

## Notes of NSW Policy Reference Group Of The Australian Sustainable Business Group

Venue: Orica's Rooms  
16-20 Beauchamp Road, Matraville  
Date: Tuesday 9 March 2010  
Time: 9:00 am to 12:30 pm

### ATTENDING

Ben Lim	Orica(Chair)
Rick Bevan	Solvay Interox
Lillias Bovell	PNEB
Helena Cooke-Yarborough	Kellogg's
Robert Charter	Coffey Environments
Ruth Churchill	Illawarra Coke
Andrew Doig	ASBG
Michael Dunbavan	Coffey Environments
Amy Fox	New Ltd
John Hunt	Thiess
Kim Lee	Colgate
Kristi Mclachlan	John Holland
Alan O'Brien	Bluescope
Andrew Petersen	PwC
Chelsea Rorimpandey	Veolia
Jacqueline Roberts	Shell
Paul Seage	Caltex
Peter Sheehan	John Holland
Mega Thompson	John Holland

### APOLOGIES

Brett Carroll	Nestle
Cathy Inglis	Brickworks
Colin Long	SSA
Paul McEwan	Koppers
Tony Wilkins	New Ltd
Matthew Walker	GWF
Greg Watkins	Unimin
Judy White	WSN Environmental Services

### 1. INTRODUCTION

Andrew Doig introduced ASBG and the operations of the Policy Reference Group.

## 2. ISSUES REQUIRING INPUT AND ACTION

- ASBG's campaign on Excessive Environmental Reporting – Update

ASBG has written to the following in relation to inefficient environmental reporting:

Agency	Response
Department of Environment, Climate Change and Water	Neutral
NEPC Service Corporation	-
Department of Climate Change	-
Department of Environment and Resource Management	Positive
Environment Protection Authority, Victoria	Neutral Positive
Department of Environment Heritage, Water and the Arts	Phone contact
Department of Resources Energy and Tourism	-
Australian Bureau of Statistics	Positive
Better Regulation Office	-

Apart from Queensland's DERM and the ABS, the response has been neutral or non-attentive. A neutral position was one of 'look at what we have already done' and ignoring the issues put forward in the letter.

## 3. ONGOING ISSUES OR ISSUES FOR NOTE

- Changes to waste laws:
  - [POEO \(Waste\) Regulation 2009](#)

A number of small changes to NSW's waste regulatory framework passed during December 2009. Not much was said about it by the Department of Climate Change and Water (DECCW) at the time. Two main changes include amendments to:

- The Protection of the Environment Operations (Waste) Amendment Regulation 2009
- Waste Classification Guidelines

Changes to the POEO (Waste) Regulation include changes to the POEO Act's Schedule 1 **S41 - Waste processing, adding the following:**

- **non-thermal treatment of liquid waste**, meaning the receiving of liquid waste (other than waste oil), whether from **on site or off site**, and its processing otherwise than by thermal treatment. Threshold: 200 kg or any amount of clinical liquid waste.
- **non-thermal treatment of waste oil**, meaning the receiving of waste oil from off site and its processing otherwise than by thermal treatment. Threshold: 2000 litres or more than 20 tonnes per year.

Inclusion of 'on site' under the treatment of liquid wastes is a concern. It is however, constrained to apply to only waste processing facilities and not other activities. It will affect liquid waste treatment facilities ensuring their on-site use of liquid wastes must pay the waste levy. Other changes include:

- Building and demolition waste under the POEO Act now 'does not include excavated soil'.
- Changes to the calculations of s88 levy in relation to rebates for land application of various materials in waste facilities
- [Waste Classification Guidelines](#) – December 2009 update

Changes to the [Waste Classification Guidelines](#) reflect the changes to the definition of *Building and Demolition* waste made to the POEO Act. The altered definition, which is in both the POEO Act and the Guidelines now includes:

*'but does not include excavated soil (for example, soil excavated to level off a site prior to construction or to enable foundations to be laid or infrastructure to be constructed).'*

DECCW indicated this change was made to plug a potential loophole in which some contractors were defining any soils from a building site as being *Building and Demolition* waste, regardless of any contamination levels.

Members commented that communication of this change was poor, though one member was informed of the change.

### o New Exemptions

DECCW has recently released 5 new waste exemptions including:

- Alternative Waste Technology outputs (floc)
- Coal ash
- Furnace Slag
- Electric furnace slag
- Blast furnace slag

These add to the other recent exemptions for coal washery wastes.

The AWT exemption is the most complex yet released and sets a new standard of how exemptions can be developed with DECCW.

Members commented that it took around two years to obtain an exemption such was the case with the AWT exemption. Hence the process is rather long winded.

Also noted was the very specific manner in which exemptions are enforced and applied. If using or more so, if developing an exemption care should be taken on the way it is enforced.

### · [Financial Assurances for Waste Facilities](#)

The Department of Environment Climate Change and Water has undertaken a selective consultative process by dealing with the Waste Management Association (WMAA). While this issue directly affects waste facilities it also affects generators and increases the cost of waste treatment and disposal.

So what are financial assurances? These are financial instruments such as cash deposits or more commonly bank guarantees that DECCW requires as part of holding certain waste facility Licences. In DECCW's words financial assurances are *funds available [for DECCWs use] for remedial works, site remediation, and post-closure care in the event of a licensee abandoning a site, becoming insolvent or incurring clean-up costs that they are unable or unwilling to pay.*

While financial assurances are not new, what has changed is the large increases that will apply under DECCW's draft proposal. Some waste companies claim it will increase their bank guarantee by six fold! The review divides waste facilities into 3 categories:

- Landfills where FA = \$120,000 x ha - \$85,000
- Waste storage activities where FA = \$452,000 x ha + \$129,000 + disposal costs
- Government owned facilities

To say that the above is a rather costly and conservative approach is an understatement.

Finally the treatment of Government owned waste facilities is different to the private sector. Where:

- A years reprieve and
- permission for the FA to be included as a budgetary item,

This is a far cheaper option than requiring bank guarantees DECCW justifies this simply by stating that governments do not go out of business. You can imagine what the private sector thinks of this treatment.

ASBG wrote to DECCW last year on the review of FAs, suggesting a hybrid approach of bank guarantee and an environmental insurance policy, but this was rejected along with other suggestions.

DECCW has indicated that a full public consultation paper would be 'revised' and released for public discussion.

ASBG has posted the [draft Financial Assurances for NSW Waste Facilities on our website](#). Login as a member and see the Members News section.

Members commented that FAs are applied by other Government agencies. For example the Federal Government requires for EPBC Act issues, that FAs be only supplied by on-shore banks with at least AA rating.

- **Reuse and the Waste Levy**

Ben Lim discussed recycling/reuse of sulfuric acid which is used to dehydrate chlorine gas from their chlorine plant. The spent diluted acid has been trucked to Victoria for use in a process. However, now the acid can be shipped to Port Kembla where it can be refreshed to its 98% strength and trucked back to Orica for reuse. While the liquid waste levy has to be paid for this process, DECCW will provide a rebate for that amount when received back at Orica. Tracking of the shipments is required and reports must be submitted quarterly to DECCW's Waste section.

- [Victoria's failed increase in its Waste Levy](#)

A recent [newspol](#) of Victorians showed that nearly 90% of those polled opposed a \$50 per tonne increase in the State's landfill levy. The outcome of this survey should send alarm signals to the NSW Government that their landfill levy would be strongly opposed if the facts of the NSW levy were to be made clear to the public.

Environment Minister Gavin Jennings said recently that the proposal had been dumped. Mr Jennings said the \$50 hit was now off the table and the Government was now considering a reduced tax of about \$10.

Currently Victorians enjoy landfill levies at \$9/t for municipal waste and \$15/t for industrial solid waste. So a \$50/t increase is a considerable increase.

Interestingly, the increase would be earmarked for new waste infrastructure and not be used solely as a penalty. Quoting from the [Victorian Government's Annual Statement of Government Intentions](#) S8.2:

*The increased landfill levies will make recycling useful materials more competitive with disposing waste in landfills. The new levies will signal a major shift in the economics of waste management and spur new investments in the industry. The revenues from the new levies will be reinvested in the industry and through the Sustainability Fund in related environmental programs.*

It appears that Victoria is trying to get to where NSW currently is at \$58.80/t to landfill. Note that this will increase on 1 July to about \$70/t and increases are not planned to stop until the levy reaches \$135/t in 2014. So here is rub, Victoria is backing away from a waste levy we already have in NSW. A major difference is the Victorian model has all the \$160m p.a of revenue earmarked for improving waste management in Victoria. In contrast NSW collects nearly \$350m (see *ENW* 16/06/09) in revenue from its waste levy, but barely 5% goes back to supporting waste management in NSW.

If a poll was conducted along similar lines in NSW ASBG would expect a similar outcome. The outrage should be larger than Victoria's give the NSW levy has no commitment for any benefits to flow back to waste management. Virtually all of it disappears into internal revenue.

Members commented that waste levies are distorting many waste markets with an extreme case of Tasmanian wastes being shipped to Queensland due to lower costs.

While the large \$50 increase to the Victorian waste levy will be replaced by smaller possibly annual increases, a large percentage of this levy is pumped back into waste management. Hence Victoria leads Australia in waste technologies with many new innovations already demonstrating market leadership.

- **Issues affecting Co-generation in the Sydney region – embedded generation standards**

Discussed last meeting was the impact of DECCW's Interim NO<sub>x</sub> policy on Cogeneration in the Sydney air shed. This has led to some standards coming out for smaller piston engine generator sets at 250 mg/m<sup>3</sup> at 5% O<sub>2</sub> correction. Larger engines, such as gas turbines using over 20 MJ/s fuel have had limits tight as 5 mg/m<sup>3</sup> imposed. However, it is not just the air emission limits that can trip up the well intended site from installing a cogeneration set.

Also requiring attention is the standard of connection required if the set is to at some stage become embedded generation. Energy Australia has set a very high standard titled *Connection of Embedded Generators*

- Generators of large capacity [greater than 2MW] will often require extensive system studies with the studies increasing in duration and complexity as the generator size, connection voltage and other variables grow.
- All generators above 5MW must be registered with NEMMCO
- Generators must deal with tight standards on:
  - Interrupting capability
  - Earthing
  - Synchronizing capability
  - Out of Phase Interruption
  - Conductor thermal ratings
  - Anti-islanding – loss of mains issues
  - SCADA on connections at voltages greater or equal to 11kV

- [Strategic Environmental Compliance and Performance Review](#) - *Management of Chlorinated Solvents and Metallurgical Activities*

DECCW is undertaking the next series in their Environmental Compliance program this time looking at companies using and manufacturing chlorinated solvents such as dry cleaners and the perchloroethylene recycling industry and some metal finishing industries. Metallurgical activities is self explanatory. The DECCW meeting for this audit review is from 1:30 pm to 3:30 pm today at DECCW offices.

- [Accounting Standards Changes](#) affect Contaminated Site Liabilities

Proposed changes by the International Accounting Standards Board (IASB) will affect how contaminated land liabilities are costed and placed on balance sheets. This is contained in [IASB's Exposure draft Measurement of Liabilities in IAS 37](#) (see p15 for restoration of a site reference)

Contaminated land liabilities have for many years been required to appear on company balance sheets. What is being proposed is to change the way in which contaminated land liabilities are costed. For most companies, especially those already listing such provisions, these liabilities are likely to increase.

Currently contaminated land liabilities appear on balance sheets under 'provisions', which are now called 'non-financial liabilities.' Costs for remediation provisions are measured using *management*

*best estimate* of the amount that will be paid, rather than *the expected levels*. For example, management may measure a remediation cost from the labour and materials required to complete the task.

However, the proposed changes by the IASB would require the provision to include the recovery of direct and indirect overhead cost and the margin that would be changed by a third party contractor.

The IASB's document permits future technological changes to reduce costs in the future — not a likely event for site remediation, where costs tend to be linked with increasing regulatory planning and community standards. Submissions to the IASB on the proposed changes to IAS 37 are due by 12 April 2010.

Costing contaminated land liabilities is not an easy exercise with many unknowns, especially the final quantity of contaminated soils that require to be dealt with. Given the likelihood that these new accounting provisions will proceed, the environment manager should also be aware of what the corporate accountant is required to do under their 'new' accounting standards. It would look better if the environment manager approached the accountant, bringing the issue to them of what are the costs of contaminated land liabilities and how to best go about measuring these.

#### 4. GUEST SPEAKERS

- **Marjory Lim, John Hitchen, Shelley Gallacher, Sydney Water** to discuss proposed changes to the **Trade Waste Policy**

Sydney Water provided a slide presentation to members which is available on our website [www.asbg.net.au](http://www.asbg.net.au). The main proposed changes to the Trade Waste Policy include:

##### **Changes to the Industrial Management Plan**

- Critical and over capacity substances – frequency of mass model review from quarterly to yearly
  - Increased charges will apply from the 'next quarter' to '12 months' time
- Added *water efficiency initiatives*
- Single discharge event to the sewer (one off)
- Discharge of contaminated surface water to sewer
- Discharge of groundwater to sewer

##### **Changes to the Commercial Management Plan**

- Greasy waste from shopping centres to be collected by a communal grease trap.
- Vertical height above grease trap to be same as depth of trap (access issues)
- Large shopping complexes <20KI must also have centralised pre-treatment such as a DAF
- One waste transporter/contractor to pump out all grease trap from the complex
- Supply common storage tanks for used cooking oils for recycling.
- Applies to new shopping centres

**Mischa Ginns, Project Manager, Australian Accounting Standard Board** discussed the AASB views on the IAS 37 changes to measurement of liabilities and other accounting standard changes relating to greenhouse accounting. The outcomes of the discussion included:

- There was some agreement with Ms Ginns that IAS 37 did not provide enough detail on how to appropriately address contaminated land liabilities and other environmental liabilities such as greenhouse emissions.
- Use of contaminated site auditors was one way in which to price remediation of land. However site auditors were considered to be rather conservative and would generally over estimate the liabilities. Changes to the accounting standard would make little difference to companies using this approach. Use of contaminated site insurance is another means to help establish the risk variables for such liabilities.
- IAS 37 requires that liabilities be measured using a contractor, including its profit margin, as one approach. Inclusion of profit is the new part. When compared to the variability of clean up costs, such a provision can be too small to show up. Uncertainty of the cost of clean up, which



can easily be double original estimates, swamps most other inclusions under IAS 37's proposals.

- The ongoing liability of sites sold long ago, are a feature of contaminated site laws in Australia. Such liabilities can show up years later when property transfers occur, or potentially after the land has been re-zoned. Accounting for these liabilities is again highly variable, rather difficult and inaccurate.
- Overall there was agreement with the AABS position that IAS 37 requires more explanation on how to account for contaminated land and other environmental liabilities. One member suggested supplementary guidance to assist companies in this respect.

The AABS is open for comments until 15 March 2010 to compile an Australian response to the IAS 37 draft.

## 5. NATIONAL AND INTERNATIONAL ISSUES

### 5.1. Greenhouse Issues for discussion

- Current state of play on the CPRS legislation – what next?

What is next for action by Australia to reduce greenhouse emissions? It appears that greenhouse issues are being thrown on the back burner due to the triple impacts of:

- 1) The weak non-binding agreement from the meeting in Copenhagen.
- 2) Virtually dead Carbon Pollution Reduction Scheme (CPRS).
- 3) Elements of bias in the Intergovernmental Panel on Climate Change.

Adding the IPCC issues and the poor Copenhagen outcomes has resulted in support for CPRS to slump from a high of 72% on October 2009 to the current level of 57% [according The Australian](#).

There are few options left for the Government in getting its CPRS Bills through. It requires 7 non-Labor votes in the Senate to pass the legislation. This leaves 5 Greens and 2 independents and Coalition members to cross the floor. Given the independents views they will not support the government. The Greens will only support the CPRS if it is significantly tightened. So it is very likely the Government will have the legislation rejected a third time.

Use of the double dissolution trigger is a very risky option for the Government, slipping in the polls and with shrinking support for its CPRS. This leaves the Government with the prospect of waiting for the next election and gaining a majority in the Senate, assuming it wins Government. Again, this not looking so good. So what is next for greenhouse actions by the Government?

So what could be around the corner? Remember there was the National Emissions Taskforce's *Possible Design for a National Greenhouse Gas Emissions Trading Scheme*. A scheme where the **States** said they would implement greenhouse reduction schemes if the Federal Government failed to take action. If revived this could be an even more complex and regulatory inefficient way to manage greenhouse emissions across Australia.

What are the options? It appears there will have to be some carbon pricing scheme implemented over the next few years, regardless of which party is in power.

The Coalition did indicate their scheme was based on the successful NSW Greenhouse Gas Abatement Scheme (GGAS), which is a base-line and credit scheme. Such a scheme was ruled out early in the CPRS debate over which type of scheme Australia should have. A cap-and-trade or a base line and credit scheme was not fully debated and the public. Cap-and-trade also gave the Government considerable control over a large pool of money.

However, the base line credit scheme can also be made to be compatible with international credit transactions. But the transactions are largely between the emitter and those that can secure a reduction in GHG and claim a credit.

What is required is, that after the likely failure of the CPRS, we go back to the drawing board and start again. The difference being increased knowledge of how the schemes work, with their good points and bad, considered in a much slower, more open public consultation program.

- [National Carbon Offset Standard](#)

After a considerable consultation exercise the Department of Climate Change (DCC) has released its [National Carbon Off-Sets Standard](#) (the Standard), which contains some concerning elements. The standard describes its purpose is *'to ensure that consumers have confidence in...carbon neutral products they purchase'*.

It will replace the Greenhouse Friendly program from 1 July 2010 and introduces a revised set of requirements for companies wishing to be considered 'carbon neutral' such as, requiring that:

*At a minimum, an organisation should include scope 3 emissions from the following sources:*

- *business travel of its employees;*
- *disposal of waste generated by the organisation, and*
- *use of paper in the course of its business.*

For products, the standard requires the use of a carbon life cycle assessment using ISO 14040 and ISO 14044. Combined with the scope 3 requirements, this is a tall ask for companies, especially those in the packaging and printing areas to reach this standard. It appears that DCC wishes to set the bar so high it is free from risk, but few will be able to reach such a difficult standard.

- [Adapting to Climate Change an Australian Government Position paper.](#)

The Department of Climate Change released a paper titled [Adapting to Climate Change an Australian Government Position paper.](#) This document is more aimed at getting inter-jurisdictional action better working and identifying where cooperative work should occur and where the Federal Government will take control.

The paper states *the Government has identified the following as initial national priorities for adaptation action:*

- *coastal management;*
- *water;*
- *infrastructure;*
- *natural systems of national significance;*
- *prevention, preparedness, response and recovery with regard to natural disasters*
- *agriculture.*

It also discusses the actions the government is currently undertaking in water management and information provision etc etc.

Then under the *Key Messages some key changes can only be delivered by Governments working together* a list of tests – where the Federal Government steps in as a 'national response' includes:

- where a complete adaptation response can only be mounted through a collaborative effort
- where there is current policy overlap and a collaborative effort is required, for example where there might be inconsistent approaches between jurisdictions that produce inefficiencies or higher costs for business; and
- if the magnitude of the risk to national wellbeing warrants all governments working together – where failure in one jurisdiction is a problem for the entire nation.

- [RET Scheme Changes](#)

The Federal Government has been forced to [change its Renewable Energy Target](#) (RET) scheme due to a clash of its own programs and market forces. Now RET will be split between:

1. The Small-scale Renewable Energy Scheme (SRES) and the
2. Large-scale Renewable Energy Target (LRET)



The SRES is to cover small-scale technologies, such as solar panels and solar hot water systems. It will provide a fixed price of \$40 per MWhr of electricity produced, rather than tying the rebate to the RET market price.

Penny Wong's press release states: *This [split of the RET] will free these [large] projects from uncertainties that may have been caused by strong demand for small-scale renewable technologies.*

Reasons for the change was that too many claims were being made for small scale renewable installations, such as rooftop solar panels and hot water systems. Prices for renewable certificates fell from the flood of claims from the domestic installations. By splitting the large from the small scale projects the government hopes to renew the investment back into larger scale renewable projects. However, the changes are not due to be implemented until 1 January 2011. For many companies in the large scale renewable market this may be too far away in time.

So under this new arrangement, the Government's press release states: *if a Sydney household that installs a 1.5 kilowatt solar panel system in 2011 will benefit from an upfront subsidy of \$6200. If the same household decides to install a typical solar water heater they will receive \$1200 in support under the SRES.*

ASBG can only guess that these subsidies are a new scheme and will replace the current \$1,000 solar hot water rebates currently available. There is no rebate scheme from the Federal Government for solar panel systems. The \$40 per MWhr [4 cents per KWhr] is below the wholesale price of electricity and with domestic prices at over 20 cents per KWhr this is a small incentive. It is assumed that it refers to the gross energy generative and not the net amount. One would assume that this outcome was predictable and avoided, which is what happens when Government's play with markets.

## 5.2. Other National Issues

### EPHC Document - [An Australian approach to setting air quality standards: Consultation draft - November 2009](#)

In November 2009 the EPHC released its [An Australian approach to setting air quality standards: Consultation draft - November 2009](#) for public comment. The document presents a complex and comprehensive methodology for the assessments for Australia's ambient air quality standards. Use of it will effect the targets set under the Ambient Air Quality NEPM and Air Toxics NEPM. It is the AAQ NEPM in particular which causes flow on impacts on NO<sub>x</sub> emissions for industrial sites.

The paper is based on a risk assessment process covering:

- the level of health protection to be built into standards
- the application of uncertainty or safety factors
- approaches to dealing with non-threshold pollutants
- approaches to exposure assessment
- equity and social justice issues
- application and approaches to cost-benefit analysis.

## 6. GENERAL BUSINESS

### 6.1. Breaking News and Issues to Note

[Waste Management and Classification Workshop](#)  
[Wastewater Treatment Plant Workshop](#)  
[Contaminated Land Conference](#)  
[Energy Systems Management Workshop](#)  
[Dangerous Goods Laws and ADG7](#)  
[Dangerous Goods Laws and ADG7](#)

23 March 2010 Newcastle  
25 & 26 March 2010  
22 April 2010  
28 & 29 April 2010  
5 May 2010 Sydney  
6 May 2010 Newcastle

Queensland Office

Up coming Queensland Seminars:

**[Environment Management Practitioners Workshop](#)**

**17 & 18 March 2010**

Next Meeting 11 May 2010