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Directions Paper
Strategic Environment and Waste Policy
Department of Environment and Science
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MASTER BUILDERS RESPONSE TO THE TRANSFORMING QUEENSLAND'S RECYCLING AND WASTE INDUSTRY DIRECTIONS PAPER

Thank you for the opportunity to comment on the Directions Paper.

Master Builders strongly opposes the waste levy on the basis that it will do nothing but push up the cost of construction, most notably in regional areas.

There is very little that builders and trade contractors can do to reduce the amount of waste they send to landfill. Over many years builders have improved their estimating and design practices to minimise wasting materials. The industry is acutely aware that wasted materials equal a direct cost to the business.

The Directions Paper notes that introducing a waste levy will act as a price signal that encourages waste avoidance and resource recovery behaviour, and discourages disposal as the first option. We do not support that view: the absence of regional infrastructure and enterprise level solutions for waste management will result in the cost simply being passed on to clients, and in extreme cases will result in illegal waste dumping to avoid levy fees.

Currently, the waste generated by house builders, smaller commercial builders, and all builders in regional and rural areas goes direct to landfill due to the lack of collection options and infrastructure for waste recycling. Major commercial builders operating in South East Queensland, or regions where there are resource recovery facilities, use third party waste handlers to remove and recycle waste. However, this option is only viable where there is economy of scale exists.

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Our position is based on the following:

1. On-site sorting of waste is not viable, particularly in the housing sector where there has been a shift to smaller lots.
2. There is limited access to resource recovery facilities; almost none outside of SEQ. This means there is little or no opportunity for builders to reduce the amount of waste going to landfill.
3. The absence of markets for recycled waste products means there is little or no incentive for the industry to invest in new/expanded resource recovery facilities. On that basis it is highly unlikely that resource recovery facilities will ever be developed in the remoter parts of the state.
4. Regardless of when the levy commences, it will take several years for the waste recycling industry (in the major towns and cities) to develop the necessary resource recovery facilities (assuming the market exists). We are concerned that it will not happen at all in the regional and remote parts of the state. The review of the 2014 Strategy confirms this view, identifying obstacles including the distance to markets for recovered resources, the availability of skills for operating and maintaining waste infrastructure, and small dispersed populations with limited financial resources.

The impact on householders

Although the Government has stated that the levy will not impact householders, we believe that the inability of the construction industry to reduce waste to landfill will most certainly adversely affect those householders building new homes or undertaking major renovations.

A major renovation generates as much waste as a typical new home because of the need to partially demolish to prepare for the renovation work. In South East Queensland the current cost of disposing of waste for a new home and major renovation is \$2,800. In the regions the gate prices are significantly higher.

The introduction of the levy will add another \$1,100 to the cost of an average new home or significant renovation. This is yet another hurdle for housing affordability.

The impact on regional builders & trade contractors

The current cost of disposing of construction and demolition waste in regional areas is on average \$140/tonne (double the price of the proposed levy). In South East Queensland the gate price is on average about \$35/tonne (half the cost of the levy).

For this reason Master Builders supports a discount or an exemption from the levy in regional areas until there is infrastructure in place for collecting, sorting and recycling waste.

Enterprise solutions

The Directions Paper notes that the levy will be used to assist industry to implement programs to help reduce the amount of waste that goes to landfill. We have been exploring measures that would assist builders in this regard. For example, in Scotland we understand that the following initiatives have been developed:

- Materials Exchanges which enable surplus materials on one site/project to be used at another. Waste management companies could be interested in this; however, it would need state-wide support and co-ordination.
- Local Construction Material Recycling Facilities are used as a hub for the waste management sector to co-ordinate logistics across several sites. This improves collection efficiency, making it easier for sites to separate and store recyclables.

These initiatives may well assist industry reduce the level of waste going to landfill. However, we believe that the solution to significantly reducing construction and demolition waste going to landfill rests with building the capacity of waste handlers at a local and regional level.

The Directions Paper also refers to the possibility of a concessional levy (or exemption) on residual waste from legitimate recycling activities. We believe this concession should apply to residual waste generated by builders who can achieve levels of recycling above the industry target. For example, where a builder contracts a waste handler who can recycle 90% of the builder's construction and demolition waste (exceeding the industry target of say 85%), the builder should be charged a concessional rate on the remaining 10% that goes to land fill.

Allowing this concession would act as an incentive for the industry to seek out arrangements and activities that would result in higher recycling rates, rather than simply sending all waste to landfill, paying the full levy and passing it on to the client.

Levy commencement

The levy should not be introduced before 1 July 2019. This will allow businesses to budget for the additional costs and account for it in upcoming tenders and contracts which often have lead times in excess of six months.

Levy zones

We query how the levy will be enforced where waste is carried from interstate or inside the levy zone and dumped outside the levy area.

Where the levy is spent

We support the levy being used to develop the necessary additional facilities and infrastructure upgrades required to improve waste management in the regions and SEQ, as well as enterprise level programs and solutions that will assist businesses in reducing their waste to landfill.

We do not support the levy being used for general revenue purposes.

Recommendations

In summary Master Builders is recommending that:

1. The levy commence after 1 July 2019.
2. A discount or an exemption from the levy should apply in regional areas until there is infrastructure in place for collecting, sorting and recycling waste.
3. A concession for residual waste to landfill should apply to construction businesses that participate in legitimate recycling activities.
4. The levy proceeds should all be channeled into funding infrastructure for collecting, sorting and recycling waste at a local and regional level; and providing assistance to industry in identifying and developing enterprise/industry solutions to reduce waste to landfill.

Please contact me on 07 3225 6420 if you wish to discuss further.

Yours sincerely,



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