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Reducing waste – A more effective landfill levy

Local Government New Zealand's draft submission on the Government's consultation

We are. LGNZ.

LGNZ is the national organisation of local authorities in New Zealand and all 78 councils are members. We represent the interests of councils and lead best practice in the local government sector. LGNZ provides advocacy and policy services, business support, advice and training to our members to assist them to build successful communities throughout New Zealand. Our purpose is to deliver our sector's Vision: "Local democracy powering community and national success."

This final submission was endorsed under delegated authority by Dave Cull, President, Local Government New Zealand (LGNZ).

Introduction

Thank you for the opportunity to submit on the Government's consultation on changes to the landfill levy. LGNZ commends the Government for tackling this and for proposing measures to reduce the quantity of waste going to landfill. We are strongly supportive of increasing and expanding the waste disposal levy. In 2018 LGNZ members passed a remit at our AGM calling for the Government to expand the waste disposal levy and progressively raise the levy rate in order to reduce total waste to landfills.

LGNZ also adopted a waste manifesto in 2018, which cited research on a range of scenarios for increasing the levy progressively over time to rates of between \$20 and \$140 per tonne. The report concluded that a rate of \$140 per tonne would bring the most benefits.

Expanding and increasing the waste levy is a critical tool to reduce waste and improve resource efficiency and recovery. Given the amount of waste being disposed of at landfill has been increasing, the waste levy has not been effective in reducing waste to landfill. LGNZ supports the Government's view, based on overseas examples, that increasing and expanding the levy has the potential to make a difference to the volume.

Responses to questions

1. Do you agree the current situation of increasing amounts of waste going to landfill needs to change?

LGNZ considers, without question that the increasing volume of waste going to landfill is concerning and needs to change. Local government has recognised this in recent remits and in our advocacy to the Government over a number of years. The landfill levy is an economic instrument that will encourage the diversion of materials to recycling and a reduction generally in the use of non-recyclable materials.

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

LGNZ supports the progressive increase of the levy in order to support the purpose of the levy.

A significant progressive increase to the levy rate, alongside the expansion across landfill classifications will signal the true costs of disposal and will raise revenue for infrastructure and waste minimisation activities.

4. Do you support expanding the landfill levy to more landfills, including:

- Waste disposed of at industrial monofills (class 1)
- Non-hazardous construction, demolition waste (eg rubble, concrete, plasterboard, timber) (class 2)
- Contaminated soils and inert materials (class 3 and 4) (whether requiring restrictions on future use of site or not)?

LGNZ supports extending the landfill levy to all class 1-4 landfills. Extending the levy to all classes would likely reduce the risk of unintended consequences such as waste being disposed of to avoid a levy.

5. Do you think that some activities, sites, or types of waste should be excluded from being classified as disposal facilities subject to the landfill levy, including:

- Cleanfills (class 5)
- Farm dumps
- Any others (eg any exceptional circumstances)? If so, please specify.

We understand there is currently limited data on the number and location of cleanfills and farm dumps. In order to achieve equity, and ensure the levy is eventually applied to all cleanfills and farm dumps, we support a programme of work which identifies cleanfills and potentially farm dumps.

7. Do you prefer the proposed rate for municipal (class 1) landfills of:

- \$50 per tonne
- \$60 per tonne
- Other (please specify, eg should the rate be higher or lower?)

The LGNZ remit passed in 2018 adopting the waste manifesto cited research on a range of scenarios for increasing the levy progressively over time but concluded that a rate of \$140 per tonne would bring the most benefits. This implies support for a higher rate of levy than the \$50 or \$60 a tonne proposed and we would therefore support a progressive increase in the levy over a period of time.

Given local government's 10-year planning cycle, signalling changes to the levy to align with this is essential.

8. Do you think that the levy rate should be the same for all waste types? If not:

- Should the levy be highest for municipal landfills (class 1)?
- Should the levy be lower for industrial monofills (class 1) than municipal landfills (class 1)?
- Should the levy be lower for construction and demolition sites (class 2) than municipal landfills (class 1)?
- Should the levy be lowest for contaminated soils and other inert materials (class 3 and 4)?
- Should a lower levy apply for specified by-products of recycling operations?

WasteMinz's Territorial Authority Forum (TAO Forum) surveyed local government members about their views on this consultation and with regard to this question, found there is no preferred option and that the key concerns for local government is their ability to implement changes in time and the potential for perverse outcomes from levy avoidance disposal behaviour.

We also consider that consideration is needed to ensure that landfills that need to be relocated due to coastal inundation/flooding is encouraged and this puts to the need to look at exemptions from the waste levy.

9. Do you support phasing in of changes to the levy, and if so, which option do you prefer – increase then expand (option A); expand and increase (option B); expand then increase (option C); expand then higher increase (option D); or none of the above?

The submission on behalf of WasteMinz’s TAO Forum has addressed this question in depth and we rely on their response. The critical matters raised regarding timing are:

- If the levy is initially only increased, then most councils would be able to incorporate this into their annual and long-term planning processes by July 2021. However, if an increase was planned for July 2020 councils would need a minimum of three months’ notice in order to be able to incorporate that increase into their budgetary processes.
- If the levy is expanded, a longer lead-in time would be needed to align with the local government planning cycle.

If the levy is expanded, some councils would need to make changes which might include redefining existing landfill classes, changes to ensure data reporting requirements can be met, installation of weighbridges and increasing staff resources. Providing reasonable transition times are therefore absolutely essential and detailed work is required to inform this.

12. What do you think about the levy investment plan?

LGNZ supports the development of a levy investment plan. Any governance group which oversees the levy investment plan must include representation from local government.

With regard to funding being discrete or ongoing, we support the current ability for council expenditure to be ongoing and we recommend this is retained.

LGNZ also strongly supports the continued allocation of 50% of the total waste levy revenue to territorial authorities.

We agree with the submission of the TAO Forum that *“allocating the 50% split to councils on a per head of population basis has left smaller councils at a disadvantage. Some smaller councils such as Mackenzie with 4,158 residents have very high overseas visitor numbers and these councils are struggling to provide the infrastructure required from their rates and waste levy funding. Other smaller councils have geographical challenges in terms of distance from markets or have a number of smaller communities where there need to replicate services so do not benefit from the economies of scale applicable to larger councils. The TAO Forum is open to a review of how the 50% of council funding is shared and suggests that a more equitable approach would be to allocate a minimum level of levy funding per council with the rest allocated on a per head of population basis, thus enabling even smaller councils to implement effective programs to promote and achieve waste minimisation.”*

LGNZ also supports the additional matters raised by the TAO Forum – specifically:

- Consider establishing a national programmes’ agency that would fund ongoing national campaigns and research.

Consider ring-fencing funding for research, particularly behavioural insights or detailed analysis of waste streams, and to fund national communication campaigns that would benefit all councils.

- Provide transparency from the Government on what the remaining 50% of waste levy funding is invested in. The consultation document proposes mandatory reporting from local authorities to the Ministry on their levy expenditure but does not mention mandatory reporting on Ministry expenditure.

13. If the Waste Minimisation Act 2008 were to be reviewed in the future, what are the changes you would like a review to consider?

LGNZ supports the view of TAO Forum on this, specifically:

- That the Waste Minimisation Act should be amended to allow for an exemption from the levy if waste from a closed landfill is uncovered due to sea level rise and/or flooding or if a landfill needs to be relocated due to sea level rise.
- The Act may need to be amended to allow monitoring and enforcement of the levy; data on waste quantities and composition; ongoing behaviour change and education; and economic incentives eligible to be funded by the levy.
- The definition of waste needs to include diverted materials for the purposes of data collection. It's not possible currently to license collectors and operators that deal with diverted materials, so no data can be collected on recycling/reuse/recovery data through licensing.

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

LGNZ agrees there is a need for waste data to be improved and a framework developed that will enable data to be aggregated. Better data will allow all parties to understand the amount of waste generated, where it is being disposed of and how much is being recycled. Our overall understanding of waste flows will be greatly improved.

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?

There will be challenges for territorial authorities associated with collecting, storing and reporting waste data. These include transition times, resourcing including funding and staff and the need for new infrastructure such as software and weighbridges. The submission of the TAO Forum goes into these matters in detail and we support the points made.

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

The main benefit of increasing the levy would be the corresponding increased revenue for territorial authorities which provide funding for additional waste minimisation projects.

Improved data collection would also be a significant benefit as it would improve the accuracy of reporting and allow better investment decisions to be made.