

What Does an Industry Waste Levy Mean for Queensland?

What is an industry waste levy?

An industry waste levy is an additional charge above the normal gate fee for waste delivered to a disposal facility. It is normally applied per tonne of waste disposed to landfill. The levy is an application of the user-pays principle.

A levy sends a direct price signal to the waste generator to change behaviour. If waste generators choose to avoid generating waste, or to recycle the waste they do generate, then they can avoid paying the levy.

How might this work in Queensland?

In Queensland, waste generators from the commercial and industrial (C&I) and construction and demolition (C&D) sectors will pay the levy when waste is transported for disposal.

The operator of the facility will collect any gate fee that applies, as well as the applicable levy amount. The operator will then be required to remit the amount of levy collected to the Queensland Government.

Specific requirements for collecting, administering, reporting and remitting the levy will be part of legislation.



What will the levy apply to?

In Queensland the levy is proposed to apply to C&I and C&D solid and liquid waste disposal, excluding sewerable liquid wastes. Some exemptions are likely to apply.

The levy will not apply to municipal solid waste (MSW). Municipal solid waste includes domestic kerbside-collected and self-haul waste and waste generated by local governments in the provision of municipal services, such as maintenance of parks and gardens, street bins, sewage and water treatment plant waste.

The levy will be adjusted annually in line with the consumer price index movements. The amounts and effectiveness of the price signal will be reviewed every three years, in line with the progress review of the Queensland Waste Strategy 2010–2020—Waste Avoidance and Recycling.

Why exclude domestic waste from application of the levy?

This exclusion acknowledges that a levy is an indirect price signal for households. Because waste charges generally appear on council household rates notices as a flat charge, regardless of the amount of recycling achieved, households have little ability to avoid the levy charge. Household recycling systems are in most cases reasonably efficient, with over 95 per cent of Queensland households having access to some form of recycling.

What other waste is exempt from a levy?

Some specific waste is proposed to be exempt from a levy including:

- all waste that is destined for recycling or beneficial reuse
- waste resulting from a declared natural disaster, such as a bushfire or cyclone
- waste, such as asbestos, that is already required to be disposed of in accordance with a regulation
- illegally dumped waste and litter collected by a local government or a community group involved in an initiative, such as Clean-Up Australia Day
- waste that is managed on the site where it is produced. This includes, for example, fly ash (resulting from power generation), farm waste and red mud (resulting from bauxite processing).

Why does the levy only apply to C&I and C&D waste streams?

C&I and C&D waste accounted for almost 60 per cent of the total waste generated in Queensland during 2008.

Because recycling from these sectors has considerable potential for growth, the scope for improvements in waste avoidance, resource efficiency and recovery of material is greatest when the price signal provided by the levy is applied to these waste streams.

The extent of behavioural change that the levy is expected to generate should be greatest in these sectors.

As access to recycling services begins to expand, the majority of the C&I and C&D waste stream that has not had access to recycling options to the same extent as most Queensland households will be able to improve its waste recovery performance.

The levy on C&I and C&D waste is also expected to encourage increased levels of C&I and C&D recycling in regional areas, ultimately enabling waste generators in these sectors to avoid the levy by reducing the amount of material they sent to landfill.



What will stop waste from being stockpiled to avoid the levy?

Waste that is stored for recycling purposes does not attract the levy. This may create incentive for companies to claim the waste is recyclable or that it is being collected and stored for recycling.

To overcome this, legislation will outline conditions around the storage of waste or end-of-life products for this purpose. For example, the legislation may state that material stored for the purpose of recycling may be stored for a maximum specified period, or it may place a limit on the amount of material being stored at any one time.

How much is the levy likely to be?

The levy has been calculated at \$35 per tonne for C&I and C&D waste and contaminated and acid sulphate soils.

Regulated waste, which is a subset of the C&I waste stream, will be classified as lower and higher hazard waste, depending on the hazard characteristics of the waste.

These attract a levy of \$50 per tonne for lower hazard regulated waste and \$150 per tonne for higher hazard regulated waste.

When will the levy be introduced?

The levy is proposed to start on 1 July 2011. The Department of Environment and Resource Management (DERM) will work with business and industry before the levy begins to help implement better waste avoidance and recycling practices, such as funding assistance for recycling infrastructure, education and awareness and an online resource exchange register.

Are there similar levies in other states?

All other mainland Australian states have a waste levy. The levy price and model differs in each state. In some states levy revenue funds programs to improve waste management and recycling practices.

How will revenue raised from the levy be spent?

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, and help secure a sustainable future for Queensland.

This will involve directing the revenue collected from the waste disposal levy to a pool managed by DERM. 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 with a funding allocation of \$159 million.

An amount of \$120 million will be provided to a new Sustainable Future Fund (SFF) where it will be used to assist in the delivery of local government waste and environmental programs.

Residual funds of some \$100 million will be provided to help support state government sustainability objectives outlined in Toward Q2: Tomorrow's Queensland.

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

The Waste Avoidance and Resource Efficiency Fund (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 are 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 remoteness or high numbers of tourists
- 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 wastes 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 government environmental efforts by supporting grants projects.

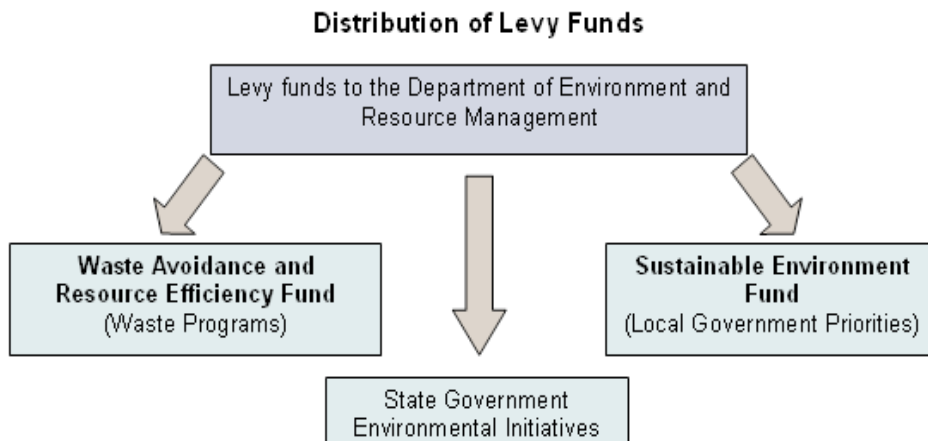
The details of initiatives will be negotiated with local governments.

Projects funded under these arrangements would reflect Queensland Government environmental priorities and deliver results at a local level. Local government 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.



Stakeholder advisory committee

A stakeholder advisory committee will be appointed to provide advice to the Minister on the strategy's implementation, including preparation of the necessary legislative measures.

Where would a levy apply in Queensland?

All local government and private sector waste disposal facilities in south-east Queensland and major regional local government areas, such as Fraser Coast, Bundaberg, Rockhampton, Gladstone, Mackay, Cairns, Tablelands, Central Highlands and South Burnett regional councils and Mt Isa and Townsville city councils, will be required to collect the levy.

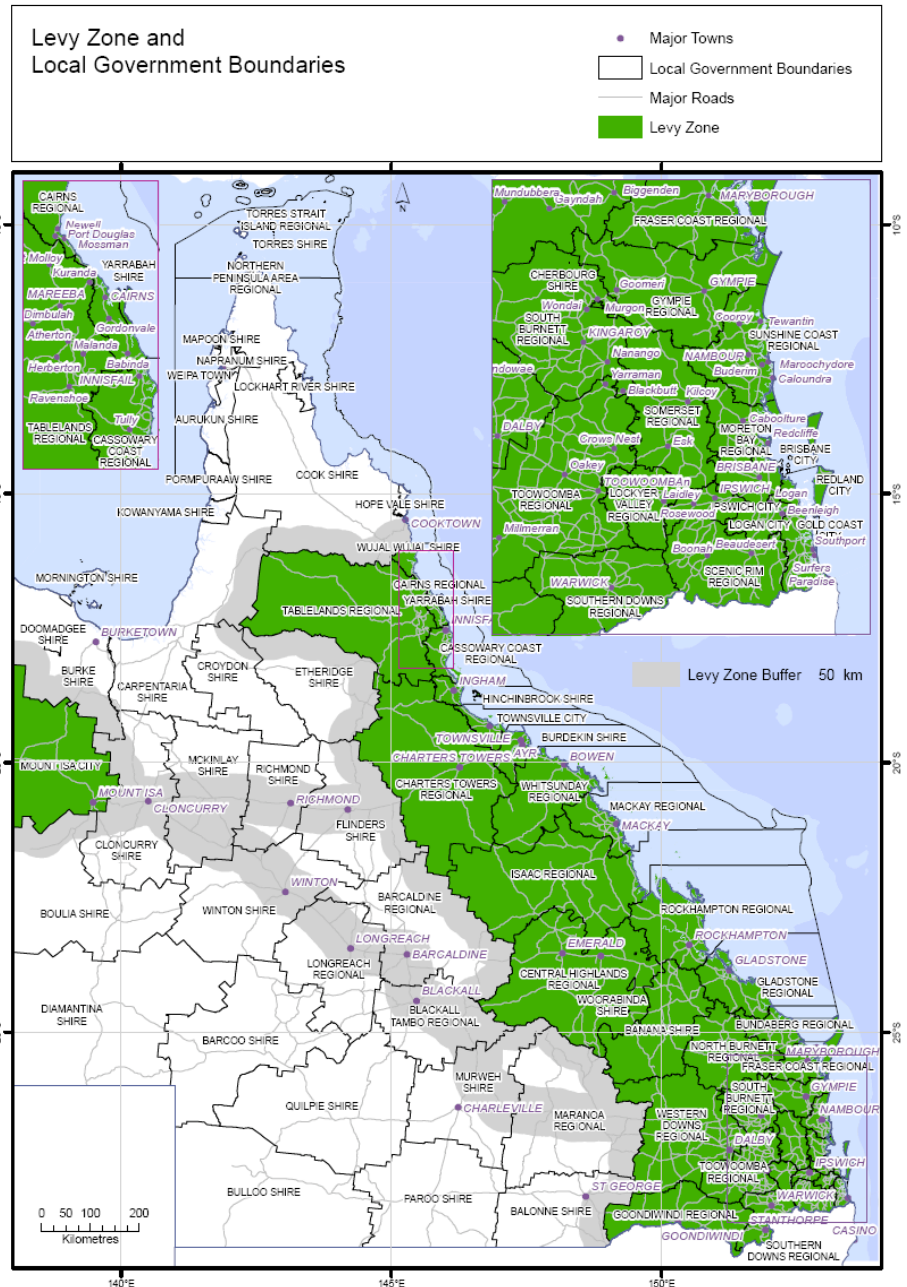
The proposed levy zone (see map) covers around 99 per cent of the Queensland population and includes 34 local government areas.

To reduce the potential for waste being transported for disposal outside the levy collection zone, it is proposed that the levy be attached to the point of generation rather than disposal. This means that if waste is generated anywhere within the designated levy zone, the levy applies regardless of whether the waste was disposed of at a facility located in the levy zone or outside it.

The grey area on the map shows a 50-kilometre buffer between the levy zone and the rest of Queensland where impacted disposal facilities may be located. This recognises that these facilities may receive waste from the levy zone and could require assistance to upgrade infrastructure to collect the levy, stop illegal dumping and report on waste management activities.

The Queensland Government recognises that not all waste disposal facilities are in a position to collect the levy. Prior to the introduction of the levy, infrastructure adjustment funding will be available to waste disposal facilities to ensure they are levy-ready.

In 2010–11, DERM will work with local governments in the levy collection zone, and where necessary in the buffer zone, to identify and ensure required infrastructure is established before collection of the levy. This may include the provision of weighbridges, security fencing and video cameras.



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For general enquiries contact the Queensland Government call centre 13 13 04 or visit www.derm.qld.gov.au