

28th February 2011

Kylie Hughes
Manager, Policy and Legislation
Waste Reform Division
Department of Environment and Resource Management
GPO Box 2454
Brisbane QLD 4001

Dear Kylie

RE: Submission to RAS/CBA for a waste disposal levy proposal

Thank you for the opportunity to comment on the Regulatory Assessment Statement (RAS) and Cost Benefit Analysis (CBA) for the waste disposal levy proposal. The Chamber of Commerce and Industry Queensland (CCIQ) represents over 25,000 Queensland businesses across all regions and industry sectors.

While CCIQ maintains its in-principle objection to the introduction of the levy, especially on the basis that it excludes the household sector, we have and will continue to work closely with the Department of Environment and Resource Management (DERM) to ensure that the waste reform agenda delivers the best possible outcomes at the lowest cost for the business community. We will also note upfront that the decision to introduce the commercial waste levy and its exclusion of household waste was a commitment made prior to the completion of the CBA and RAS and on that basis we believe the analysis has been skewed to favour this outcome. Notwithstanding these comments, CCIQ offers the following feedback in relation to the CBA/RAS.

Cost Area 1:

As was outlined in CCIQ's 'Blueprint for Waste Avoidance, Recovery and Management in Queensland' (Waste Blueprint) submitted during the consultation on the draft Queensland Waste Strategy, the Commercial Waste Levy has the potential to impose significant additional costs on businesses across the levy zone. As the following table demonstrates there is also significant variation in the cost to business depending on the size and number of bins and the frequency of collection.

Chamber of Commerce &
Industry Queensland
Industry House
375 Wickham Terrace
Brisbane Q 4000

ABN 55 009 662 060

t > 07 3842 2244
f > 07 3832 3195
e > info@cciq.com.au

Employer Advice Line
1300 135 822

Regional Offices
Gold Coast, Sunshine Coast,
Toowoomba, Rockhampton,
Mackay, Townsville, Cairns



Comparative Annual Cost to Queensland Businesses of Commercial Waste Levy

Wheellie Bins (240ltr)	No of Bins	Collections per week						
		1	2	3	4	5	6	7 (daily)
	1	\$62	\$125	\$187	\$250	\$312	\$374	\$437
	2	\$125	\$250	\$374	\$499	\$624	\$749	\$874
	4	\$250	\$499	\$749	\$998	\$1,248	\$1,498	\$1,747
	6	\$374	\$749	\$1,123	\$1,498	\$1,872	\$2,246	\$2,621
	8	\$499	\$998	\$1,498	\$1,997	\$2,496	\$2,995	\$3,494
	10	\$624	\$1,248	\$1,872	\$2,496	\$3,120	\$3,744	\$4,368
Four Wheel Steel Bin (3 cubic metres)	No of Bins	Collections per week						
		0.25 (Monthly)	0.5 (Fortnightly)	1	2	3	5	7 (daily)
	1	\$195	\$390	\$780	\$1,560	\$2,340	\$3,900	\$5,460
	2	\$390	\$780	\$1,560	\$3,120	\$4,680	\$7,800	\$10,920
	4	\$780	\$1,560	\$3,120	\$6,240	\$9,360	\$15,600	\$21,840
	6	\$1,170	\$2,340	\$4,680	\$9,360	\$14,040	\$23,400	\$32,760
	8	\$1,560	\$3,120	\$6,240	\$12,480	\$18,720	\$31,200	\$43,680
	10	\$1,950	\$3,900	\$7,800	\$15,600	\$23,400	\$39,000	\$54,600
Skip/Hooklift and Bulk Waste Bin (8 cubic metres)	No of Bins	Collections per week						
		0.25 (Monthly)	0.5 (Fortnightly)	1	2	3	5	7 (daily)
	1	\$520	\$1,040	\$2,080	\$4,160	\$6,240	\$10,400	\$14,560
	2	\$1,040	\$2,080	\$4,160	\$8,320	\$12,480	\$20,800	\$29,120
	4	\$2,080	\$4,160	\$8,320	\$16,640	\$24,960	\$41,600	\$58,240
	6	\$3,120	\$6,240	\$12,480	\$24,960	\$37,440	\$62,400	\$87,360
	8	\$4,160	\$8,320	\$16,640	\$33,280	\$49,920	\$83,200	\$116,480
	10	\$5,200	\$10,400	\$20,800	\$41,600	\$62,400	\$104,000	\$145,600

***This table represents the three most common sized bins used by businesses in Queensland based on results from the CCIQ Snap Poll on Waste and Resource Management.*

The amount of waste generated by any one business is not directly reflective of the business size, its profitability, or the number of people they employ. For a small to medium business facing significant increases in their waste costs, it is a very real scenario that the Commercial Waste Levy could result in businesses having to increase consumer prices, lay off staff or even close their business entirely. Therefore the actual cost of the levy, which CCIQ notes have been excluded from the CBA calculations, could have very significant costs on business, the community and the Queensland economy. CCIQ strongly recommends that the CBA/RAS be recalculated to include the economic impact of the levy on Queensland businesses.

Cost Area 2:

While the argument is made that businesses can reduce the impact of the levy by increasing their resource recovery and recycling efforts, this in itself creates additional costs and for many businesses may not even be an option. Currently due to the infancy of Queensland's waste markets, resource recovery and recycling services are not available across many regions of the state, and where available is priced at a premium making it a luxury for business rather than a viable option in a highly competitive and consumer price sensitive economy.

Cost Area 3:

A further potential cost arising from the introduction of the Commercial Waste Levy is the pass-through of costs above and beyond the direct levy rate from the waste industry. Anecdotal feedback from waste contractors suggests that a number of factors including increased administrative costs, risk of reduced markets, and removal of economies of scale as customers change and replace existing waste collection requirements will inflate the base cost of waste collection services. The waste industry have confirmed in communication with CCIQ that it is their intention to pass the full levy cost plus a margin for administrative costs onto business customers.

Cost Area 4:

Additionally CCIQ has significant concerns for the fact that the draft legislation does not provide any direction or requirements on how the weight based levy (charged at the landfill site and included in the gate fee) will be passed back to the businesses generating the waste. Again as was outlined in the CCIQ's Waste Blueprint, currently business waste is not measured by weight when collected and the only estimate of how much waste a business produces is based on the size of a bin and its full capacity. The waste industry have been provided with a green light to pass on the levy as they see fit, and most certainly will profit from the lack of transparency and absence of accurate business waste weight calculation systems. Again this represents an additional cost on the business community not reflected in the CBA or RAS.

Benefit Issue 1:

CCIQ also believes that two key assumptions made in the RAS/CBA are flawed. Firstly CCIQ would argue that under the current levy implementation model and draft legislation the creation of a price signal for waste generators may not be effectively achieved. In addition to the points raised above, the fact that the levy is applied as a liability at the landfill site, will be collected inclusive of a gate fee, and with no legislatively required transparency in how it is passed back to waste generators, there will be no direct price signal being provided to business and industry. In the short to medium term businesses will have limited opportunity to alter waste contracts (change bin size and collection frequency) and will not be motivated to make incremental downward adjustments in waste when they are charged flat volumetric rates plus the full levy percentage based on full bin capacity.

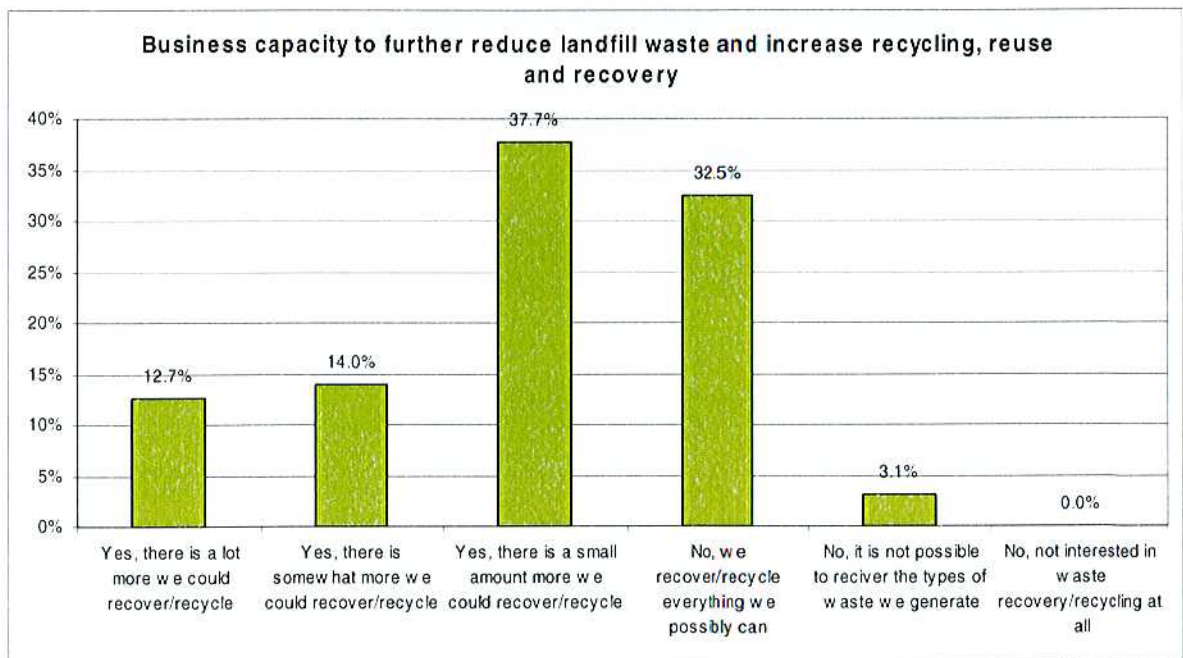
Benefit Issue 2:

Secondly CCIQ believes the RAS/CBA overestimates the potential economic and environmental benefit from waste diversion. CCIQ has repeatedly stated that the business community recovers more waste than they are given credit for and that the figures reported by the Queensland Government throughout the waste reform program are misrepresented. According to the *National Waste Report 2010*, of the 3.779 million tonnes of materials recovered in Queensland in 2006-07, the commercial and industrial stream contributed nearly half (48%) to this effort. Based on total waste generated by this sector, the net landfill diversion rate for C&I waste is 50 per cent.

Recovered in Qld (2006/07)	Waste Stream	Million Tonnes	% of total weight
	Municipal	1.365	36%
	Commercial and Industrial	1.797	48%
	Construction and Demolition	0.617	16%
	TOTAL	3.779	
Landfilled in Qld (2006/07)	Waste Stream	Million Tonnes	% of total weight
	Municipal	1.735	40%
	Commercial and Industrial	1.101	26%
	Construction and Demolition	1.466	34%
	TOTAL	4.302	

Source: National Waste Report Card 2010

CCIQ research further supports this claim. 32.5 per cent of respondents to a CCIQ survey on waste practices indicated they currently recover and recycle all materials possible within their business. A further 37.7 per cent believed there was only a small amount more. Only 14.0 per cent indicated there was somewhat more they could recycle and recover and 12.7 per cent that there was a lot more they could recycle and recover.



Source: CCIQ Snap Poll on Business Waste Practices

Benefit Issue 3:

Finally CCIQ would like to draw attention to the fact that the CBA reported significant additional net benefit from the inclusion of the MSW (household) waste stream in the commercial waste levy. CCIQ firmly believes that there is a strong case for the inclusion of MSW in the levy and continues to encourage the Queensland Government to give consideration in the short to medium term for the expansion of the levy to include all sectors in the Queensland economy.

Summary:

CCIQ remains committed to the Queensland Government efforts to reduce waste and landfill, however the Chamber encourages you to ensure the right balance between required environmental outcomes and the need to maintain a strong and productive economy is achieved. We trust that the comments provided in this submission will prove useful in finalising the Queensland Government's waste reform agenda. If you have any questions regarding this submission please contact Megan Johns, Senior Policy Analyst on Ph. 3842 2254 or email mjohns@cciq.com.au.

Yours Sincerely



Nick Behrens
General Manager, Policy
Chamber of Commerce and Industry Queensland