3 February 2020

NZGBC submission to Ministry for Environment in response to consultation document 'Reducing waste: a more effective landfill levy'

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

Yes, it is far too low and not applied widely enough.

2. Do you have any comments on the preliminary *Review of the effectiveness of the waste disposal levy* outlined in appendix A?

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

Yes

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

Yes

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

ii. non-hazardous construction, demolition waste (eg, rubble, concrete, plasterboard, timber) (class 2)

Yes. Without a landfill levy for the waste from our sector, it remains difficult for any resource recovery plant to be economically competitive compared to landfill, especially outside of Auckland where there is reduced volume of waste.

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

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

i. cleanfills (class 5)

ii. farm dumps

iii. any others (eg, any exceptional circumstances)? If so, please specify.

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

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

i. $50 per tonne

ii. $60 per tonne

iii. other (please specify, eg, should the rate be higher or lower?)

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

i. should the levy be highest for municipal landfills (class 1)?

ii. should the levy be lower for industrial monofills (class 1) than municipal landfills (class 1)?
iii. should the levy be lower for construction and demolition sites (class 2) than municipal landfills (class 1)?

We are concerned that the basis of having a lower levy for class 2 landfills is the reduced potential for direct environmental harm at landfill sites when compared to class 1 landfills. The justification in the proposal is that because C&D waste is often inert and requires less management to reduce leaching etc., "it is more equitable to apply a rate that reflected the potential for harm from the material being disposed of. This in turn would reflect the increased costs of managing landfills to minimise emissions and hazards."

We would argue that C&D waste has high indirect environmental impact through embodied carbon and this levy could be a very effective tool to reduce these emissions *if* it is high enough to incentivise diversion from landfill. Furthermore, there are extremely high volumes of C&D waste entering landfills when compared with municipal waste. Therefore, we do not think that this is an appropriate justification to have a lower levy than for class 1 landfills.

iv. should the levy be lowest for contaminated soils and other inert materials (class 3 and 4)?
v. should a lower levy apply for specified by-products of recycling operations?
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?

We support Option A, increase then expand. Class 1 landfills already have the infrastructure in place to be able to collect these levies which should be increased as soon as possible. However, other landfill types do not yet have capacity to fulfil these requirements. The money raised initially from the increased levies on class 1 landfills should be re-invested in preparing other landfills for levies in future. Registering and classifying other landfills will take time, and will require investment in weighbridges, splitting waste streams etc. The industry needs time to prepare.

It is important that the levy be expanded to include construction and demolition fills (class 2) but we must give the industry a period to adapt and give MfE time to resource data needs.

The revenue raised from the initial levy increase on class 1 landfills must be re-invested in providing resource-recovery alternatives, including recycling plants, collection systems, and services before the levy is expanded to ensure there is an alternative pathway for waste from our industry.

The industry will need time to create a market for products produced from recycled materials by specifying their inclusion in future builds etc. Initial revenue raised from the levy should also be used to support education to help the industry understand the recycling and recovery potential of the materials they use and encourage the use of materials made from recycled products.

It is important that the levy for class 2 landfills is increased over time as we do not believe $10 or $20/ton is a high enough levy to incentivise landfill diversion at the scale we need. We believe periodic increases should be extended past 2023. We understand that the levies will be reviewed in 2023 but we believe the current proposals should commit to an increase past 2023 to send a strong signal to the industry.

According to BRANZ, C&D waste accounts for approximately 50% of the landfill waste in NZ of which approximately 35% is timber and 24% is concrete rubble, both materials with high embodied carbon and significant potential for re-use and recycling.

As the proposal states, the average house build produces 4-6 tons of waste, which under the current proposals would increase costs by a mere $75. A higher levy on class 2 landfills will improve the economic viability of recycling these materials and reduce the greenhouse gas emissions of our industry.

We do not believe that a higher levy for class 2 landfills will incentivise illegal dumping or “penalise the industry” as some have suggested. It will create new opportunities for jobs and innovation and will help close the waste loop.

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?
11. Do you think any changes are required to the definitions in the Waste Minimisation (Calculation and Payment of Waste Disposal Levy) Regulations 2009?
12. What do you think about the levy investment plan?

We support the proposals, especially the intention of greater strategy for use of the landfill levy revenue.

However, we believe that the strategy should include priority levels for allocating funds according to the following hierarchy:

1. Projects that aim to prevent the production of waste
2. Projects that reduce waste and promote re-use of materials
3. Projects that focus on recycling and disposal

We would recommend a review of what levy funds can be applied to. The requirement that projects only be part-funded by the fund should be revisited, and funds should be made available for research projects to encourage innovation.

We need to ensure that the system for distributing funding is agile and responsive to market needs, with a focus on circular economy principals. At the moment it takes too long for levy fund applications to be processed and approved.

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?

It would be better if the levy were applied to types of waste, rather than types of landfills, otherwise there is a risk of waste leak from one landfill class to another. Right now we understand the industry lacks capacity to manage a system like this, but we should be moving towards this model.

Some more thoughts for consideration:

Should the levies be scaled according to distance from registered landfills? This is particularly relevant to C&D waste which is very heavy. The transport of this represents significant carbon emissions and as these materials are often inert, if they are not going to be recovered or recycled, perhaps it is better they are disposed of in-situ as clean fill etc., rather than being transported to landfill.

At the moment levy funds can only be used for the upfront costs of recycling facilities, not for operation costs, and the current proposal does not review this. Ideally, the recycling industry should be profitable in its own right, however it is likely that there are recyclable products entering the waste stream in Aotearoa that will never be economical to recycle simple due to lack of volume as we are a small country.

In which case, should taxpayers be subsiding the recycling of these products to divert them from landfill? Do we even have the expertise to deal with some of these waste streams in Aotearoa or would it be better to send offshore? Is it a better use of our money in some instances to stockpile waste products until we have the volume necessary to make it economical to recycle them?

There could be unintended consequences of this levy expansion and increase. It is possible this might encourage the substitution of heavier, more environmentally friendly materials for lighter, nastier materials. Recyclers could end up stockpiling materials rather than paying increased fees to dump them which is especially problematic for toxic materials and e-waste.

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

Yes, because we cannot reduce something we are not measuring. We need accurate data on the C&D waste entering landfills to inform targeted policy to reduce this waste stream.

We support the strategies outlined in the proposal. However, they do not require comprehensive data collection on waste composition, or recycling and recovery rates. While we understand that this data would be difficult to collect in the near future, we believe it should eventually be a requirement and be included in the strategy.

Initial revenue raised from the new levies should be partially invested in reaching these goals. We are not convinced that periodic surveys carried out by MfE will be adequate for this.

It is important that construction projects have access to a breakdown of their site-specific waste in future as it helps them identify where they need to make improvements. Saving money on landfill levies is not the only incentive for reducing waste on-site. There is growing uptake of environmental certification schemes like Homestar and Green Star that have requirements around meeting waste diversion rates. Without good waste data, it is hard for projects to achieve these ratings that improve the quality of our new builds and educate people on good practice.

The data collected should be publicly available, and waste data collection framework should be standardised to a nationally consistent framework, with clear allocation of council roles and responsibilities. The waste data framework should be carefully designed and account for potential future changes to the levy, and councils must be properly resourced to cover the additional burdens of data collection and enforcement.

There should be a focus on establishing a current baseline for illegal dumping and fly-tipping. Without this, we cannot possibly know if the increased levies are causing an increase in illegal dumping.

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?
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?