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Competition Policy Review Secretariat  
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### **Proximity Principle – New South Wales EPA**

The New South Wales Environment Protection Agency was responsible for legislation dealing with the Proximity Principle. It took effect from 1 November 2014. A synopsis is available [here](#).

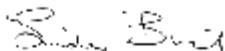
The legislation involves the transport of waste by road transport and requires that waste not be transported more than 150km, or if no suitable landfill is available within 150km, to the nearest landfill available. Waste can be transported by ship or rail. Restricting the distance provide a captured market to the landfill operators thereby providing an opportunity to increase landfill tipping fees (the waste is constrained where it can go) which may in turn create unintended consequences such as increase in illegal dumping.

While the legislation is presented as a health, safety and environmental protection measure, in reality it was implemented as a result of the Queensland Government removing its landfill levies. It became far cheaper to transport for instance, contaminated soil to Queensland, than pay the NSW Government levies. The NSW Government was losing revenue. Waste levies are \$107.80 per tonne escalating at \$10 plus CPI. The levies partially fund recycling activities by local councils. Levies in Queensland were removed on the 14 March 2013.

Landfill levies are set high to discourage the generation of waste. However it also works against the decontamination of land which can be put back into use for public benefit. In this case the policy works counter to public interest.

In essence the New South Wales Government is restricting where a supply of a service can occur to prop up its own revenues and programs, although it denies doing so.

Regards



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