 57% to 70% * C&D waste from 75% to 80%
NT	No specific targets are included in the strategy document
QLD	<p>By 2024:</p> <ul style="list-style-type: none"> * reduce waste per capital by 5% * reduce waste to landfill by 15% * improve management of problem wastes (specific targets to be developed) <p>By 2024, improve:</p>

	<ul style="list-style-type: none"> * state average MSW recycling rate to 50% (from 33% in 2012-2013) * C&I recycling rate to 55% (from 42%) * C&D recycling rate to 80% (from 61%)
SA	<p>35% reduction in landfill from 2002-2003 in landfill from 2002-03 level by 2020 (30% by 2017-18). 5% reduction in waste generation per capital by 2020 (from 2015 baseline).</p> <p>For Adelaide Metropolitan</p> <ul style="list-style-type: none"> * MSW landfill diversion of 70% by 2020 * C&I diversion of 80% BY 2020 * C&D diversion of 90% by 2020.
TAS	No numerical targets are included in the strategy document.
VIC	No numerical targets are included in the policy document.
WA	<p>No numerical targets are included in the strategy document.</p> <ul style="list-style-type: none"> * MSW landfill diversion: 50% by 2015 and 65% by 2020 (metro), and of 30% by 2015 and 50% by 2020 (regional centres) * C&D landfill diversion: 60% across the state by 2015 and 75% by 2020

A more consistent pace in state and territory policy would see a greater harmonisation of industry policies, regulation and enforcement across Australia, reducing opportunities to exploit any gaps. Harmonisation could be facilitated by a comprehensive and nationally integrated system for the identification, classification, treatment, disposal and monitoring of waste. Regulatory frameworks will need sufficient plasticity to adjust to market conditions.

WMMA believes policy harmonisation would also benefit from federal government leadership through increased green procurement, waste and resource recovery infrastructure planning and, the introduction of new market instruments to increase recovery rates.

Landfill Levies

There is little national co-ordination in Australia on waste policy, making it very difficult to move Australia wholesale to circular economy¹. The different levy rates, generate circumstances where operators can make a win fall gain from transporting to Queensland, which also has the compounding effect of reducing the margins for those operators following the waste hierarchy. A race to the bottom ensues. A snapshot of landfill levies is outlined below. Amounts provided below are for 2017 and 2018, metropolitan area solid waste.

ACT	The levy for municipal solid waste in the ACT is \$87.05 per tonne while commercial and industrial waste with 50% recyclable material is \$195.53 per tonne or \$143.36 per tonne where delivery is general commercial and industrial waste.
NSW	The levy for municipal solid waste in the NSW is \$138.20 per tonne for metropolitan landfills and \$79.60 per tonne for regional areas.
NT	The Northern Territory has no landfill levy.
QLD	Queensland has no landfill levy.
SA	The levy is \$87 per tonne for municipal solid waste for metropolitan areas and \$43.50 per tonne for regional areas.
TAS	Levies in Tasmania are imposed by the facility. At the McRobbies Gully Waste Management Facility, general mixed waste and hard waste attracts a levy of \$90 per tonne.
VIC	The levy for municipal solid waste in the Victoria is \$63.28 per tonne, while category A commercial and industrial and construction and demolition waste is \$79.60 per tonne for metropolitan and regional areas. In rural areas of Victoria, municipal solid waste is \$31.71 per tonne, while category A commercial and industrial and construction and demolition waste is \$55.46 per tonne. Category B and category C waste involves levels

¹WMMA has heard of anecdotes that the cost of loading, transport and landfilling in South East Queensland is less than the NSW levy alone.

	of contamination and is \$250 per tonne from high levels of contamination (B) and \$70 per tonne for low levels of contamination.
WA	Putrescible waste attracts gate fees of \$65 per tonne in Western Australia while inert waste is levied at \$90 per metre cubed (about \$60 per tonne)

WMAA advocates for a consistent national approach to landfill levies. The actual amount of the levy does not necessarily need to be consistent in every state or region but must be pitched at a rate that makes long distance haulage uneconomical. Geographic coverage, similar to that of Victoria, should also be adopted to complete coverage.

B. Proximity Principle

Whilst legislated in NSW under the *Protection of the Environment Operations (Waste) Regulation 2014* (albeit potentially invalid Constitutionally), the ‘proximity principle’ has long been a central principle in waste management across a number of jurisdictions. This is the principle that waste should be managed as close as practicable to its place of generation. For example, the proximity principle is written into the European Commission’s Waste Framework Directive (2008, Article 16). It has also been a central value in municipal solid waste management in Japan for over 35 years. In conjunction with a strong regulatory framework, this principle drives efficient and effective waste management and a high level of protection for the environment and human health.

While no restrictions on interstate waste transport, however there are some caveats. In NSW, a proximity principle² returned the responsibility for the disposal of waste to the location of the generation of that waste. The significant benefits of adopting the principle include the reduction of carbon emissions from the unnecessary combustion of fuel from long distance transportation and engendering innovation in waste recovery. The principle has proved unviable because of the onerous regulatory framework in enforcing it, constitutional inconsistencies with the free movement of goods (including waste) between states and territories - interpreted as a state based excise³, and; the absence of similar principles in the regulatory frameworks of other Australian states and territories.

The application of a proximity principle in all states and territories would have the secondary benefit of increasing job opportunities if innovation is employed to develop strategies to reuse, recover and recycle. The job multiplier effect of recycling is 9.2 per 10,000 tonnes compared with landfilling of 2.8. To avoid this significant opportunity loss, WMAA would support the national introduction of the proximity principle as a market instrument to increase recovery rates⁴. Federal endorsement is the key as state based attempts to reduce over border waste transportation has had little success.

C. The case studies in Australia of containment of state to state transfer have failed or have not been effectively resourced.

Industry is aware of number of instances of waste moving around Australia, for example moving from Victoria to SA, this was the subject of a High Court challenge that was withdrawn in February 2017. The transfer of medical waste from WA to Victoria – this issue is not unique to NSW and Queensland.

For the reasons discussed above, including lack of harmonisation in policy approach and levy across Australia, these perverse outcomes occur. The proximity principle, appears to be one of the most commonly used tool by international legislators to manage this issue.

EXAMINE WHETHER REGULATORY AND OTHER REFORMS COULD LIMIT OR STOP THE CROSS-BORDER MOVEMENT OF WASTE TO QUEENSLAND LANDFILLS AND MAKE RECOMMENDATIONS ON THESE POTENTIAL REFORMS INCLUDING WHETHER ACTIONS MAY BE TAKEN BY:

- A. QUEENSLAND
- B. LOCAL GOVERNMENTS IN QUEENSLAND
- C. THE STATE WHERE THE WASTE WAS GENERATED
- D. THE AUSTRALIAN GOVERNMENT
- E. RELEVANT JURISDICTIONS UNDER A COOPERATIVE ARRANGEMENT.

² 150 km from point of generation – s71 *Protection of the Environment Operations(Waste) Regulation 2014* (NSW)
³Section 92 of the Australian Constitution requires trade within the Commonwealth to be free.
⁴ A redefinition of waste as infrastructure, similar to water, may be required to avoid legal and constitutional headwinds over Commonwealth involvement in the regulatory affairs traditionally held by the states.

WMAA believes the resolution of cross border movement of waste to Queensland involves a uniform approach to waste management and recovery policy, which includes setting a harmonised and consistent waste policy framework for Australia, which-

- supports the waste management hierarchy and creates an environment for circular economy to grow in Australia- this is vital to both reduce reliance on virgin material but also to grow manufacturing in Australia given China is increasingly instituting import bans;
- utilises the landfill levy as the economic tool to support this policy;
- the approach to levy is consistent across states and each state includes the proximity principle (or something similar) in the statutory mix, and;
- a proportion of funds raised from this levy by each state is reinvested back within industry to support and grow technology and markets for these secondary products.

The targets can be agreed nationally and be implemented in a staggered manner given that there is the need to build capability and capacity in some states and territories. Waste levies and policy settings in each state and territory calibrated to make it uneconomical to haul waste long distances and, the adoption and enforcement of a national proximity principle using effective and transparent waste tracking.

The Waste and Resource Recovery is an essential industry for Australia, it employs almost 50,000 people (directly and indirectly) and is worth \$15billion per annum. It really is too important socially, economically and environmentally to be allowed to continue in such an inconsistent manner nationally and requires every state government in Australia to act together to achieve this goal.