

Ākina Final Submission on MfE's Waste Levy Consultation Document

January 2020

Clause Which region are you currently residing in within New Zealand?

Position Wellington/Te Whanga-nui-a-Tara

Notes Ākina also has offices in Auckland and Christchurch

Clause Question 1: Do you think the current situation of increasing waste to landfill and poor availability of waste data needs to change?

Position Yes

Notes

Yes, the Consultation Document clearly lays out New Zealand's problem with waste, with the volume of waste to landfill increasing by 48% in the last decade and now standing at 3.68m tonnes. We have one of the worst landfill rates in the OECD. There is also insufficient data on the number of different landfills, the volume of different waste streams going to landfill, the sources of that waste and the greenhouse emissions produced by different waste streams.

Clause Question 2: Do you have any comments on the preliminary review of the effectiveness of the waste disposal levy outlined in appendix A? If so, please specify

Position Yes

Notes

The preliminary review highlights the lack of data to form accurate views as to whether the amount of waste disposed of in New Zealand has decreased. There is also a lack of data on how much waste is being reused, recycled and recovered in New Zealand. It's

unclear why the comments on China's import restrictions on recycling commodities are relevant to this question, given that it's focus is on what is happening in New Zealand.

Clause Question 3: Do you think the landfill levy needs to be progressively increased to higher rates in the future (beyond 2023)?

Position Yes

Notes

New Zealand is considerably out of step with other countries, which are leading the way on reducing waste. The Consultation Document outlines modest, staged increases in the Landfill Levy over the next 3-4 years. For municipal landfills, it is proposed that the levy will increase to \$50-60 by 1 July 2022 or 1 July 2023 depending on the option chosen. A report commissioned by LGNZ, however, recommended that a levy of \$120/tonne for active waste would give the greatest net benefits. OECD figures shown in the document (pg.21) show a strong correlation between higher landfill tax rates and reduced landfill rates. The OECD countries with the lowest landfill rates (below 5%) all have levies of over 60 euros/tonne (NZ\$101/tonne) and, for the most part, there is a noticeable drop-off in landfill rates once a levy reaches 40 euros/tonne (NZ\$67/tonne). This suggests that there is justification for increasing the levy further beyond 2023 towards NZ\$120-140/tonne - the rate Eunomia proposed in its 2017 review of the levy.

Clause Question 4: Do you support expanding the landfill levy to the following landfills?

Position 1 iii. contaminated soils and inert materials (class 3 and 4) (whether requiring restrictions on future use of site or not)

Position 2 ii. non-hazardous construction and demolition waste (e.g. rubble/concrete/plasterboard/timber) (class 2)

Position 3 i. waste disposed of at industrial monofills (class 1)

Notes

Given the significant % of waste represented by construction and demolition materials, it makes particular sense to expand the levy to those waste streams. There is also an increasing number of options to recycle this waste. Unless financial incentives are applied, then the status quo will likely prevail, especially given there are 'free' options for some waste materials such as port/quarry rehabilitation in some areas.

Clause

Question 5: Do you think that some activities, sites, or types of waste should be excluded from the landfill levy?

Notes

The document proposes that farm dumps be excluded from any landfill levy. We would question this, given that 20% of total waste is generated by farms and over 2/3 of New Zealand's total greenhouse gas emissions are from waste disposed to non-municipal landfills and farm dumps (pg.16). Exclusion of farm dumps and cleanfills from the levy risks incentivising illicit dumping at those sites. If the Government is serious about reducing our GHG emissions, the agricultural industry needs to be incentivised to change its practices. Expanding the levy to include farm dumps would be one way of incentivising the industry. Alternatively, the Government should develop tighter regulation and monitoring of unlevied sites. The document also says that a levy is "not viewed as an effective way of encouraging reduction in this (farm) waste", but does not explain why. It also mentions that it is working with the sector to provide better disposal options, but doesn't provide any details.

Clause

Question 6: Do you have any views on how sites that are not intended to be subject to a levy should be defined (e.g. remediation sites, subdivision works)?

Position

No

Notes

Clause Question 7: Which of the following proposed rates for municipal (class 1) landfills do you prefer?

Position ii. \$60 per tonne

Notes

\$60/tonne increasing in increments to 2022/23 seems to be a reasonable rate - providing some incentive to change behaviour. As noted earlier, however, we favour continued increases beyond 2022/23.

Clause Question 8: Do you think that the levy rate should be the same for all waste types?:

Position Unsure

Notes

This is not straight forward to answer. On balance, we believe it makes sense to apply higher levy rates for waste materials that are more likely to contaminate the environment. However, a higher levy could also be used to achieve other priorities for waste reduction e.g. addressing the high volume of waste of a particular waste stream such as construction and demolition waste. As noted earlier, differential rates also run the risk of illicit diversion of unsuitable waste to lower levied sites. These issues need to be carefully considered by the Government when finalising rates.

Clause Question 8i: Should the levy be highest for municipal landfills (class 1)?

Position Yes

Notes

Yes, due to the higher environmental impacts of the waste materials involved. However, our comments below on having a higher levy for

Industrial Monofill apply, as well as expanding the levy to farm dumps.

Clause

Question 8ii: Should the levy be lower for industrial monofills (class 1) than municipal landfills (class 1)?

Position

No

Notes

Given that Industrial Monofill is classified as Class 1, it is unclear why the proposal is for a levy of only \$10-20/tonne compared to \$50-60/tonne for Municipal Landfill. We would like to see the same rate applied to Industrial Monofill as for Municipal Landfill. To do otherwise would be unfair on kiwi households. The document states that businesses will need time to adjust to levies. This is true, but why not phase in similar increases as those proposed for the Municipal Landfill Levy between 2020 and 2022/23? We note that, according to Table 15, about 28% of Municipal Landfill waste is from industry/commerce. There is a risk that, if lower levies are charged on industrial monofills, businesses will redirect their waste to those monofills. Is there sufficient capacity at monofills to cope with this likely increase in waste? As there are only 14 monofill sites in the country, it would suggest not. There is also a risk that waste that could discharge contaminants or produce emissions will be diverted to construction and demolition landfills (due to the lower proposed levy), which have not been designed to handle these wastes. This means that there will need to be increased monitoring of C&D landfills to ensure this does not happen.

Clause

Question 8iii: Should the levy be lower for construction and demolition sites (class 2) than municipal landfills (class 1)?

Position

Unsure

Notes

There is an argument that the C&D levy should be lower given the lower potential for environmental harm. However, according to Table 15, construction and demolition waste represents 18% of total

waste going to municipal landfills and 50% of total waste to all landfills. In addition, there is real scope to recover, reuse and recycle materials from C&D waste - for example the document states that "typically at least 50% of waste can be recycled from a construction site", but current recovery is estimated at 28%. The levy is a key lever for Government to change industry behaviour and promote recovery, reuse and recycling of C&D waste. In our view, a levy of only \$10-20 is unlikely to significantly change behaviour in the industry, resulting in a missed opportunity to make a serious dent in the level of C&D waste going to landfill. A higher levy approaching that proposed for municipal landfills is likely to encourage recovery, reuse and recycling. Equalising levies across municipal, industrial and C&D landfills will also reduce the risk of unsuitable materials being diverted to lower levied sites. The Government would need to mitigate this risk through tighter monitoring of lower levied sites, which comes at a cost.

Clause

Question 8iv: Should the levy be lowest for contaminated soils and other inert materials (class 3 and 4)?

Position

Yes

Notes

Yes, for "contaminated but non-hazardous soils and inert materials" and "soils and other inert materials with low levels of contamination".

Clause

Question 8v: Should a lower levy apply for specified by-products of recycling operations?

Position

No

Notes

On the one hand, it makes sense that a lower levy be applied to by-products of recycling operations to make recycling businesses more viable and therefore encourage the growth of the recycling sector. On the other, there is a risk that some recyclers recover the

easiest (to extract) and most valuable materials and dump the rest at landfill. On balance, we do not think a lower levy should apply.

Clause

Question 9: Do you support phasing in of changes to the levy?

Position

Yes

Notes

The proposed timeframes for phasing in the increases to the levy seem appropriate and will give the public and businesses time to adjust. Our earlier comments on the level of levies proposed for Industrial Monofills, C&D landfills and farm dumps still apply.

Clause

Question 9 (continued): if you support phasing in of changes to the levy, which option do you prefer?

Position

none of the above

Notes

If we had to choose an Option, it would be Option A, as this means incentives for behaviour change can start in the short term, as will increased revenues for investments in recycling infrastructure. However, we favour an alternative option. We would like to see a combination of Options A, B and D. We think the municipal land levy should start to increase on 1 July 2020 (option A), and that the industrial monofill and C&D fill levy be increased to \$20 on 1 July 2021 (although please see our comments on a higher rate for this which would require longer phasing in). However, we favour the higher final rate of \$60/tonne for municipal landfills (option D) by 1 July 2023.

Clause

Question 10: Do you think any changes are required to the existing ways of measuring waste quantities in the Waste Minimisation (Calculation and Payment of Waste Disposal Levy) Regulations 2009? If so, please specify:

Position

Unsure

Notes

Clause

Question 11: Do you think any changes are required to the definitions in the Waste Minimisation (Calculation and Payment of Waste Disposal Levy) Regulations 2009?

Position

Unsure

Notes

Clause

Question 12: What do you think about the levy investment plan?

Notes

We are supportive of the details outlined in the document. We are particularly supportive of investments that support community and social enterprise operators involved in the recovery, reuse and recycling of waste materials. For example, we would urge the Government to consider promoting the concept of "social procurement" with local authorities. This could involve local councils ear-marking a certain % (say 20%) of all procurement related to its Waste Minimisation Plans for social and community enterprises operating recovery/recycling centres. Alternatively, the social and environmental impact of bidding companies/organisations could be a key criteria in the scoring of bids by councils contracting for waste and recycling services. We think that it is important for the Levy Investment Plan to have an overarching impact framework which identifies the key outcomes sought by the Plan, indicators for each of the key outcomes, data collection systems for indicators and an impact reporting system.

Clause

Question 14: Do you agree that waste data needs to be improved?

Position

Yes

Notes

Investment in data and research is particularly important. This document identifies significant gaps with data on waste and its impacts. More data is required on:- the different waste streams sent

to the different types of landfill; the different sources of this waste; the volume of waste being diverted from landfill for reuse, repurposing or recycling. This is particularly important for plastic recycling. We think that there should be regulations applied on recycling operations to ensure they report on where recovered/reused/recycled waste is being sent. This is to ensure proper product stewardship for reused/recycled materials, which demonstrates that recycled waste is indeed being re-inserted into the production chain rather than stored, sent to landfill or shipped offshore for unknown use. Research into the environmental impacts of different waste streams, including the emissions generated by different waste streams would also be very useful.

Clause

Question 15: If the waste data proposals outlined are likely to apply to you or your organisation, can you estimate any costs you would expect to incur to collect, store and report such information? What challenges might you face in complying with the proposed reporting requirements for waste data?

Notes

N/A

Clause

Question 16: What are the main costs and benefits for you if the proposals to increase the levy rate for municipal landfills, expand the levy to additional sites and improve waste data?

Notes

There would be very limited cost impacts on our organisation as we do not generate much waste. Impact would be on us as individuals/households, but again the financial implications at the household level are limited. On the other hand, our organisation, its employees, the wider New Zealand public (and the international community) will benefit significantly over time from lower levels of waste generation, increased diversion of waste from landfill to recovery operations, reduced need to extract virgin materials (e.g.

through mining) and lower green house gas emissions due to lower levels of landfill waste and improved techniques for handling waste.

Clause

If applicable, please describe parts of your submission that you do not want to be published on the Ministry for the Environment website

Notes

None