Department of Environment
and Resource Management

Queensland's Waste Strategy 2010 – 2020

Proposed Industry Waste Levy Consultation Draft

June 2010

Introduction

The purpose of this paper

This paper has been prepared as a companion document to Queensland's Waste Strategy 2010–2020 Waste Avoidance and Recycling consultation draft to provide information for stakeholders about the Queensland Government's proposal to introduce an industry waste levy from 1 July 2011.

Terminology

Higher hazard regulated waste means regulated waste that is classified as having a higher hazard characteristic and may include waste generated by industries, such as galvanising, abrasives, foundries, and chemical and fertiliser manufacture.

Lower hazard regulated waste means regulated waste that is classified as having a lower hazard characteristic and may include tyres, food processing waste and stabilised regulated waste.

Municipal solid waste (MSW) means domestic kerbside-collected and self-haul waste, and waste generated by the provision of local government municipal services, such as maintenance of parks, gardens, street bins, sewage and water treatment plant residues. MSW does not include waste generated from the commercial or administration activities of local governments.

Resource recovery means the recovery of materials that have a reuse, recycling or energy value.

Waste disposal facility means a facility receiving waste for final disposal. A waste disposal facility may include a transfer station.

What is an industry waste levy?

An industry waste levy (the levy) is a price charged in addition to the normal waste disposal gate fee at a waste disposal facility. This will generally charged per tonne of waste disposed. However, where a facility does not have a weighbridge, specified vehicle configurations will be deemed to convert volume to tonnes.

The levy will only apply at the point of disposal and is, therefore, an avoidable charge. The levy is an application of the user pays principle. This means that a person who disposes of waste to landfill pays the waste disposal levy, whereas a person who avoids generating waste, or recycles their waste, does not pay the levy.

A levy is a direct price signal designed to change the behaviour of waste generators from choosing disposal to landfill as the first option, to choosing alternatives that enable them to avoid or recycle waste.

Why does Queensland need a levy?

In 2008, Queensland households and businesses generated around 10.3 million tonnes of waste. Around seven million tonnes of this was disposed to landfill. Only about 33 per cent of this waste was recycled. Queensland's business and industry and construction and demolition sectors generated almost 60 per cent of this waste.

Queensland's waste generation is growing faster than population growth. Between 2002–03 and 2007–08, waste generation increased by 40 per cent. Over the same period the population increased by 10 per cent and retail turnover increased by 21 per cent.

The application of a levy will provide:

- a price signal to encourage waste generators to change behaviour
- a source of funding to assist local government, business and industry establish better waste avoidance and resource recovery practices, and to improve waste management overall
- an incentive for industry investment in resource recovery infrastructure
- a disincentive for unnecessary landfill disposal
- a level playing field with waste disposal costs compared to other states.

Queensland industry waste levy model

Commencement

The Queensland Government will introduce an industry waste levy from 1 July 2011. The introduction of the levy, its administration and application will be established in new legislation.

Waste streams the levy applies to

The levy will apply broadly to the commercial and industrial (C&I) and construction and demolition (C&D) waste streams, including regulated waste and contaminated and acid sulphate soils. The levy will not apply to municipal solid waste (MSW) (see terminology for definition).

Levy amount

A levy of $35 per tonne will apply to C&I and C&D waste; $50 per tonne for lower hazard regulated waste and $150 per tonne for higher hazard regulated waste. The levy amounts will be subject to annual consumer price index (CPI) increases. Goods and services tax (GST) will not apply.

Waste stream	Disposal levy amount
Commercial and industrial waste	$35 per tonne
Construction and demolition waste	$35 per tonne
Contaminated and acid sulphate soils	$35 per tonne
Lower hazard regulated waste	$50 per tonne
Higher hazard regulated waste	$150 per tonne
Municipal solid waste	$0

The lower and higher hazard regulated waste classifications are based on the Victorian prescribed industrial waste classifications. The differentiated levy for regulated waste is broadly consistent with the application in Victoria. It also shares the provision of dedicated funding to assist generators of regulated waste and, in particular, the higher hazard regulated waste.

Estimated revenue and potential impact

Preliminary modelling on a levy set at $35 per tonne indicates that around $96 million per year could be received.

A detailed cost benefit analysis will be undertaken as part of the preparation of a regulatory assessment statement for the development of the supporting legislation; however, preliminary assessments based on the available data for 2008 indicate the following sectoral impacts from a levy:

- for general business (that is, those businesses not disposing of regulated waste), the estimated additional cost to doing business from the levy is around $101 per year
- for businesses generating lower hazard regulated waste, the average estimated additional cost is around $118 per year
- for businesses generating higher hazard regulated waste, the average estimated additional cost is around $277 per year. All business costs are based on an average across Queensland and will vary
- to build an average three-bedroom home (assumed to generate around five tonnes of waste), the average additional cost is estimated at around $175 per dwelling. The costs reflect the additional cost associated with a levy if that waste is disposed of to landfill. They do not include the costs that are already incurred as a result of having to manage waste, such as existing bin hire and waste removal requirements.

Potential benefits to business

Benefits to businesses are likely to arise from:

- improved and more efficient waste management and resource recovery practices
- a more transparent and accurate reflection of the cost of waste disposal
- access to funding to build capacity to pursue resource efficiency and improved practices
- access to a wider choice of options for avoiding waste generation and managing the waste that is produced.

There are also likely to be employment opportunities through increased industry investment in technologies, alternative markets and systems to manage recovered resources.

Further work will be undertaken prior to the levy starting in order to classify the lower and higher hazard regulated waste. This will be undertaken in consultation with stakeholders; however, preliminary comments are welcome.

Potential benefits to construction sector

As an avoidable cost, potential benefits to the construction sector arise from improved on-site practices as builders and developers look for ways to reduce waste being disposed of. This could have flow-on benefits in relation to better work practices, such as reduced wastage in ordering materials, reduced use of virgin materials as opportunities for on-site use of recycled aggregates present themselves, reduced servicing requirements of waste bins and, potentially, a small income from the sale of recovered materials.

How has the levy amount been arrived at?

The levy must be a strong price signal sufficient to influence decisions, change behaviour and encourage industry investment in resource recovery and recycling infrastructure.

All other mainland states have a levy, and these rates were considered along with what has been most effective in changing disposal behaviour.

The levy is higher in some states than others. Experience in other states indicates that relying on the levy as a price signal alone, without supporting programs, is less successful at achieving behavioural change. An integrated approach using a levy price signal and an adequately funded program of support actions is the optimal approach to achieve long-term change.

If the levy amount is too low, it will be an ineffective price signal that does not change behaviour. Queensland's levy will fund substantial support for local waste avoidance programs, and will help industry make the transition to the new environment.

At $35 per tonne for C&I and C&D waste disposal, the Queensland levy is regarded as providing a sufficient price signal to change disposal behaviour and improve waste management and resource recovery practices.

When the levy starts in Queensland in 2011, New South Wales's levy will be at least $80 per tonne and in Victoria it will be $40 per tonne. One of the key issues for Queensland in establishing a levy amount is to ensure that the levy encourages improved waste management and recycling, but also deters the unnecessary disposal of interstate waste into Queensland. The Queensland Government is aware of instances of companies planning to transport waste into Queensland because disposal rates are cheaper.

The levy funds will be applied directly to implement the waste reforms, and will deliver one of the most advanced waste management and resource recovery programs in Australia. This approach will help businesses to adopt stronger recycling practices, and encourage waste and resource recovery industry investment in new infrastructure and technologies in Queensland.

The differential levy amount for lower and higher hazard regulated waste reflects the requirements for additional controls around this waste and the increased risk associated with appropriate management. Funds from the industry waste levy will be reinvested into programs to help regulated waste generators:

- avoid generation in the first place
- reduce the hazard characteristic of the waste
- reuse and recycle the waste that is generated.

Levy exemptions

Waste that is proposed to be exempt from the levy includes:

- waste resulting from a declared natural disaster, such as a cyclone, bushfire or flood
- waste generated as a result of a biosecurity outbreak
- waste where disposal is required by regulation, such as appropriately managed asbestos and quarantine waste
- litter or illegally dumped waste collected by a local government, community group or other organised event, such as Clean Up Australia Day
- waste that has been received by charities as part of donations
- waste that is disposed of on the site where it is produced, for example, red mud and fly ash
- materials that are segregated for recovery not disposal at the waste disposal facility.

Some exemptions will be conditional. For example, charities may be required to apply for a levy exemption certificate, with a limit set on the number of exemption certificates that may be issued to any particular organisation. The same may also apply to community groups organising clean-up events.

Application would be required to be made in advance of disposal. A system may be established where an organisation may apply for an exemption certificate that covers the organisation for up to a specified number (for example, four) of disposals levy-free per year.

The exemption system will be reviewed regularly and changes made as appropriate. Exempt waste and conditions around the application of exempts will be contained in legislation.

Levy collection zones

Private and public sector waste disposal facilities located in 34 local government areas will be required to collect the levy. The local government areas included in the levy collection zone will be designated and defined in legislation. The attached map (Attachment A) highlights the proposed areas.

However, waste that is generated in a levy collection zone, and is disposed of in a non-levy collection zone, will also attract the levy. This is to avoid the transfer of waste out of the levy collection zone in order to avoid paying the levy. The attached map identifies a 50 kilometre buffer zone beyond the levy collection zone where transport may easily occur. This area is primarily along the major inland transport routes of the Flinders and Matilda highways.

The levy will also apply to those waste streams that attract the levy if they are transported from interstate to a waste disposal facility in the levy collection zone.

Waste generated in	Waste disposed in	Levy applied
Levy zone	Levy zone	Levy zone rate applicable to waste type
Levy zone	Rest of Queensland	Levy zone rate applicable to waste type
Rest of Queensland	Levy zone	Levy zone rate applicable to waste type
Rest of Queensland	Rest of Queensland	None
Other state	Levy zone	Levy zone rate applicable to waste type

Facilities without weighbridges

Some facilities outside the designated levy zone will not have weighbridges. Where a facility does not have a weighbridge, or where the weighbridge may be inoperable for a time, deeming provisions will apply for a volumetric measure. The proposed vehicle weight conversion factors are provided in Attachment B. In order to satisfy weights and measures requirements, this information will be contained in legislation.

Enforcement

Penalties will be included in the legislation to ensure that the levy is paid at the waste disposal facility at the point of disposal, and to ensure that the facility operator pays the appropriate amount to the Department of Environment and Resource Management (DERM) within the specified time.

The legislation will make provision for offences including:

- failure by a waste disposal facility operator to keep records
- failure to submit a return by the specified date
- failure to remit the required levy amount by the specified date
- submitting false or misleading information
- failure to provide supporting documentation in relation to the disposal of exempt waste, or waste for which a levy has already been paid.

Civil rather than criminal penalties will apply. There may also be provision to suspend operation of the activity for more than one breach of the legislation or repeated offences. Penalties will apply equally to private and public sector offences.

Prior to the introduction of the levy, DERM will undertake an audit of licensable facilities in order to establish the baseline data.

There will also be penalties for waste transporters who fail to pay the required levy at the disposal facility, or who fail to present an exemption certificate.

DERM will have powers that include:

- making estimates of the amount of levy payable, based on the waste disposal return
- making estimates of the amount of levy payable if a facility fails to submit a return
- auditing and inspecting the records and premises of facility operators
- enforcing payment of the levy due
- issuing invoices for the levy payable
- entering into instalment payment arrangements with a waste disposal facility operator
- revoking or changing the conditions of exemptions.

Establishment funding

In the 12 months prior to the introduction of the levy the priority areas are:

- strengthening DERM and local government compliance capacity to ensure any illegal dumping activities as a result of the levy introduction can be managed. The experience in other states indicated a spike in illegal dumping following the introduction of a levy
- establishing the necessary infrastructure at local government waste disposal facilities within the levy collection area. This may include the provision of weighbridges, security fencing and video cameras
- building the necessary IT support systems to collect and administer the levy.

The 2010–2011 budget provides $15.95 million to DERM. Around $12.5 million of this will be used to improve compliance and the provision of infrastructure at existing landfills.

Distribution of the levy revenue

Following the introduction of a levy on 1 July 2011, the Queensland Government proposes to use revenue raised from the levy to:

- deliver programs that will improve Queensland's waste and resource management practices
- reduce the amount of regulated waste requiring disposal
- enhance enforcement and compliance capability under the new legislation
- help secure a sustainable future for Queensland.

The first priority for funds generated by the levy will be to create a dedicated Waste Avoidance and Resource Efficiency (WARE) Fund for waste-related programs and projects. A proportion of the levy revenue will also be diverted to a new Sustainable Future Fund (SFF) where it will be used to assist in the delivery of local governments' waste and environmental programs.

Waste Avoidance and Resource Efficiency (WARE) Fund ($159 million)

The WARE Fund will:

- help provide the new infrastructure necessary to enable business and local governments to meet the new waste management challenges. It will support the development of new markets and technologies, with a particular focus on capacity building, education and promoting awareness of the targets established by the strategy
- assist local governments to develop and implement strategic waste management plans
- assist business and industry to improve waste avoidance and resource recovery practices
- assist the resource recovery sector to support infrastructure upgrades and develop new markets for recovered materials
- support the provision of local waste collection and processing facilities in regional areas
- improve data collection and knowledge about waste and resources management in Queensland.

WARE program funding over the first four years of the strategy's implementation is expected to be around $159 million.

Support is available for projects targeted at reducing the volume of hazardous or regulated waste from manufacturing processes and contaminated soil disposed to landfill. These projects may fall into three categories:

- infrastructure and implementation projects
- research and development (R&D) and demonstration projects
- knowledge and capacity-building projects.

The level of funding provided to any particular project would reflect the extent to which the proposal meets the strategy's objectives.

Funding assessments will be based on the financial needs of the project in light of the environmental benefits that will be achieved, and the level of support available from other funding sources. Projects that have part funding from the applicant and/or partners will be viewed favourably.

Applications for grants will be assessed on their merits, consistent with the strategy's objectives. Some examples of potential support include:

- assistance to communities with specific circumstances, such as high numbers of tourists or remoteness
- assistance with the introduction of new recycling services and strategies
- initiatives to increase the recovery of waste from identified priority sectors
- research and development of new and innovative approaches for minimising priority waste and markets for recycled and recovered material
- assistance with the commercialisation of products to reduce waste.

Sustainable Future Fund (SFF) ($120 million)

Local governments have traditionally undertaken considerable work to protect the environment. However, in rural and regional areas particularly, these projects compete for funding with essential infrastructure provision and service delivery.

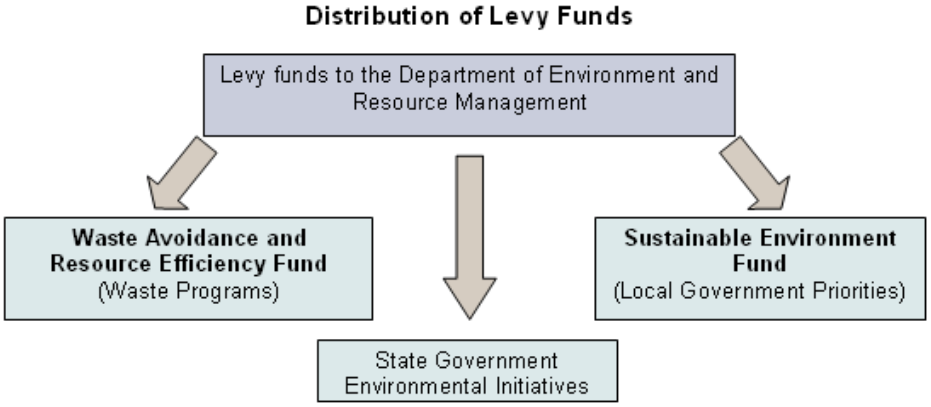
The SFF will supplement local governments' environmental efforts by supporting grants projects.

The details of initiatives will be negotiated with local government.

Projects funded under these arrangements would reflect Queensland Government environmental priorities, and deliver results at a local level. Local governments' funding applications would be assessed against established criteria. Governance arrangements will be established in conjunction with local government.

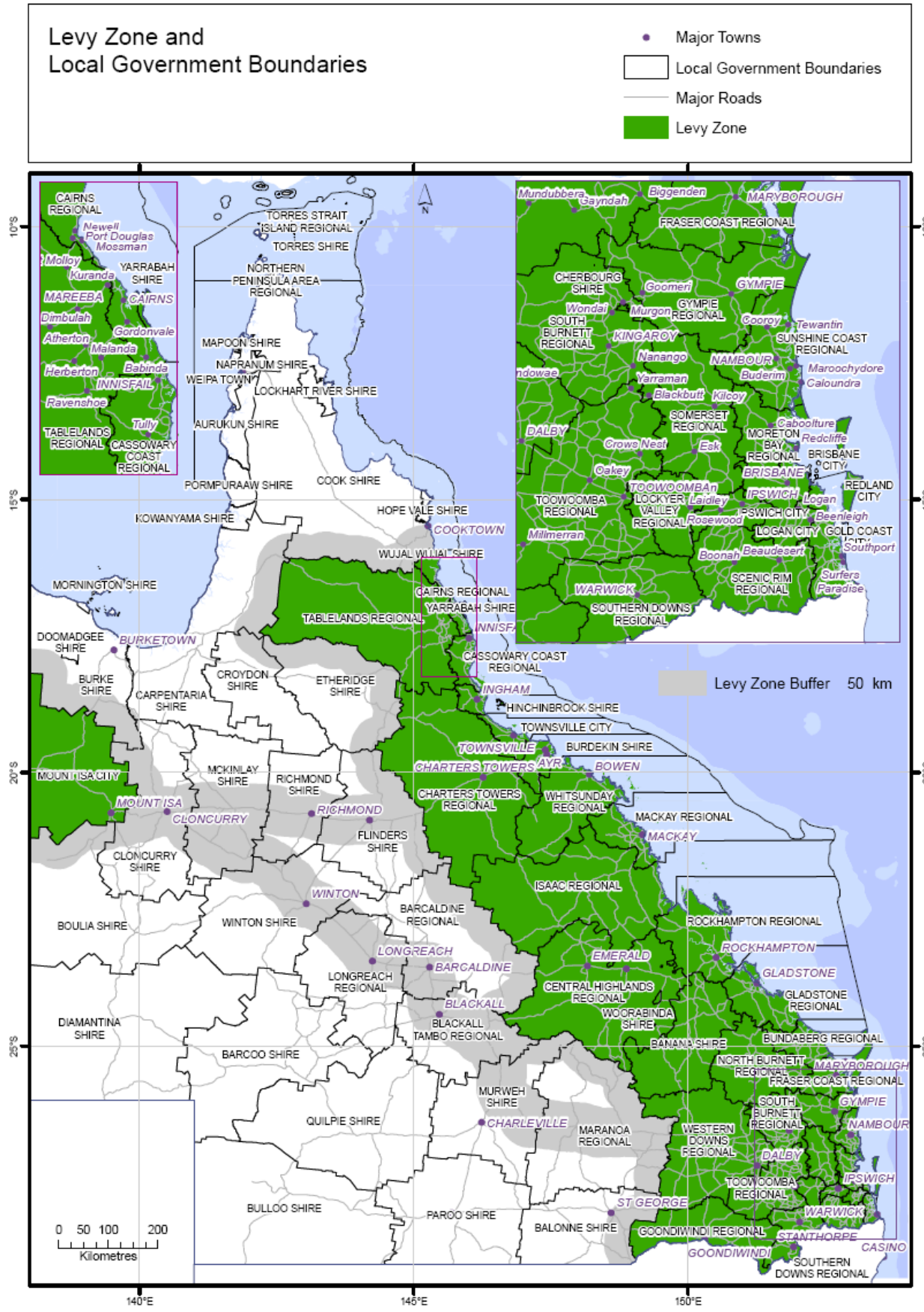
State environmental initiatives ($100 million)

These will be made available to advance targets identified in Towards Q2: Tomorrow's Queensland.



Attachment A

Proposed levy zone map



Attachment B

Proposed vehicle weight conversion factors – for consultation purposes only

Vehicle weight conversion factors should be used where a facility:

- does not have a weighbridge
- does not use the weighbridge to weigh small vehicles
- has an installed weighbridge that may be inoperable for a period of time.

For the purposes of consultation, the vehicle weight conversion factors contained in the New South Wales Department of Environment, Climate Change and Water's Waste and Environment Levy Operational Guidance Notes have been used as the basis for discussion.

Note: where the weight of waste is not being measured, the weight conversion factors will apply regardless of the actual weight of the waste that is being disposed of.

Vehicle description	Weight factor		
Small vehicle	**Mixed wastes**		
Car or station wagon	0.06		
Van, ute or trailer	0.30		
Open truck	**C&I**	**C&D**	**Soils**
Open truck—single rear axle with two rear wheels or four small rear wheels	0.62	0.98	2.47
Single rear axle with four normal size wheels	1.16	2.76	5.58
Tandem rear axle (bogie drive)	3.74	7.14	10.97
Twin steer with twin rear axles	5.57	7.61	10.97
Tipping semi-trailer	5.79	15.00	15.00
Enclosed truck	**Mixed wastes**		
Single steer with single rear axle	2.72		
Single steer with tandem rear axle	6.38		
Twin steer with tandem rear axle	7.96		
Waste transfer truck	19.89		