

SUBJECT: WASTE LEVY PROPOSALS – FEEDBACK TO LOCAL GOVERNMENT NEW ZEALAND

RECOMMENDATION:

- 1. That the Selwyn District Council advises Local Government New Zealand:**
 - (i) that the Selwyn District Council does not support the “Draft Proposal for a Waste Levy in New Zealand” and**
 - (ii) that the Selwyn District Council is concerned that medium and small local authorities were not represented on the group that prepared the Draft Proposal for a Waste Levy.**

BACKGROUND

2. Local Government New Zealand has circulated a document, “Draft Proposal for a Waste Levy in New Zealand” and has asked for comment on the proposal by Friday 16 June 2006 so that LGNZ can report to the Minister for the Environment by the end of June.
3. The “Draft Proposal for a Waste Levy in New Zealand” and comments concerning the proposal received by LGNZ, are enclosed as Appendix A.
4. The matter of a levy on residual waste is also included in the Green Party’s Waste Minimisation (Solids) Bill, currently before Parliament.
5. In March 2006 the High Court quashed waste levy bylaws introduced by Rodney District Council, and Waitakeri, North Shore and Christchurch City Councils.

DISCUSSION

6. The arguments concerning a waste levy are complex. Any levy that was to be adopted would affect different Councils in different ways and be advantageous to some and disadvantageous to others.
7. Local Government New Zealand has asked for a quick response and this does not allow sufficient time to give detailed attention to the issues. This report is therefore restricted to general discussion.

Development of the Draft Waste Levy Proposal

8. The three territorial local authorities represented on the draft waste levy development group, were Waitakeri, North Shore and Christchurch City

Councils. These are all large metropolitan authorities and they were also unsuccessful defendants in the High Court case mentioned above.

9. The plaintiffs in the above mentioned High Court Case, Carter Holt Harvey Ltd and Waste Management New Zealand Ltd, were also members of the levy development group.
10. Medium and small local authorities had no representatives on the levy development group.
11. It is not unexpected, given the representation of the draft waste levy development group, that the levy proposal is supported by the large local authorities and the two major private waste companies.
12. It was also obvious at LGNZ's South Island levy meeting, that some of the medium and small sized Councils, whose views were not represented on the development group, are very strongly opposed to the proposal.
13. The draft proposal presents the non-metropolitan local authorities with a fait accompli and this has placed them in the position of having to fight to change the draft proposal, rather than having had the opportunity of participating in its development.

Comments Concerning the Draft Proposal

14. Please refer to the comments included in Appendix A.

A national waste levy is a tax by another name.
15. In its third year, when the levy rises to \$30 per tonne, it is estimated that it will gather \$96,000,000. This raises a number of questions:
 1. Why not return the full levy amount to the district from which it was taken, (including the GST) and allow districts to determine how to spend it?
 2. Will central government eventually appropriate the levy and put it in its consolidated fund, as happened in New South Wales?
 3. Will payments for administration, management, consultants, and spectacular but ineffective publicity campaigns, significantly reduce the amounts available for effective waste minimisation in districts?
 4. Will districts that have implemented waste generator pays policies, waste minimisation measures, and built or use fully costed, high standard landfills, be rebated proportions of the levy, or will they be penalised by having to subsidise other districts and other initiatives?
16. The proposed levy will significantly raise waste disposal and refuse collection prices. The price increases will be met from user charges or general rates, depending upon the particular council's charging system. The price increases will also result in an increase in illegal dumping, a further cost that districts will have to bear.

17. Under the proposal some levy monies (50%, less administration costs) will be returned to districts by the central board, and spending of these monies will be restricted to specific activities.

General Comments

18. The current levy proposals appear to be a knee-jerk response to the High Court levy bylaw case and also possibly to the Green Party's Waste Minimisation Bill.
19. A waste levy is but one waste minimisation option. Other options, such as Extended Producer Responsibility, Container Deposit Legislation, or a National Environmental Standard for Landfills, may achieve better outcomes especially for the non-metropolitan councils.
20. A general review of all the alternatives should be considered before proceeding with a levy.
21. If the levy proposal is endorsed by legislation, districts such as Selwyn, will have to make every effort to attend to the formalities of applying for and recovering as much of the levy money as possible for their districts.

CONCLUSION

22. In summary:
1. It appears that the draft levy proposal has been conceived in haste.
 2. It is doubtful that the local authority members of the draft levy development group represent the views of the majority of local authorities on this issue.
 3. There is a range of other waste minimisation options that should be considered before proceeding with a levy.
 4. There are real risks that the levy funds would be vulnerable to capture for non-waste related purposes, or alternatively would be used inefficiently and ineffectively or outside of the districts from which they were raised.
23. It is therefore recommended that the Council expresses concern at the way the levy proposal was developed, and indicates that it does not support the current draft levy proposal.

D G Hock
ASSET MANAGER SOLID WASTE