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**Submission:** Reducing waste: a more effective landfill levy

## Introduction

Packaging New Zealand's role is to represent the interests of industry in public policy on packaging issues. Our members have a primary responsibility and commercial imperative to manufacture 'fit for purpose' packaging. This includes reducing the environmental impact of packaging through cost effective innovation including extended product stewardship where that is appropriate.

Packaging New Zealand represents the whole packaging supply chain, from raw material suppliers, packaging manufacturers and brand owners through to retailers and recycling operators.

Packaging New Zealand has approximately 70 members, representing more than 80% of the packaging industry by turnover. The New Zealand packaging industry contributes \$4,229m to New Zealand's GDP supporting over 5900 businesses and employing over 50,000 people, it also underpins a further \$32b of New Zealand's annual export revenue.

## General comments

The consultation document is clearly seeking to improve waste management in New Zealand, at a time when engagement on topics around waste and recycling have never been so top of mind for society at large. Packaging New Zealand has long advocated that a fully integrated approach, which includes whole-of-society, and consideration across full lifecycles to mitigate 'trade-offs', is critical to successful waste management planning and we congratulate Ministry for the Environment on this piece of work.

Whilst we are cognisant of the wider work programme underway within the Ministry, in our opinion the starting point should be a national strategic plan which appears to remain elusive. Many of the questions within this consultation document would in fact not even be necessary if first a plan was in place. For example the lack of data; if a plan were in place then the outcomes would be evident which logically would determine the data requirements. Similarly, the questions around the level of waste disposal levy; a plan would have already determined the required level of funding logically determining the appropriate level of levy and who should be paying it.



The focus of the document on a “landfill levy” is purportedly limited to waste management policy tools under the Waste Minimisation Act. Given the importance of waste policy in New Zealand we would have preferred to see this consultation preceded by a much broader, holistic look at the interconnectedness of waste management in New Zealand (such as anticipated by the Future of Tax report). In our opinion this broader approach would be more likely to ensure enduring success. That is not to dismiss the proposals in this consultation but rather we see these as “the cart before the horse” with the consequent potential for ‘solutions’ which are sub-optimal and creating further setbacks to the realisation of an optimised plan for waste management in New Zealand.

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

This question represents a conflation of issues which we believe should be addressed separately i.e.:

- we agree that the current situation of [dealing with/generating] increasing amounts of waste needs to change;
- we don’t agree to the simplistic notion that to decrease the amount of waste going to landfill is an adequate response to the significantly more nuanced question of effective waste management which requires a more sophisticated answer.

The complexity of waste generation and management in New Zealand is unhelpfully reduced to a simplistic concern that “*the amount of waste the New Zealanders are sending to landfill is going up*”.

Landfilling is a realistic and legitimate solution to some waste and should be considered in the context of a suite of solutions available to New Zealand as part of a national waste management framework. At the moment the suite of solutions available is limited unlike many European countries, which this consultation document references, and is likely to remain so for the foreseeable future, necessitating, in our view, a better understanding of the role, and opportunities presented by landfills – for example depositories for future resources.

We reiterate in this submission, as we have in previous submissions, that reference to the Fox River flood should not be cited as justification for unrelated or tenuously related policy. Unquestionably this incident was an environmental disaster the root cause of which reflect historic practices by a small Council and community. Today’s modern landfills have been regulated since 2004 and represent modern engineered structures which clearly the closed Fox River landfill was not.

We also reiterate our long-held position that the current waste management practices across New Zealand are too fragmented to achieve solutions ‘at regional scale’. Unless waste policy is considered within a national framework reflecting today’s priorities, sub-optimal outcomes will prevail.

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

We support recognition that a clear vision and strategic approach to waste management in New Zealand is essential.

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

We are concerned with the materiality of this question. The Waste Minimisation Act does not make any reference at all to a “landfill levy”. According to the Act Part 3, Section 26 “**Levy imposed on waste disposed of at disposal facility**” (emphasis added). We regard this as unhelpful targeting of



landfills, potentially detrimental to the establishment of a well-considered waste management framework which includes all disposal facilities – not just landfills.

We are supportive of increasing the cost of waste disposal *to landfill* where current charges do not reflect the actual and potential environmental cost of that particular disposal option. We would qualify that general position as conditional on the availability of suitable infrastructure enabling genuine alternative options.

Decreasing overall waste is an obligation across all those in society generating solid waste. Imposing punitive tax measures without accompanying this with a clear national communications plan which provides information and education on achievable waste reduction risks slowing down the potential benefits.

Concurrent to increasing the levy there also needs to be adequate measures in place to manage the risks arounds illegal dumping, including appropriate policing of littering behaviour.

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

- i. **Waste disposed of at industrial monofills (class 1)**
- ii. **Non-hazardous construction, demolition waste (e.g. Rubble, concrete, plasterboard, timber) (class 2)**
- iii. **Contaminated soils and inert materials (class 3 & 4) (whether requiring restrictions on future use of site or not)?**

As per our comments above we would revert back to the spirit of the Act and consider the roles of all disposal facilities in the context of a national strategic plan for waste management in New Zealand.

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

**Cleanfills (class 5)**

- i. **Farm dumps**
- ii. **Any others (e.g. Any exceptional circumstances)? If so, please specify.**

Please refer to our comments on Question 3 above.

Additionally, we are fully supportive of a reduced levy and/or exemption being applied to activities which arise from the genuine practise of recycling. Residues such as flock from steel recycling, plastics from paper recycling etc. are unavoidable. Increasing the levy charged to these residues is likely to have the perverse impact of increasing the costs and decreasing the likelihood of recycling at a time when the desired outcome is increasing domestic capabilities.

**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)?**

Please refer to our comments on Question 5 above.

**Question 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, e.g. Should the rate be higher or lower)?**



Determination of the proposed rate for future waste disposal should be based on a clear understanding and interpretation of the Act:

**Part 3. Waste Disposal Levy. Section 25 Purpose of the Part:**

The purpose of this part is to enable a levy to be imposed on waste disposed of to-

- (a) Raise revenue for promoting and achieving waste minimisation; and
- (b) Increase the cost of waste disposal to recognise that disposal imposes costs on the environment, society and the economy.

Once a properly costed national strategic plan has been developed for all waste management in New Zealand the appropriate level of monies required to action the plan will be apparent. In our view this is the intention behind Section 25 of the Act.

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

Please refer to our comments on question 7 above.

**Question 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?**

Please refer to our comments on question 3 above.

We reiterate our support for selectively managing the cost of waste disposal which results from genuine recycling activity, due to the risks of perverse environmental outcomes.

**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?**

There is no logic or environmental merit in treating all waste the same. Pricing, including cost imposed by regulation, should encourage the shift to lower or no impact 'wastes' including those that are biodegradable or valuable when recycled.

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

Please refer to our comments on Question 10 above.



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

The investment plan appears to address some of the strategically focussed issues which have previously been lacking, and we appreciate is shaped by the limitations contained in the Waste Minimisation Act.

Given the potential for a significant increase in funding levels anticipated in the years to come, together with other pressures which will significantly impact waste management capacities and capabilities in New Zealand in the coming years, such as the transition towards a circular economy, the Zero Carbon Bill etc., we do question if changes to the Waste Minimisation Act itself should be the priority rather than developing an investment plan which is constrained from the outset.

We would draw your attention to comments made in **The Future of Tax Final Report – Recommendations “Environmental and ecological outcomes”**. In that document they clearly see that there are opportunities for environmental taxes, which includes the waste disposal levy (tax), to achieve a much broader scope of outcomes.

*“The task for policymakers is to think in terms of systems change and develop a set of goals and principles that can guide a transition, over many decades, to a more sustainable economy”*

*“..the tax should be integrated with other policy.”*

We also note the comment made in paragraph 24 of said report relating to New Zealand’s limited institutional capability to design and implement environmental taxes.

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

Please refer to our comments on question 12 above.

We suggest that as a minimum, changes should be made to the allocation of the waste levy funding so the fund is 100% contestable. 100% availability of funding would allow for advancement of national strategically important projects, rather than perpetuating fragmented local solutions which cannot be scaled. This would not, in our opinion, limit the opportunity for local projects but would establish the protocol for funding projects which can demonstrate clear evidence for waste minimisation advancement at national scale.

Removing the funding from territorial authorities should also be accompanied by removal of the obligation to produce Waste Management and Minimisation Plans (WMMPs). It is difficult to see how these have been effective in the 12 years since the Waste Minimisation Act came into force since it is acknowledged that New Zealand’s waste has increased over that period not decreased. It is likely that producing these plans is a significant impost on each local authority, as it is on businesses who submit on the local processes, resources which could be usefully be deployed in more productive activities.

We suggest that the product stewardship provisions under the Act also be given a significant overhaul, since these too have for all intents and purposes (the increase in waste and decrease in ability to re-use and recycle) been ineffectual. However, we understand that product stewardship is being addressed under another consultation document so we will reserve comment until the outcome of that process is known.



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

The term “waste data” is entirely unspecific and therefore particularly unhelpful.

All commercial entities in New Zealand already have within their own operations significant data sets relative to their business. Accessing this data strays into commercially sensitive information which, together with the lack of specificity, has proven to be a barrier to collection of evidential data.

A thorough understanding of what data is required to support the desired outcomes [determined by establishment of a national strategic plan for waste management in New Zealand], who holds the relevant data and establishment of an independent body to manage commercial data should be a priority.

**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?**

No comment.

**Question 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 cost to Packaging New Zealand members, other than the levy itself, is the risk of additional compliance costs on business of marginal value where Councils expand their regulatory activity funded through the levy uncontestably. An additional cost risk is the reduction in domestic economic activity proportional to the dead-weight cost of the levy on the economy, accepting that such cost impacts are difficult to attribute directly.

**Conclusions**

Packaging New Zealand supports the overarching intention underpinning this consultation document; *“to reduce waste and turn around recent trends by providing the right infrastructure, services and incentives so that sending waste to landfill is no longer the cheapest and easiest option”*.

We have some concerns that the “economic levers” are limited by the Waste Minimisation Act and the proposals in this consultation document are shaped in that constrained framework. We would have preferred to see a much broader, and potentially far more successful review of the opportunities which could be realised from a review of the Waste Minimisation Act rather than limiting changes to the waste levy within the constraint of the current Act.

That said, we are supportive of taking initial action to prepare the groundwork for more significant changes to be made in the future, which we acknowledge does form part of this consultation.

**Executive Director**