# Background paper: Landfill levies and the Sustainability Fund

## Introduction

The *Environment Protection Act 1970* (the Act) requires a levy to be paid on each tonne of municipal and industrial waste disposed to licensed landfills in Victoria.

Licensed landfill operators collect and pay the levy on a quarterly basis to the Environment Protection Authority (EPA) and the EPA credits all payments into the General Landfill Levy Account of the Environment Protection Fund.

Until 30 June 2015, money received from municipal and industrial landfill levies was distributed by the EPA in accordance with the *Environment Protection (Distribution of Landfill Levy) Regulations 2010*. From 1 July 2015, the Department of Environment, Land, Water and Planning (DELWP) has taken over responsibility for distributing the funds.

Following the end of each quarter, the EPA transfers the balance of the General Landfill Levy Account to DELWP’s Municipal and Industrial Landfill Levy Trust Account.

Section 70E of the Act provides that money paid into the Municipal and Industrial Landfill Levy Trust Account may only be paid out to one or more of the following bodies:

* the EPA
* Sustainability Victoria (SV)
* a Waste and Resource Recovery Group
* a public entity or other body established for public purposes to be used for environment assessment, protection, restoration or improvement purposes.

The balance remaining in the Municipal and Industrial Landfill Levy Trust Account at the end of each quarter must be transferred into the Sustainability Fund Account, also managed by DELWP.

## Landfill levy rates

Section 50S of the Act sets out the landfill levy amounts payable. From 1 July 2015 onwards, the amount of the levy payable has been specified in fee units. The [value of fee units](http://www.dtf.vic.gov.au/Victorias-Economy/Economic-policy-and-guidelines/Indexation-of-fees-and-penalties) is set by the Treasurer of Victoria for each financial year.

| **Date when waste is deposited** | **Amount payable for each tonne deposited ($)** |
| --- | --- |
| **Schedule C (metro and provincial) premises** | **Non-Schedule C (rural) premises** |
| **Municipal waste** | **Industrial waste** | **Municipal waste** | **Industrial waste** |
| 1 July 2017 to 30 June 2018 | 63.28(4.45 fee units) | 63.28(4.45 fee units) | 31.71(2.23 fee units) | 55.46(3.90 fee units) |
| 1 July 2016 to 30 June 2017 | 62.03(4.45 fee units) | 62.03(4.45 fee units) | 31.09(2.23 fee units) | 54.37(3.90 fee units) |
| 1 July 2015 to 30 June 2016 | 60.52(4.45 fee units) | 60.52(4.45 fee units) | 30.33(2.23 fee units) | 53.04(3.90 fee units) |

## Forecast landfill levy revenue

The 2017-18 State budget papers include the following income estimates for the landfill levy:

($ million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2016-17 revised** | **2017-18 budget** | **2018-19 estimate** | **2019-20 estimate** | **2020-21 estimate** |
| Landfill levy | 212 | 208 | 211 | 213 | 218 |

## Historical landfill levy rates

#### In March 2010, the then Labor Government announced that it was substantially increasing the landfill levy. [Media](http://www.theage.com.au/victoria/landfill-charges-to-rise-sharply-20100324-qwrv.html) and [Hansard records](https://www.parliament.vic.gov.au/images/stories/daily-hansard/Council_Feb-Jun_2010/Council_WAR_Extract_25_26_and_27_May_2010_from_Book_7.pdf) indicate that the rationale for increasing the levy was to provide further incentives for Victorians to improve their resource recovery.

#### According to the then Minister for Environment, Gavin Jennings, the high levies would help divert up to 1.2 million tonnes of waste per year away from landfills and potentially support an additional 700 jobs in the waste industry. The Minister said that the revenue would support initiatives in waste diversion, resource efficiency, climate change and sustainability.

#### He further noted:

#### `new revenue will be provided back to councils to help them reduce their waste efforts. As such, councils are receiving a direct benefit from the new levy settings, and are not acting simply as collection agents’ ([Hansard](https://www.parliament.vic.gov.au/images/stories/daily-hansard/Council_Feb-Jun_2010/Council_WAR_Extract_25_26_and_27_May_2010_from_Book_7.pdf), p. 2129)

#### Municipal and industrial waste landfill levy rates, as specified in legislation ($/tonne)

|  | **Metro and provincial (Schedule C)** | **Rural** |
| --- | --- | --- |
| **Year** | **Municipal** | **Industrial** | **Municipal** | **Industrial** |
| 2014-15 | 58.50 | 58.50 | 29.30 | 51.30 |
| 2013–14 | 53.20 | 53.20 | 26.60 | 46.60 |
| 2012-13 | 48.40 | 48.40 | 24.20 | 42.40 |
| 2011-12 | 44 | 44 | 22 | 38.50 |
| 2010-11 | 30 | 30 | 15 | 25 |
| On or after 1 July 2007 | 9 | 15 | 7 | 13 |
| 2006-07 | 8 | 13 | 6 | 11 |
| 2005-06 | 7 | 11 | 5 | 9 |
| 2004-05 | 6 | 9 | 4 | 7 |
| 2003-04 | 5 | 7 | 3 | 5 |
| 2002-03 | 4 | 5 | 2 | 3 |

## Sustainability Fund

The Sustainability Fund Account, established under section 70F of the Act, receives the balance of money collected from Victorian landfill levies after funds have been distributed by the Minister to environmental agencies including the EPA, SV and the seven Waste and Resource Recovery Groups.

The Act requires that the Fund monies only be applied for the following purposes:

* to foster environmentally sustainable uses of resources and best practices in waste management to advance the social and economic development of Victoria; or
* to foster community action or innovation in relation to the reduction of greenhouse gas substance emissions or adaptation or adjustment to climate change in Victoria.

Funding allocations from the Sustainability Fund are made by the Premier and the Minister, taking into account government policy and the Fund's [Priority Statement](https://www.environment.vic.gov.au/__data/assets/pdf_file/0029/49286/2016-Sustainability-Fund-Priority-Statement.pdf).

The Priority Statement was reviewed in 2015 and sets out the following strategic priorities:

|  |
| --- |
| **Sustainability Fund’s legislated purpose:** |
| Fostering environmentally sustainable uses of resources and best practices in waste management to advance the social and economic development of Victoria | Fostering community action or innovation in relation to the reduction of greenhouse gas substance emissions [mitigation] or adaptation or adjustment to climate change in Victoria |
| **Strategic priorities:*** making alternatives to landfill more viable and cost competitive through the stimulation, creation and expansion of viable markets for recycled and recovered materials;
* facilitating a network of best practice waste and resource recovery infrastructure which minimises public health and environmental impacts and maximises resource recovery opportunities;
* providing equity in access to, and reducing impacts of, waste and resource recovery services on communities;
* improving waste education and waste management capability to reduce waste generation, recover resources, and prevent littering and illegal dumping; and
* modernising the management of legacy contamination or pollution.

Investment will be guided by Victorian government policies, including the Statewide Waste and Resource Recovery Infrastructure Plan, Regional Waste and Resource Recovery Implementation Plans and other relevant strategies. | **Strategic priorities:*** supporting individuals, communities and industry to transition to a low carbon economy;
* supporting Victorians to adapt to the impacts of climate change, particularly those most vulnerable and least able to do so;
* building Victorian communities’ capacity, capability and skills in responding to climate change; and
* assisting Victoria's ecosystems and native species to be more resilient to climate change and/or support mitigation outcomes.

Investment will be guided by Victorian government policies, including climate change policies, the Victorian Climate Change Adaptation Plan, Energy Efficiency and Productivity Statement, Renewable Energy Action Plan, biodiversity plan and other relevant strategies. |

The [Sustainability Fund Guidelines](https://www.environment.vic.gov.au/__data/assets/pdf_file/0024/49290/Sustainability-Fund-Guidelines_FINAL-UPDATED.pdf) outline how the Minister and the Premier will exercise their powers in relation to distribution of the monies from the Fund and note that DELWP will publish the allocation of funds in its Annual Report.

The [2016 DELWP Annual Report](https://www2.delwp.vic.gov.au/__data/assets/pdf_file/0023/4289/Annual-Report-2015-16.pdf) indicates that in 2015-16 a total of $150.93 million was paid into the Municipal and Industrial Landfill Levy Trust Account, with $56.31 million in payments made to the EPA, SV and the waste and resource recovery groups and the balance of $94.62 million transferred into the Sustainability Fund.

The balance of the Sustainability Fund at 30 June 2016 was **$466,252,000**.

## Victorian Budget 2017-18

The Victorian Budget 2017-18 includes numerous commitments funded by the landfill levy.

A total of $166.2 million of landfill levy revenue is committed to be expended in 2017-18, and a total of $540 million over the next four years (including 2017-18). Only a very small proportion of that funding appears to be dedicated to diverting waste from landfill.

($ million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Victorian Budget 2017-18 output initiatives** | **2017-18** | **2018-19** | **2019-20** | **2020-21** |   |
| **Funding source: Sustainability Fund** |  |  |  |  |  |
| Timber plantation establishment | 17.5 | 22.5 | 27.5 | 32.5 |   |
| Investing in waste and resource recovery for a growing Victoria | 8.0 | 6 | 6 | 10.4 |   |
| Protecting Victoria's environment - Biodiversity 2037 | 18.8 | 22.1 | 22.5 | 22.9 |   |
| Remediation of gun club sites | 3 |   |   |   |   |
| ResourceSmart Schools | 2 | 2.4 |   |   |   |
| Towards a healthy and resilient marine and coastal future | 3.6 | 3.6 |   |   |   |
| Taking decisive action on climate change | 3.1 | 3.1 | 3.2 | 3.1 |   |
| Understanding and adapting to climate change | 3.8 | 2.6 | 2.6 |   |   |
| Energy affordability - Putting consumers first | 6.1 | 4.6 |   |   |   |
| Securing our modern energy future | 26.2 | 25 | 27.1 |   |   |
| Securing our energy future - solar trams | 0.1 | 4.7 | 4.7 |   |   |
| Greener Government Buildings | 10 | 10 |   |   |   |
|   | **102.2** | **106.6** | **93.6** | **68.9** | **371** |
| **Funding Source: Municipal Industrial Landfill Levy** |   |   |   |   |   |
| Enhancing Victoria's liveability through improvements to the parks and reserves estate | 9.2 | 12.3 |   |   |   |
|   | **9.2** | **12.3** | **0** | **0** | **21.5** |
|   |  |  |  |  |  |
| **Funding Source: Municipal Industrial Landfill Levy / Sustainability Fund** |   |   |   |   |   |
| Bringing our Environment Protection Authority into the modern era (output initiative) | 50.3 | 26.8 | 27.1 | 23.8 |   |
| Bringing our Environment Protection Authority into the modern era (asset initiative) | 4.5 | 6.1 | 8.2 | 0.7 |   |
|   | **54.8** | **32.9** | **35.3** | **24.5** | **148** |
|   |  |  |  |  |  |
| **Total expenditure from landfill levy** | **166.2** | **151.8** | **128.9** | **93.4** | **540** |