

# Spring 2002 Inaugural Seminar Program

4.00 pm, Tuesday 12 November

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BDA Group

## *N.S.W Experience with Pollution Tax and Trading Schemes*

**Venue:** Seminar Room 1, National Centre for Development Studies, 2nd floor of J.G. Crawford Building (13), Ellery Crescent, Australian National University, Canberra.

**Abstract:** The failure of traditional forms of environmental regulation to achieve environmental goals in a cost-effective and sustainable way motivated the NSW EPA to implement a number of economic instruments. The NSW Government is now seeking to build on this experience and extend the use of economic instruments to a range of environmental problems, including native vegetation, salinity and the management of greenhouse gases.

The EPA successfully implemented Australia's first significant emission trading scheme – the Hunter River Salinity Trading Scheme. The scheme resolved a long-standing and acrimonious dispute between coal mining and irrigation interests, and has allowed new developments to proceed while ensuring water quality objectives are achieved. The EPA has also implemented a bubble trading scheme for a group of sewage treatment plants on the Hawksbury-Nepean River that has delivered significant environmental gains and saved some \$45m.

The EPA has introduced a pollution licensing system to focus on the use of load limits as the primary discharge control tool. Under load-based licensing (LBL), a tax directly related to pollution loads, the harmfulness of pollutants and the state of receiving environments is levied on discharges. LBL is a practical application of the polluter-pays principle that provides industry the incentive as well as the flexibility to determine low-cost means of pollution reduction. It is also providing for the estimation and public disclosure of emissions, and through the establishment of load estimation and reporting infrastructure, provide the 'currency' for the introduction of further emission capping and trading schemes.

However a waste disposal levy on household and industrial (solid) waste has recently been ratcheted up, despite a range of problems in its application, poor targeting and questionable link to marginal environmental damage costs.

In this seminar, the NSW experience in developing and implementing these instruments is presented, and comment on extending the use of these instruments to tackle other environmental problems is provided.