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Project Manager
Queensland Waste Strategy consultation
Natural Resources and Environment
Department of Environment and Resource Management
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Dear Sir / Madam

**Re - Queensland's Waste Strategy 2010-2020: Waste Avoidance and Recycling
Consultation Draft**

The Motor Trades Association Queensland (MTA Queensland) responds to the invitation to contribute to the Queensland's renewed draft waste strategy (the draft strategy) the purpose of which is "to help chart a new direction for waste and resource management in Queensland over the next decade." Our comments reflect our membership who constitute a significant link in the automotive value chain and should not be construed as referring to or reflecting on other business entities or industries.

The Association has interest in the strategy and was a contributor to the 2007 Discussion Paper for public comment "*Let's Not Waste Our Future Queensland Waste Strategy*".

Background:

By way of background, MTA Queensland is the peak organisation in the State representing the specific interests of 2,500 businesses in the retail, repair and service sector of Australia's automotive industry. It is an industrial association of employers incorporated pursuant to the *Industrial Relations Act* of Queensland. The Association, comprising 12 separate divisions represents and promotes the issues of the automotive industries to all levels of government and within Queensland's economic structure. There is a high propensity for the automotive value chain to comprise small to medium enterprises.

The automotive trade's value chain post Global Financial Crisis (GFC) generates in excess of an estimated \$11 -12 billion annually, (down from \$16 billion) directly employing more than 40,000 people (down from 60,000) and contributes significantly to both Queensland's and the nation's economy. The Association is the leading automotive training organisation in Queensland offering nationally recognised training, covering all aspects of the retail motor trades industry. The Association's Motor Industry Training entity is the largest automotive apprentice trainer in Queensland employing 26 trainers based from Cairns to the Gold Coast and Toowoomba and Emerald.

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General Comments – the draft strategy:

MTA Queensland notes that it is the Queensland Government's intention to build a waste management policy framework around the universally accepted "waste resource management hierarchy" and the principles of environmental sustainability. A major outcome of this policy framework would be the change in the "environmental behaviour" of small to medium enterprises (SMEs).

While MTA Queensland commends this approach, it has formed a view that it is likely to have a limited impact on SME business behaviour until such time as the Commonwealth implements an effective policy on the "price of carbon". Queensland's waste management policy requires the "price signals" from a carbon price to affect a significant and permanent shift in business behaviour.

The automotive value chain is an extensive user of recycled resources, e.g. re-smelt aluminum is extensively used in alloy engine blocks, and the crash repair industry is using salvaged components in the repair of motor vehicles.

The effect of a carbon price in reinforcing the State's waste management policy would establish a significant competitive price advantage for re-smelt resources and recycled components therefore incurring a lower carbon cost than first smelt resources or first time components. This means that the State's policy initiatives would be reinforced by compelling economic incentives.

MTA Queensland urges caution in the timing of the waste management initiatives and suggests that the implementation of the policy framework could benefit from being activated at the same time that the Commonwealth carbon price regime is implemented. This would ensure that the State policy would be reinforced by the Commonwealth's economic inducements. Any Commonwealth carbon price would impact across all states; therefore it would seem important that Queensland should not experience a stark competitive disadvantage if its waste management regime is more expensive than those contemplated by the other states.

MTA Queensland remains to be convinced that a waste management strategy with unidirectional price signals can be an effective formula to influence environmental behaviour and induce better waste management practices. Our preference is for a symmetrical system of pricing signals - that is for each industry, a volumetric modal range for waste disposal should be established. Enterprises which operate below the modal waste disposal range should be rewarded and those that exceed the modal range should be taxed. In this context every effort should be made by the Fair Trading Office and local councils to close down and prosecute illegal repair businesses operating from unlicensed premises as these are a major source of waste abuse.

It may be appropriate for all new enterprises to be allocated waste disposal capacity at their inception, for which they would make an appropriate infrastructure contribution. If any part of the capacity paid for was not utilised, the business could "trade" the capacity to enterprises that have exceeded their allocation. If an enterprise ceases to operate, its remaining waste disposal allocation would be an asset that could be liquidated along with other balance sheet items that the company disposes. This would mean that there was clear price on waste disposal.

More importantly, it would signal that landfill waste disposal capacity is an asset on the balance sheet to be depreciated annually as capacity is used in the same manner as any other asset. In these circumstances, it would be expected that enterprises would manage landfill disposal capacity as a valuable asset with the same care and attention as other assets on their balance sheets. In turn, this is likely to induce a change in the way that enterprises view waste management and landfills and a recognition that they are valuable assets to be properly managed in the interests of the enterprise's bottom line.

Conversely, if the above or similar arrangements were to be contemplated, the State's waste management policy would require the competence to secure favourable tax treatment and depreciation arrangements acknowledging the national, state and community benefits from investment in landfill infrastructure. In addition, the DERM would need to ensure that state environmental fees and charges and Local Government rating schedules for businesses that contribute to landfill infrastructure were not charged redundant costs for landfill capacity previously acquired.

Implementation of the "hierarchy" over the next decade will involve many procedures and processes and a priority should be education and information programs. It is noted that the Consultation Paper says, "engagement and education are fundamental to achieving behaviour changes that will translate into better decisions and long-term improved practices". We are of the view that the draft Strategy should have increased emphasis on environmental education / training as a core unit in school based training programs, apprenticeships, and traineeships.

The importance of environmental competence is recognised by MTA Queensland as it is included in the MTA Institute of Technology's endorsed apprenticeship and traineeship curricula. This is to ensure that the automotive industry value chain has access to a workforce with knowledge of relevant environmental regulations and codes coupled with the capability to apply the information as sound practice in the work place and the knowledge to influence waste management strategies and initiatives.

The draft strategy seeks to reduce the amount of waste with the utilisation of price signals that are used as price penalties for the creation of waste to take effect from July 1, 2011 - which has similar attributes to the recent price signals for water and power. There are no actual incentives and no price signals for reward for the reduction of volumetric waste in absolute or relative terms.

MTA Queensland is unconvinced that price signals are the best formulae to influence behaviour of those who could prevent, produce or better manage waste. We would prefer generators of waste for the modality of an industry to be rewarded by discounts or some other financial recompense for achieving below targets. A penalty situation more equitably should apply to those who operate above the modal ranges.

If the penalties or levies imposed are considered too onerous, it is conceivable that sections of established industries would seek to evade their responsibilities through illegal dumping and disposal of waste. Perhaps the most obvious example is the illegal dumping of tyres which is now a major environmental issue and the cost of retrospectively collecting and disposing of tyres is a significant public liability.

The continuing issue of problem wastes such as tyres and abandoned car bodies indicates that a different model for their management has to be developed. Such problems can be

expected to grow exponentially as the size of the Australian economy and the population increases. It appears that a model based exclusively on penalties, particularly excessive penalties, break down. Perhaps, therefore, it is an appropriate time to consider incentives which involve a positive inducement or economic reward for those businesses that act responsibly with the management of environmentally sensitive businesses and industries. In this context, we are mindful that the establishment of an "end of tyre life" recycling program is a priority for the Federal Minister for Environment Protection, Heritage and the Arts.

Rapidly filling landfills appear to be an increasing problem for some south-east Queensland Local Governments. Limiting the size of landfills could be achieved by rewarding those companies/businesses that take up less than an allocated pro rata volumetric capacity of the landfill in operating their businesses. This could be done either rewarding them directly with an efficiency dividend payment or allowing them to trade their unused landfill capacity and sell it at a premium to companies that have exceeded their landfill quota. This would have the effect of rewarding the efficient company and penalising the inefficient, once the nominal landfill capacity nominated to their businesses is exceeded. This would require the allocation of baseline capacity for industry.

MTA Queensland is of the view that innovative concepts such as tradable landfill credits should be included in the draft strategy. These should be authentic, soundly based and comply with the legislation/regulation and issued to businesses to form part of their waste management strategies.

Local Governments could have the responsibility to provide tradable landfill credits to industry/business to commit to waste management strategies. The landfill credits may be traded for other Council services or for when landfill utilisation is required. Responsibility should be clearly enunciated – it is responsibility shifting to the business entity not cost shifting from one entity to another entity.

MTA Queensland submits these comments for your consideration.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Payne', with a horizontal line underneath.

Richard Payne
Principal Policy Director