

The Honourable Peter Lyons,
Level 32, 1 William St,
Brisbane Queensland 4000

RE INVESTIGATION INTO THE TRANSPORT OF WASTE INTO QUEENSLAND

Dear Mr Lyons,

The National Waste and Recycling Industry Council ([NWRIC](#)) acts as the industry's national policy setting body. Its core activity is to proactively engage with all of the industry's key stakeholders to promote solutions to the regulatory challenges facing the sector.

The members of the Council are; Alex Fraser Group, Cleanaway, J. J. Richards and Sons, Solo Resource Recovery, Sims Metal Management, Suez, Toxfree, Remondis, ResourceCo and Veolia. They have large investments in all aspects of waste management and recycling.

While the Council is a national body, it also works pro-actively with its 'state' Affiliates, which represent the interests of the industry at a state level. Through collective action, the Council and its State-based Affiliates form a network representing the industry Australia wide.¹

We write to you on behalf of our members to respond to the Queensland Government's investigation into the unnecessary transport of waste into Queensland.

RESPONSE TO THE TERMS OF REFERENCE**1a. What are the financial, regulatory and other incentives for the movement of waste from other States to Queensland landfills?**

The issues of the unnecessary interstate transport of waste primarily arises between NSW and Queensland, due mainly to the levy disparity that currently exists between the two states. The Council notes this regulatory disparity could be solved by either implementing a landfill levy in Queensland of around \$40 per tonne or more, or by reducing the landfill levy in NSW by a similar amount, or by introducing levy portability obligations across the two states.

The NWRIC is aware the Queensland Government has committed not to introduce new taxes in this term of Government. Further, the NWRIC does not support abrupt changes to landfill levies. For the Council's policy on landfill levies, please see our [Policy Roadmap](#).

1b. Whether there are any regulatory frameworks in place that would inhibit or affect this movement of waste in state or national regulations?

In order to prevent further unnecessary interstate waste transport, the NWRIC have suggested the approach of 'levy portability' be introduced across the eastern states of SA, Victoria, NSW and Queensland. Levy portability means that landfill levies will be determined by where the waste is generated, rather than where it is landfilled. The Council believes that levies should still apply at landfills, and not upstream at transfer stations or MRFs.

¹ NWRIC's state 'Affiliates' are; the Waste Recycling Industry Association of Queensland (WRIQ), the NSW Waste Contractors and Recyclers Association (WCRA), the Victorian Waste Management Association (VWMA), the Waste Recycling Industry Association of South Australia (WRI-SA) and the Waste Recycling Industry Association of WA (WRI-WA) and the Waste Recycling Industry Association of the Northern Territory (WRI-NT). They represent every Australian jurisdiction except Tasmania.

In regard to 'portability' the Council notes;

- Levy charges based on point of waste generation are already in place in both NSW and South Australia and Western Australia (within the State boundaries).
- Preliminary legal advice has been received which says 'portability' is not in conflict with [Section 92 of the Constitution](#) or [Section 90](#).
- The approach allows for future regulatory changes in regard to levies, including introducing a levy in Queensland.
- The approach of 'levy portability' was ratified by NWRIC meeting in June 2017.
- A paper explaining how levy portability can be employed was submitted to the Heads of EPA waste transport taskforce earlier this month.

Several large operating landfills current use this process. Veolia's Woodlawn Facility is not in the Sydney Metro Levy Zone but receives the majority of its waste from this region and charges a levy accordingly. Similarly, Cleanaway's landfill in the Shire of Dardanup, approximately 200km south of the Perth Metro Levy zone, accepts waste received from this area and charge the Perth Metro levy.² Therefore, this reporting process is proven.

The NWRIC believes levy portability can be introduced by reciprocal agreement between the implicated States; Queensland, NSW, Victoria and SA. The Council is aware that Victoria currently does not differentiate levies by where waste is generated. Therefore additional regulatory change may be required in Victoria.

The process could begin between NSW and Queensland, and then extend to other States. By implication, if this process is extended, a greater number of landfills will have to be equipped to charge a levy. Further, this process will strongly incentivise waste being processed as close to its point of generation as possible. The NWRIC believe this is desirable as it will help advance resource recovery investment.

The process can be legally achieved by agreeing to establish levy portability between these states, and then by inserting additional levy licence conditions into all landfill licences in the relevant states. The NWRIC believes any landfill levy collected from 'out of State' should be initially remitted to the host State.

The NWRIC believes the payment obligation for this process should remain with the waste generator but the levy remittance obligation should remain with the landfill. This can be made more secure by landfill owners requesting a Statutory Declaration to confirm the point of generation. Diagrams are attached to describe how reporting should occur in Appendix A, at the end of this document.

² [The Changing Perth Metro Levy](#)

2. 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:

2a. Queensland

In order to make ‘levy portability’ work, Queensland would need to support a reciprocal agreement with NSW in regard to enforcing its landfill levy. The Council believe that revenue generated from this process should be remitted to the host State, however this arrangement is a matter for State Governments. Further, the Council believe that if levy portability is put in place, then unnecessary interstate waste movement would stop.

2b. Local governments in Queensland

Waste will be transported to the lowest cost landfill, and if the transport cost is lower than the landfill gate fee differential, then waste will travel. Local Government landfills in Queensland should set full market prices - including aftercare, asset replacement and professional management. Further the NWRIC believes that local government should not; A) set differential pricing for the commercial and residential market, or B) set sub-market prices.

2c. The State where the waste was generated & relevant jurisdictions under a cooperative arrangement.

In order to implement levy portability - an agreement would be needed between the implicated States. The implicated States are; Queensland, NSW, Victoria and SA. However, the vast majority of unnecessary interstate waste transport currently occurs between NSW and Queensland. This is where the co-operative agreement is needed urgently.

2d. The Australian Government

Waste and recycling enterprises are subject to regulation by both local and state level authorities, although they are also subject to some Commonwealth regulations, such as the Basel Convention.³ These regulations vary enormously across jurisdictions, and this variation produces no economic, environmental or social benefit. This variation is also adding substantial business costs to the sector.

The Council therefore supports the establishment of a simple, integrated national system for the identification, classification, treatment, disposal and monitoring of waste materials.

While there are many priorities for harmonisation, landfill levies create the most significant market distortions. Landfill levies not only vary in price, but also in the mechanism⁴ by which they are applied, along with the definition of “leivable waste”.⁵ The NWRIC calls for the national harmonisation of landfill levies.

³ [The Basel Convention](#)

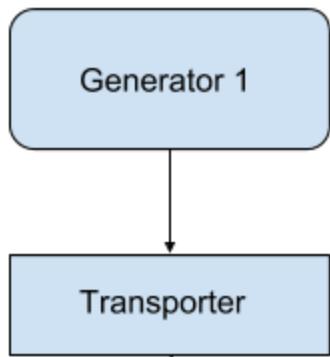
⁴ For example, NSW has recently introduced laws to make all waste management facilities liable for the levies, including MRFs and transfer stations. In other States, landfill levies are applied at the landfill gate.

⁵ As levies become more complex, fraud becomes more available. For example, differential levies on different waste streams (such as C&D and C&I) create an incentive to mis-label waste. Such behaviour harms companies which play by the rules.

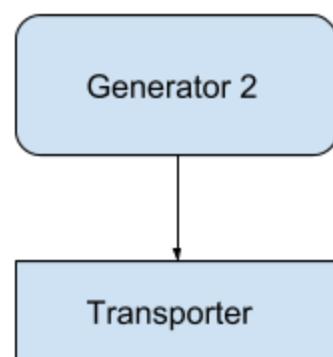
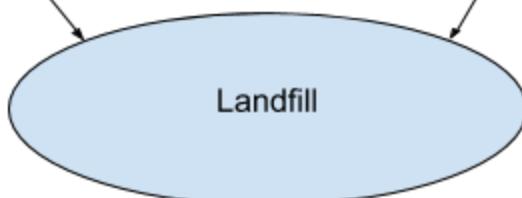
APPENDIX A - LEVY PORTABILITY EXAMPLES

Example 1 - inside & outside levy zones

In levy zone \$135.70



Outside levy zone \$0

Levy due =
\$135.70

Levy due = \$0

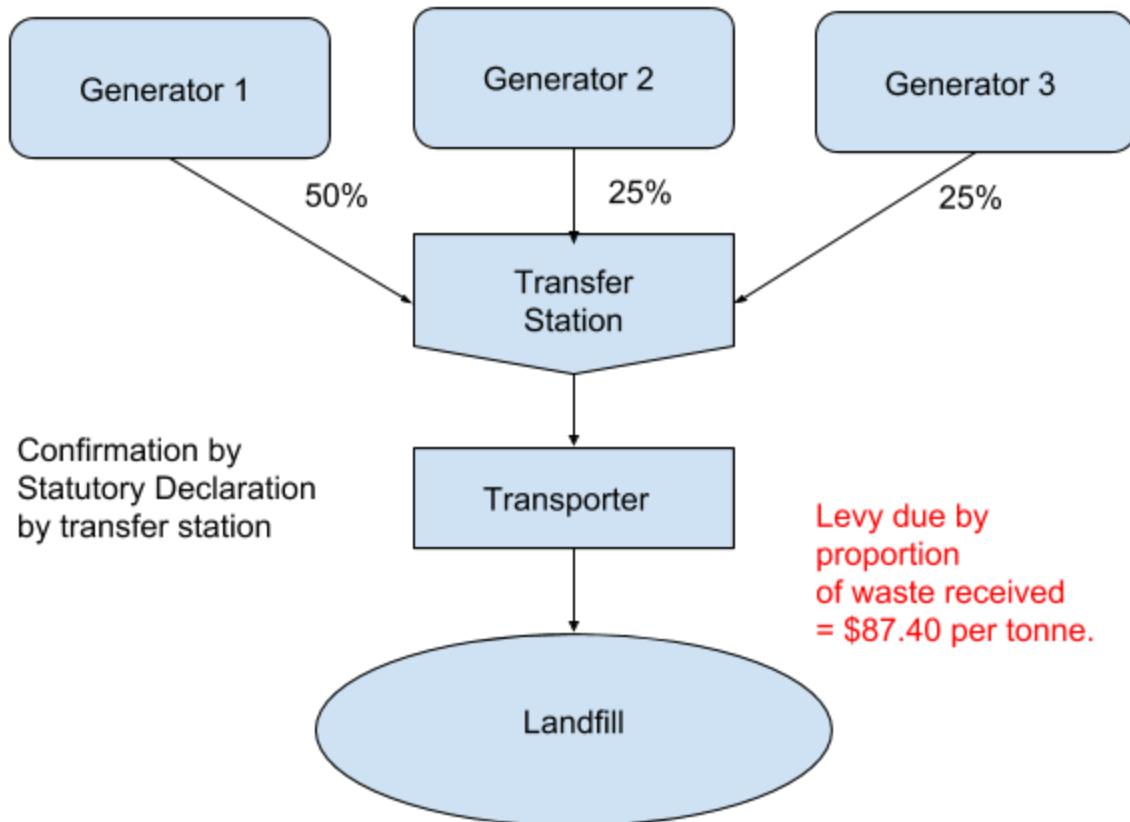
Confirmation by Statutory Declaration by waste transporter.

Example 2 - mixed levy zones

In levy zone \$135.70

Outside levy zone \$78.20

Outside levy zone \$0



Example 3 - MRF with residuals

