



QUEENSLAND FARMERS' FEDERATION

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Submission

19 September 2018

Committee Secretary
Innovation, Tourism Development and Environment Committee
Parliament House
George Street
BRISBANE QLD 4000

Email: itdec@parliament.qld.gov.au

Dear Sir/Madam

Re: Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018

The Queensland Farmers' Federation (QFF) is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 primary producers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Australian Cane Farmers Association (ACFA)
- Flower Association
- Pork Queensland Inc.
- Queensland United Egg Producers (QUEP)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Queensland Chicken Meat Council (QCMC).

QFF welcomes the opportunity to provide comment on the Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018 (the Bill). Given the short time-frame associated with the introduction of the Bill to Parliament and referral to the Committee process, QFF has been unable to

The united voice of intensive agriculture



properly consult its industry members. Therefore, QFF provides this submission without prejudice to any additional submission provided by our members or individual farmers.

Background

On 6 September 2018, the Hon. Leanne Enoch MP, Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts, introduced the Waste Reduction and Recycling (Waste Levy) and Other Legislation Amendment Bill 2018 into the Queensland Parliament. The Bill was referred to the Innovation, Tourism Development and Environment Committee for detailed consideration, with a report date of 22 October 2018.

QFF understands that the primary purpose of the Bill is to introduce a waste levy that will:

- act as a price signal that encourages waste avoidance and resource recovery behaviours, and discourages disposal to landfill as the first option
- provide a source of funding for programs to assist local government, business and industry to establish better resource recovery practices, improve overall waste management performance and sustain Queensland's natural environment
- provide certainty and security of feedstocks for advanced resource recovery and recycling technologies and processing
- facilitate industry investment in resource recovery infrastructure.

Timing for the Introduction of the Levy

The levy is due to commence on 4 March 2019. While QFF understands the political imperative for this timing, coupled with the need to generate funding for many of the government's initiatives; **we question if the timeframe for introducing the levy is realistic and suggest that a 1 July 2019 commencement date would be more appropriate.**

At the last commencement of Queensland's waste levy, demand for equipment and services resulted in many local governments paying higher 'market rates' for essentially 'emergency works' to meet legislated timeframes.

Many local governments will need to radically redesign their transfer and landfill facilities to accommodate materials being deposited for recycling and recovery, versus those for disposal. Particularly where mixed loads may require multiple entries/re-entry for vehicles, potentially increasing load-tipping times and/or to reduce the instance of queuing on public highways.

For agricultural users of council and private landfill facilities, it is imperative that tipping/waste and recyclables deposit times are as efficient as possible to limit time away from the farm.

Awareness and Education of the Levy

QFF notes that there has been no direct communication or media from the department to primary producers. While QFF has endeavoured to keep Queensland's intensive agricultural sector up to date, and raise awareness of the levy (for example, see <https://www.qff.org.au/media-releases/qff-urges-farmers-ready-waste-levy/>), the department has not provided any messaging or resources for education and communication. **QFF is highly concerned about the level of awareness of this new tax, particularly amongst small and regional businesses.**

Direct Cost Impact to Agriculture

The new tax will increase operating costs for Queensland farmers. It will make waste disposal more expensive for all businesses (waste generators) to dispose of wastes.

The agricultural sector, unlike many other sectors, is unable to pass through these increased operating costs to its end products (as price takers), meaning farmers will have to absorb these costs. With electricity price increases of up to 300 per cent for some farmers and a minimum of 140 per cent for the agricultural community over the past decade, coupled with higher water costs and increasing climatic events, and total farm debt at \$17.2 billion has never been higher in Queensland¹. Therefore, farmers' capacity to absorb these additional costs is very limited at best and not possible for many.

Queensland's (and Australia's) agricultural sector is showing indications of decreasing capacity and faltering productivity gains, threatening the resilience of some rural businesses. Surveying of rural agricultural businesses by the Climate Council² have shown that many businesses have drawn down on their financial reserves and, in many cases, have taken on increased debt in response to extreme weather events and rising utility costs.

As Queensland's climate becomes more variable and there are more extreme weather events, adaptation and cost to those agricultural enterprises will become increasingly challenging. The ability for many agricultural businesses to allocate funds for practical on-farm resilience measures, such as technology or infrastructure, is being diminished by unsustainable input costs, most notably the price of grid-supplied electricity.

As such, another tax on the agricultural sector is unmerited and unfeasible. QFF is particularly concerned about the use of deeming provisions in regional areas where they may disadvantage farmers self-hauling wastes to local disposal facilities (in whatever vehicle they have), leaving them at risk of being overcharged at the gate, given that councils are able to claim 105 per cent rebate on the load.

QFF is also concerned about the administration of these costs on rates bills for those landowners living in areas where no waste collection service is offered. Transparency of these additional charges by local governments will be critical given the lack of trust that now exists in many areas following significant rate rises beyond any increase in land value (see <https://www.qff.org.au/wpcontent/uploads/2017/04/20170525-QFF-submission-to-IPNRC-re-local-govt-financial-sustainabilityWEB.pdf>).

Farming enterprises are also uniquely a business and a home. QFF acknowledges that the government has "*ensured that there will be no direct impact on households through the introduction of an advance payment to local governments to address the levy costs associated with municipal solid waste*". There may be farms within the current levy zone, where farm-located homes do not receive a kerbside collection, as such, they may self-haul their household and farm (business) waste to the local landfill. The legislation currently defines a mixed load (household and business) as being 'leviable waste'. As such these farm-based homes will need to make two separate journeys (for household and farm) or incur the levy on their household waste.

Many agricultural wastes are managed and recovered on-farm and do not require off-site disposal. However, where external waste disposal is required, this new tax will negatively impact the agricultural sector.

QFF recommends a transitional exemption from the levy for wastes generated by primary production businesses [based on the current ABS Agricultural Census categorisation where Estimated Value of Agricultural Operations' (EVAO) of AU\$40,000 and over] until 2022 to enable farming systems to adapt where required, and the development of 'local' material recovery opportunities.

¹ QRIDA (2018). Queensland Rural Debt Survey 2017, Queensland Rural and Industry Development Authority.

² Climate Council (2016). On the Front Line: Climate Change and Rural Communities. Climate Council of Australia Limited.

QFF also asks the Committee to consider the merits of an exemption for all agricultural business from the levy located in designated drought area. This would extend beyond the current exemption for ‘waste from a declared natural disaster’.

Business Confidence and Fixed Costs

While the levy does not apply to remote areas of Queensland, many regional towns are included in the levy area.

The latest CCIQ Pulse Report for the June 2018 Quarter³ highlights that despite an increase in confidence levels in the latest quarter, business sentiment in Queensland remains subdued. Particularly notable, is the widening divide between South East Queensland (SEQ) and Regional Queensland confidence levels, with businesses in the SEQ region reporting stronger operating performance across most indicators.

The CCIQ Pulse Survey includes an indicator of Other Operating Costs to provide additional insights into the costs of doing business. The Other Operating Costs Index was measured at 69.6 in the June quarter, a level which indicates businesses are still facing strong cost increases.

With a large proportion of businesses reporting higher costs at 68 per cent over the past year. Concerningly, Queensland businesses are expecting further large increases in costs over the next quarter.

The cost of running a business is increasing substantially. Of these increases, many are government controlled, and critically, many have a fixed component. Businesses in both regional Queensland and SEQ are experiencing weaker levels of profitability, and businesses in Regional Queensland are expecting to see faster rises in fixed costs including operating costs. There is nothing worse when your income starts to fall, to be faced with high, unavoidable fixed costs over which you have no control.

Illegal Dumping

QFF notes that:

Clause 7, which amends section 104 (Illegal dumping of waste provision), increases the maximum financial penalty that applies to the illegal dumping of waste to twice the amount of any waste levy that would have been paid if the waste had been delivered to a waste disposal site. The amendment is justified because the current maximum penalty for larger volumes of waste may be less than the levy avoided. The new maximum penalty will be a disincentive to using illegal dumping to avoid the levy.

QFF supports higher penalties for illegal dumping offences but this must be accompanied by a strong policy and an enforced regulatory framework to ensure that landowners will not be the victims of illegally dumped waste from people and companies trying to avoid the higher disposal charges.

In the UK where the landfill tax is £88.95/tonne (approx. \$160), the National Farmers Union has classed illegal dumping as one of the major elements of rural crime. A similar outcome in Queensland is not acceptable and government must ensure that this does not happen.

Illegal dumping on private land causes a range of problems for landowners, including having to pay for clean-up costs. It can cause health risks, environmental impacts including those to the aesthetic environment. The social costs and distress associated with illegally dumped wastes, particularly on the impacted landowners, are not easy to assess, and many landowners are already struggling. These impacts are somehow unforeseen by many decision makers or properly costed.

³ CCIQ (2018). Suncorp Group CCIQ Pulse Survey of Business Conditions. June Quarter 2018.
<https://www.cciq.com.au/assets/PulseReport-Jun2018-Final.pdf>

There is an omission of the necessary funding/resourcing of compliance tools including but not limited to additional officers, remote cameras and waste transport monitoring to accompany the introduction of the levy, as was previous the case. In 2012, a littering and illegal dumping taskforce was established prior to the commencement of the levy.

As such, QFF requests further resourcing for the management and enforcement of illegal dumping at both local government and state (Department of Environment and Science) levels. This should commence with the development of a state-wide, robust reporting and data capture system for illegal dumping incidents. For example, the UK's Flycapture system is a database for recording incidents of illegal dumping across Britain on public land. This will assist the department in the identification of 'black spots' and characteristics and allow the scale and distribution of resources to address the issues/risk.

QFF acknowledges the UK's Landowner Partnership Project which allows landowners to provide data of incidents on their own land to build up a complete picture of the illegal dumping problem on private land. Based on the information this provides, the government can decide what resources and solutions are needed to tackle the problem. The data is also used to assist the landowner to understand how they are personally affected by illegal dumping and put measures in place to reduce the impact on them/their land.

QFF also requests an amendment to the definition of exempt wastes, so that the clean-up costs associated with illegal dumping, borne by a private landowner do not include the levy. The definition of 'exempt waste' under Section 26 Definitions for Chapter should therefore be amended to:

(f) waste collected by or for the State or a local government **or an impacted landowner** to remediate the results of a person having done something that may be an offence under section 103 or 104; (p. 14).

Unintended Consequences of the Levy Design

The omission of stabilised municipal solid waste (MSW) being spread to farmland from the disposal levy, will encourage further private and local proponents to build and operate Alternative Waste Technologies (AWTs) which provide biological mechanical treatment (BMT and MBT) to treat waste streams, particularly MSW. Whilst this practice is currently contained to the Cairns region, there is substantial risk under the current levy design to encourage similar facilities in SEQ, which has some of the best quality agricultural land in Australia and indeed the world (e.g. the Lockyer Valley).

While QFF understands the levy is only charged on 'levyable waste' sent to a 'levyable waste disposal site', QFF is concerned that this will encourage the disposal of stabilised MSW (otherwise known as Compost Like Organic – CLO) to agricultural land. QFF does not want Queensland's agricultural land to be identified as a waste disposal opportunity for the waste management sector nor does it want to see farmers inadvertently contaminate their land.

QFF has previously raised concerns to the Department regarding the spreading and long-term environmental impacts of spreading stabilised MSW to farmland. QFF is also concerned that such practices have the propensity to rightly cause concern to the general public and potentially damage Queensland's agricultural export markets.

Other jurisdictions (for example, see the environmental permitting regulations in England and Wales), exclude the use on agricultural land of compost like output (CLO) derived from non-source segregated wastes. The unknown quality and variability of the waste that goes into MBT and therefore the resulting CLO or biowaste that comes out of MBT. This means the risks to the environment and human health are also unknown. This includes direct and indirect risks to soil quality and sustainability, ecology (including

plant and animal health) the food chain, water quality and the quality of life. It is commonly observed that 'anything can go into municipal solid waste'.

QFF supports the principle that biowastes should be treated and recovered to maximise their benefit as a resource, while minimising their impact on the environment. Queensland needs a more coherent and integrated approach to management and disposal of biowastes, linked to waste strategy and land use planning.

Organics (food and garden etc.) should be preferably separated at source. This has clear advantages over mixing of wastes. However, source segregation of MSW and other sources of waste is not always practicable, but waste generators, local authorities and operators should bear in mind that lack of separation will limit the available options for (beneficial) re-use of the outputs.

QFF does not believe stabilised MSW should be applied to agricultural land used for growing food or fodder crops, or any land that is likely to grow food or fodder crops in the future. Some contaminants may also pose a risk to animals (grazing and wildlife). QFF notes the concerns in the literature and from other jurisdictions regarding the management of risks of chemical contamination; physical contamination; longer term, cumulative risks to environment and sustainable use of (agricultural) land; unreliability of the quality of CLO (and/or data on that quality) coming out of MBT processes; and our current lack of good, necessary and sufficient evidence on those risks.

Exemptions

Queensland has the highest proportion of agricultural land. According to ABS data, 80 per cent of the state is used for agricultural production. This equates to nearly 138 million hectares of farmland, of which 2.6 million hectares is laid to crop. The increasing frequency of extreme weather events are significantly impacting primary producers across Australia, from crop damage to livestock stress, and have major flow on impacts for regional communities.

QFF supports the exemption of disaster management waste from the levy. Extreme weather or climate events include heatwaves, bushfires, droughts, tropical cyclones, cold snaps and extreme rainfall (storms, hail, floods). These impacts are not uniform across the state and disproportionately impact the agricultural sector (both inside and outside the levy area).

QFF notes that remote and regional landfills are not engineered or licenced (through their Environmental Authority) to accept regulated wastes. Therefore, during a disaster, if regulated wastes are generated in non-levy zones, they will require appropriate transport and disposal to SEQ (inside the levy zone), so an exemption (for both general and regulated waste) is strongly supported to maintain environmental and community health.

QFF also supports the exemption of biosecurity related wastes from the levy.

If you have any queries about this submission, please contact Dr Georgina Davis at georgina@qff.org.au.

Yours sincerely

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