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Landfill Levy – Will It Work?

Legislative Assembly 13th April 2010

Mr MORRIS (Mornington) — The bill before us is about as simple a piece of legislation as you can get. It amends one schedule — schedule D — of the Environment Protection Act and ups the rate of the landfill levy. In the case of the densely settled areas of the state, the increase for municipal waste is a modest 330 per cent — and I say that with some irony! — with a mere doubling of the rate for the disposal of industrial waste. In the rural areas of the state those rates basically double. Of course then there is another whack again in July 2011.

If we look at the history of the rate from the time the schedule was inserted into the act in 2002, we see that the rate has gone from \$4 on 1 July 2002 up to \$40 by the end of 2011, a 1000 per cent increase. If you go back to the original levy, the levy that was imposed by the 1992 legislation, that is a 2000 per cent increase.

Despite the relative simplicity of the legislation, that obviously raises a considerable number of issues. The first is the level of the increase itself: whether that can be justified in any way at all — I am not talking simply in terms of the consumer price index and whether it can be justified in terms of its effectiveness — and what it achieves in terms of market signals. Is it going to provide a useful market signal? Is it going to promote recycling? Is it going to reduce waste going to landfill?

There is the issue of the effectiveness — whether a similar or better outcome could be achieved by other means. There is the issue of the administrative costs — the impost on local councils will likely be considerable — and whether this places an unfair burden on local government or particular groups within the community. I think there is a very real chance it will do that. Another issue is whether there are more effective alternatives: whether this whole process could be improved and dealt with in another way. Finally, and particularly, there is a lack of transparency.

I had occasion to go back and look at the second-reading speech for the introduction of the original amendments to the Environment Protection Act in 1991, and it was interesting to see that some things never seem to change. At the time the opposition was rightly concerned about the lack of consultation. There was a very short time frame — probably luxurious by our standards — of three weeks to deal with the original bill. Fortunately the numbers were slightly different. The opposition was able to slow down the process and conduct some meaningful consultation. In fact it pushed the government into some meaningful consultation and improved the bill considerably.

I remember it very well. At the time I was a councillor at the then Shire of Mornington, and we had just been through the process, or were in the process, of dealing with the imminent closure of the Mount Eliza tip. We thought we had five years to go but conditions changed and all of a sudden we had to find an alternative. Disposal of waste was very much at the top of my mind in 1991. We got around that problem by joining the South Eastern Regional Refuse Disposal Group, as it was then, but it certainly added to our cost.

I well remember while on a plane on the way to an Australian Local Government Association conference in Hobart reading through the bill and the details of the legislation and trying to figure out what the impact was going to be for the Mornington community and also for the wider community because of my role with the Metropolitan Municipal Association. Ultimately the bill had bipartisan support, albeit with some 174 opposition amendments, which the government accepted wholesale. That bipartisan support remains today. This is an issue we need to grapple with.

At the time the Shire of Mornington achieved substantial improvements, not only in terms of that landfill levy but also through the introduction of a kerbside recycling service and a vegetation disposal service. From memory we cut the volume of waste going to landfill by somewhere between 30 per cent and 40 per cent, which just goes to show what can be done in a very short order. I was pleased to hear the parliamentary secretary refer to the Mornington Peninsula Shire Council's performance in recent days.

Is it important to reduce landfill? Of course it is. There are potential hazards, whether you are talking about issues like Brookland Greens — and I certainly do not wish to dwell on that — gas hazards or groundwater hazards and the contamination of streams. The second reason it is important is because a lot of the resources that would otherwise go to landfill can be recovered and used again, whether they be plastic, paper, glass or whatever. It is an incentive to remove the more toxic elements such as the nasties that you get in batteries and electronic equipment and all those sorts of things.

During the decomposition process putrescible waste breaks down and generates various gases and so on. Of course it is a good thing to reduce landfill. As I said, it has had bipartisan support since the original amendments to the Environment Protection Act in 1991 and 1992.

In the time remaining I want to refer to some local government issues. The member for Shepparton referred to comments made by the Municipal Association of Victoria, and I simply underscore those. In this process local government once again becomes a collection agency for the state and there is a very clear attempt to mask this very substantial tax increase as a rate increase being imposed on local government.

I have a number of comments from various councils around the state, and I will refer to them briefly. A submission was received from the Macedon Ranges Shire Council indicating there will be an additional \$10 per household for the annual cost of the garbage collection service and that about \$81 000 will be added to the cost of operating transfer stations.

Sitting suspended 6.30 p.m. until 8.02 p.m.

Mr MORRIS (Mornington) — Before the break I was talking about the responses from some councils to an inquiry from the opposition. The City of Whittlesea has responded, indicating that it is concerned that its current socioeconomic disadvantage will be further aggravated by this increase in the landfill levy, and I expect that is accurate. The City of Whittlesea also has concerns about the lack of consultation, with the state government once again using local government as a collection agency. It is concerned also that the increase will place a further burden on the municipality's already high dumped rubbish and litter collection costs, which are more than \$1 million a year.

Moreland city is concerned that it will add about a 1 per cent increase to its rates. Similarly the City of Frankston has identified it will cost an extra \$600 000-plus in the first year and more than \$800 000 in 2011–12, an effective 1 per cent rate increase.

We must continue to reduce the volume of waste going to landfill — there can be no alternative — but this 330 per cent increase in the landfill levy is an extremely blunt instrument. The efficacy of the instrument is at best doubtful. It may well be that this sort of increase does in fact reflect the cost and that does it provides the necessary price signal to ensure that the maximum amount of waste is diverted. I certainly hope so, and I hope the predictions of Kelly O'Shanassy and Environment Victoria are proved correct.

But once again the government has failed to consult, it has failed to justify the amount it is charging and it has failed totally to explain its plan. There is an alternative. I urge the government to consider the views expressed by the opposition and local government and to use the potential delay while the bill is between the houses to engage in meaningful consultation with local government and have some serious discussion with the community, because this is just not on the community radar at all.

If the government is prepared to take that opportunity and pick it up, we will get the best possible outcomes. That is what can be achieved, and I hope the government will accept the opportunity that is offered.