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Christchurch City Council submission on the *Reducing Waste: A More Effective Landfill Levy* consultation document.

Introduction

1. Christchurch City Council (the Council) thanks Ministry for the Environment (MfE) for the opportunity to provide comment on the *Reducing Waste: A More Effective Landfill Levy* consultation document.
2. The proposed expansion and increase of the waste levy is a positive step towards further using the powers in the Waste Minimisation Act (2008) to incentivise diversion from landfill. The levy should address all waste types by the ability to influence diversion of recoverable resources and should not focus solely or preferentially on municipal waste. A higher broadly applied levy will have the greatest potential to divert waste from landfill and along with pulling good data should be the target of any levy adjustment.
3. Council acknowledges that individual waste materials will be managed under the Governments current work program, with a number of products addressed under the proposed priority products consultation. Therefore this submission relates only to the end disposal of materials as per the landfill classification not the broader work program. The levy must form part of a far greater and more specific program of works, Central Government need to urgently legislate so that the full disposal cost of any product is included as part of its manufacturing or production cost. This would ensure that there are enough funds for the right decision is made at the point of creation rather than at the disposal end. The Council considers MfE's entire waste work programme to be vital to the successful diversion of waste and recent work, such as recent priority product stewardship guidelines, is a step in the right direction.

Submission

4. New Zealand's level of consumption and reliance on landfills for disposal of materials is out of step with the majority of the developed world and increasing levels of waste going to landfill is of concern. A significant change is required to drive a more resourceful society, where materials currently thrown away, due to the cheap costs of disposal, are valued and recovered. The primary driver for this change will be an increase in the costs of disposal (levy) as well as substitution and investment into resource recovery.

5. The preliminary review of the waste disposal levy's effectiveness shows that the levy has been overlooked as a tool to encourage diversion. Gaps in the data and the cited increase in disposal levels shows how ineffective the current system is. Lack of action with respect to recommendations made in the 2014 review has resulted in the continuation of existing waste disposal practices, rather than driving diversion from landfill. The lack of regulatory oversight and data across non-levied sites should be a clear case for expanding the levy (and influence for diversion) across all landfill types (Class 1-4)¹.
6. The Council agrees that regular and signalled increases to the levy should be made to a point where it facilitates the appropriate level of diversion (through incentives and investment). This will require better data across the various waste streams, but is likely to sit above the proposed \$50-60/tonne.

Levy Proposals:

7. Any changes in application of the levy must address substitution across landfill types. A differentiated levy could drive inappropriate disposal with significant resourcing for compliance needed. Expanding the landfill levy to more landfills will provide appropriate incentives to minimise waste, not just Municipal Solid Waste. Levy status should relate to the ability to drive diversion, not the degree of protection (landfill class) as this is driven by risk (and managed under a resource consent).
8. The Council agrees with the exclusion of cleanfill, where the deposition of material does not impact the receiving environment. This would also cover land rehabilitation and cut and fill type development where there is a positive net gain. The separation between class 4 and 5 provides a natural demarcation between waste and beneficial reuse – unlike other landfill materials, cleanfill does not require incentivised diversion. In addition, we consider that farm dumps could be excluded from the landfill levy. As farmers can only deposit material originating from the property, farm dumps do not allow for the importation of external material. Therefore diversion from farm dumps will be driven by kaitiakitanga/stewardship for the land and not the landfill levy. However, a national environmental standard for disposal to land, which restricts farm dump usage would be an effective regulatory tool.
9. If land is being used to dispose of material, rather than using that material for a positive benefit then it should bear the landfill levy. Examples of positive benefit where material would be exempt: substitution for quarrying natural material or manufacturing new material (concrete) – e.g. port reclamation. Use of Bio solids to revegetate a mine site or replacement of contaminated soil with cleanfill. Where a site can demonstrate the beneficial use of imported material (as opposed to a cheap disposal location) these sites should be exempt from the levy.

Setting Levy Rates:

10. The Council prefers the landfill levy rate of \$50/tonne, with staged increases linked to diversion targets, for municipal (class 1) landfills. The levy should relate to landfill diversion and therefore address the ability to incentivise diversion. Higher costs of operating a class 1 landfill will make it a more expensive disposal option than a class 2-4 fill type, however this relates to the risks of each waste stream, the levy should be independent of the level of containment and focus only on the ability to incentivise diversion.

¹ Landfill classifications as per WasteMINZ Disposal to Land Guidelines (2018).

11. Sites where waste materials are separated from unsorted waste should face a lower levy, as this is preferred to unsorted disposal. Waste acceptance criteria (of the single waste stream) would prevent substitution from higher levied sites and/or criteria could exist for sources of material (onsite). A lower rate may influence development of more appropriate landfill sites near production of specific waste types and reduce transport to, for example, large regional landfill sites. However, a differentiated levy should only be applied to waste streams where diversion cannot be influenced. Classes 1 and 2 should bear the same levy with potentially a lower levy for source separated inert Construction and Demolition materials (C&D) and soils.
12. While the current alternative treatment for contaminated soils and therefore diversion is limited in NZ, the contaminated land industry, like the resource recovery industry, needs strong price signals to invest in alternative treatment processes. We would support a scenario where the disposal levy for class 3 and 4 begins at a lower rate but tracks towards the higher levy over the long term.
13. The Council does not agree that a lower levy should apply for specified by-products of recycling operations; processing waste should bear the full cost to incentivise improvement in reprocessing and whole of product recycling solutions. Otherwise poor recyclers (those with high contamination rates) will be given an unfair advantage over those that invest in improved recovery processes.

Phase-in of Levy Changes:

14. The Council supports the phasing in of changes to the levy and prefers option C- to expand and then increase the levy. Territorial Authorities will be immediately impacted by the increase in the levy on class 1 sites, this impact will be multiplied with international commodities markets impacting disposal options for recyclables. As Councils would also be impacted by delayed funding distribution, it would be worth considering an option where some of the levy revenue is brought forward to support Territorial Authorities with the increased costs associated with the levy, especially where investment in alternative treatment would take a number of years to be realised.

Calculation and Administration of Levy:

15. Measurement of waste quantities and definitions under the Waste Minimisation (Calculation and Payment of Waste Disposal Levy) Regulations 2009 should be aligned with current landfill guidelines (WasteMINZ 2018), prioritising materials subject to the levy by the ability to divert recoverable materials not just municipal waste streams. With respect to definitions, it is important that there is appropriate transparency of any waste calculation reporting, for example use of Lidar data to quantify voids/fill volumes.

Levy Investment Plan:

16. The Investment plan should prioritise strategic regional investment, including assisting to identify economies of scale for the development of appropriate diversion facilities. Priority must be given to innovative approaches and processes which yield beneficial outputs, including but not limited to alternative fuels, fertilisers and soil carbon benefits. In addition to waste minimisation, the investment plan should also address the emerging risks associated with historic disposal processes. Specifically, the costs associated with remediation of closed landfills should be considered - where the remediation of these sites will retrospectively address inappropriate disposal to land, with a positive environmental impact (i.e. only apply to at risk sites).

17. Territorial Authorities have a significant role to play in setting local regulations and strategies to reduce inappropriate waste disposal. Therefore continued hypothecation of funds to Territorial Authorities will support stronger incentives rather than commercial profitability. With respect to a potential future review of the Waste Minimisation Act 2008, the Council would like to see updates that reflect the current drivers for levy expansion and, more broadly, an expansion to include activities indirectly related to waste minimisation such as closed landfill management and aftercare.

Waste Data:

18. Waste data needs to be improved and expansion of the levy across all classes (1-4) will provide this data pull. Levy fund distribution should be expanded to include and drive reporting of quality data. This could occur as a rebate on some of the levy paid, on provision of suitable, timely data.

Costs of Levy:

19. The costs of levy will directly impact Council budgets, with any investment benefits delayed until funds are distributed. We recommend the distribution of Levy funds be brought forward to support the capital expenditure required to meet diversion targets. The major benefits of applying the levy to all classes of landfill will be that increases to the levy do not drive substitution towards other lower or non-levied sites and promote waste avoidance and resource recovery; this makes these processes more viable, which will support diversion of recoverable household materials. Improved data will support investment and strategic direction towards managing all waste streams.

Conclusion

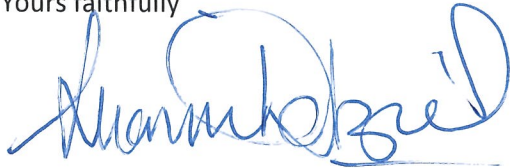
20. Council support the Governments current work program on waste and recognise the importance of the levy to gather waste disposal data and drive waste diversion and minimisation.
21. Council support the proposed expansion and increase in the Landfill levy. However the priority for setting the levy rate should relate to the ability to influence diversion not landfill type. Council recommend that the proposed increases in the levy be expanded across landfill types, where a differential levy could incentivise substitution, to ensure all waste is disposed of to the appropriate location. Where diversion opportunities are limited (e.g. Industrial wastes and contaminated soils), a reduced levy could apply as an interim measure.
22. The setting of any levy should prioritise ability to incentivise diversion, not ease of implementation.
23. The application of the Levy must not incentivise substitution from a highly contained (engineered) Class 1 landfill to a lower class and level of containment, unless appropriate.
24. A uniform levy rate (with discount for sorted waste streams) would provide the least incentive to substitute between landfill types and therefore ensure all waste is treated appropriately.
25. Council support the development of an investment plan which includes hypothecation of levy funds, including 50% return to councils and a focus on waste reduction, innovation and essential infrastructure.
26. How Councils will manage disposal costs, particularly in the current recycling market conditions until the investment plan is realised, should be considered in the levy review. The ability to bring

forward expenditure to support Councils ahead of the development of alternative processes would benefit long term viability of existing infrastructure and recycling behaviours.

Thank you for the opportunity to provide this submission.

For any clarification on points within this submission please contact Ross Trotter, Manager Solid Waste at Ross.Trotter@ccc.govt.nz.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Lianne Dalziel', written over a horizontal line.

Lianne Dalziel
Mayor of Christchurch