Zero Waste Academy (ZWA) submission to MfE in respect of Waste Levies
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The Zero Waste Academy has been established and supported as, and by, a partnership between the Palmerston North City Council, Massey University, and the Zero Waste New Zealand Trust. As Coordinator of the Zero Waste Academy I endorse the subsequently appended submission made by the Zero Waste Zealand Trust.
In addition, the Zero Waste Academy independently supports the waste levy proposal tabled for discussion at the WasteMINZ workshop in May 2006, with the provision of the following comment and amendments. Whilst I express some firm reservations about its development and consequent omissions in some areas, it is a very good initiative. The working group, with the support of the MfE, is deserving of encouragement, as even this early form is a quantum step in the right direction and should be applauded.

Comments:
The working group and it's subsequent draft would have benefited from inclusion of a more balanced and wider group of stakeholders. The resulting proposal, whilst a positive move forward, currently over-emphasises the Council and large waste and recycling business (end of pipe) worldviews, and hence marginalises the contribution of other parties. For example, in the case of 'community enterprise' NGOs, they often punch out of their weight-class in terms of commitment, perseverance, ethics, and innovation.

This imbalance is a significant oversight as in many instances Councils, and in particular some of the large waste companies, are the explicit problem in failing to generating progress "*Towards Zero Waste and a Sustainable New Zealand* -NZWS 2002".
To have facilitated what appears to be a commanding role for the waste industry - at the exclusion of other sectors - in the development of such an important draft proposal, is a slight upon the other sectors. Many of these other sectors have demonstrated a long standing environmental track record, demonstrated greater integrity, knowledge and authority, and a more equitable future-orientated perspective.

Whilst there are many great Council initiatives, some Councils are still retrograde in their thinking and are sometimes obstructive and antagonistic towards environmental concerns, and subvert, rather than realise, constituent community concerns and initiatives. The proposed funding regime - which in the first year directs 100% (and a significant portion thereafter) of the funding to TLA's - is at best naïve, and more realistically evidences the lack of balance in the development process.

It is unacceptable to have allowed the Council and waste company perspectives to have commandeered and distorted this proposed funding package, when in many instances these sectors have a long track record of cynically undermining positive environmental progress. This scenario will in many instances put the fox in charge of the hen house and will entrench the dominant status quo, rather than releasing innovation from the periphery and opportunites for new entrants into the environmental service provision markets.

If these imbalances are allowed to flow through to the formation and processes of the funding Board, it will decrease the potential for the levy to produce the outcomes that mainstream, fair-minded NZers (who will be paying the levy) are trusting and expecting MfE to oversee. The things the waste levy will be spent on must be amended to specifically include and prioritize:

1. Research and Development
2. Industry and University training, and professional development opportunities

These functions are both part of the critical software which empowers industry development. Both the above spheres are chronically under-resourced in NZ, which acts as a constraint to achievement of the targets of the NZWS2002.

The background case for further support of Industry training:

The collective *'Resource Recovery* $_1$*'* industry, which is at the forefront of delivering environmental services to New Zealand communities and businesses, historically has been educationally marginalised by not having, until recently, a recognised ITO nor any specific NZQA accredited industry training nor qualifications to equip this significant 'green-collar' workforce.

This problem exists in sharp contrast with the reality that the paradigm shift from waste to zero waste management has significantly changed and increased the knowledge and skill demanded from the industry. It is estimated that less than 10% of an approximately 5000 member-strong industry have access to recognised professional development opportunities.

1- NB: The term 'Resource Recovery Industry' is used in the context of industry as a convenient umbrella term to include the "waste, recycling, resource recovery, zero waste, and scrap metal" sectors who were collectively recognised, and were assigned (1 March 2004 by the Minister of Education -Tertiary) the Extractive Industries Training Organisation (EXITO) as their ITO.

Over the past two years a process has been underway to rectify this deficit by developing NZQA accredited industry training. In spite of little government support progress has been significant.

As a result of a pan-industry contribution, we now have:

- A recognised ITO (the Extractive Industries Training Organisation, EXITO)
- Unified involvement with all of the representative associations committed to the development process, via participation in the Resource Recovery$_1$ Sector Advisory Group (RRSAG)
- Well over half of the new unit standards and proposed new national qualifications have been written already and are in the process of registration

Because of these developments, in the near future NZ will have:

- A group of accredited zero waste / resource recovery training providers
- Training and qualification opportunites which are internationally recognised for the approx 5000 'green collar' workers, who are the 'face' of practical environmental activity at the interface of the New Zealand public's daily life.

The ethics, demeanour, skill, knowledge and communication abilities of this 'green collar' workforce can demonstrate the efficacy of many small personal contributing actions which accumulate as New Zealand's holistic environmental status. Increasing this workforce's skill and knowledge is a significant and largely unrealised 'community based social marketing opportunity'. It will further leverage open an often reluctant community mindset to other, equally important, actions in the sphere of sustainable management in response to climate change.

As an example of the chronic under-resourcing of this process, (which the current draft waste levy ignores), the RRSAG developed a bid in the 2006 round of the Sustainable Management Fund, entitled **"Resource Recovery Industry Training Resource Development Project"**$_2$

2- NB: This bid was formally advanced on behalf of the entire Resource Recovery Sector Advisory group (RRSAG). The RRSAG is made up of all the relevant representative Associations .from this combined industry group (namely: the Waste Management Institute of New Zealand, (WasteMINZ); the Recycling Operators of New Zealand (RONZ); the Scrap Metal Association of New Zealand, and the Zero Waste Academy (acting on behalf of the Zero Waste New Zealand Trust and CRN network)).

This project targeted the collaborative development of training and educational resources for the 'Resource Recovery$_1$' industry training. These resources were designed to be utilised in a range of training, promotional, and awareness-raising opportunities and will complement the

parallel development of training assessment guidelines. The training resources were to be based around audio-visual and written content and will be suitable for dissemination via a range of media and settings, including web based delivery.

Unfortunately this bid did not succeed. Whilst the SMF process is heavily oversubscribed and it appears from the feedback that the panel did not have sufficient industry experience to adequately process this bid, the punch line is that this decision perpetuates educational marginalisation of the 'Resource Recovery' industry and flies in the face of the expansive rhetoric and targets of the New Zealand Waste Strategy 2002.

Clearly there is not *sufficient* resourcing for a project that was conceptually sound, cost effective, achievable, fully supported by the relevant industry/community, and would have been a timely investment of resources right into the crux of NZ's environmental progress. Education is truly a people-oriented investment, which resonates with increasing value over time.
Nor is there *specific* resourcing: We included in our bid a letter from Hon. Michael Cullen which established that there is no Ministry of Education funding for late-adopting industries to undertake industry training. International research supports the ZWA's contention that industry training is a crucial factor in efficiently turning environmental policy into outcomes. The following news in the sphere of UK industry training reports:

http://www.mrw.co.uk/homepagePBP_NADetail_UP.aspx?ID_Site=534&ID_Article=9874&mode=1&curpage=0

The key points appear to be:

"The qualifications have been launched ,as Cities and Guilds revealed research that ***highlighted the lack of training within the recycling industry.*** *It found that over half of potentially recyclable waste that cannot be correctly differentiated and separated by recycling staff ends up in landfill.*

One in ten recycling staff acknowledged that lack of training was not only damaging to their career prospects but also the success of recycling schemes. And ***a third thought that with better training the amount of waste recycled would improve.***

EU Skills strategy development manager Richard Johnson said: "The newly launched NVQ Level 1 and 2 and forthcoming Level 3 and 4 in Recycling Operations will ***ensure that the workforce within this industry has the appropriate skills required to undertake their occupations efficiently. These qualifications will also clearly define the opportunities for employees to progress within their chosen career, which in turn may act as a mechanism to encourage individuals to enter the recycling industry as a viable career option****."*

EU countries have well-advanced economic instruments in place (waste levies , EPR legislation), and hence are fostering stronger, more financially sustainable resource recovery recycling industries than is the case in NZ. Whilst it is always difficult to extrapolate international perspectives to NZ, I would suggest that given the above research was derived from this EU context the finding would be pertinent and even more pronounced in our local context.

Comments in respect of R&D:

New Zealand has world-class researchers who are capable of generating the sound knowledge base, vital for improved decision making. Specific funding for this work is currently not adequate nor specific. Researchers waste huge amounts of their time competing for grossly over-subscribed contestable funds with low chances of success, rather than doing the work NZ needs to generate a competitive, knowledge-lead future. Because of the poor remuneration and stunted career opportunites in NZ, the science sector is currently struggling to attract new enrolments. The waste levy should be utilised to fund R&D (including product and technology development) broadly relevant to achieving the strategic NZWS 2002 goals.

In not specifically identifying and prioritising industry training, nor research and development, for funding, the draft waste levy has failed to address the full range of opportunites to bring about the strategic change envisaged in NZWS 2002, which is proselytised as justification for the waste levy. The suggestion that the waste levy should fund new waste educator and waste minimisation officers, without having ensured sufficient resourcing of the NZQA process for professional development of the existing workforce, let alone an expanded one, is seriously remiss. It serves to further demonstrate the bias and capture of the waste levy process by the narrowed world views of the big business and Council perspectives.

Comment chapter 10 –spending:
The ZWA contends that the waste levy should not be used to fund waste management plans. This is a Council responsibility which already diverts significant funding away from the programmes that will generate positive environmental outcomes. The fact that, in spite of having the dominant share of current financial resources, some councils / personnel cannot develop adequate contemporary WMPs, is a sign of incompetence. This should not be countenanced, or worse, rewarded, with directing more money at the problem. Regulation and enforcement is a better way of dealing with the failure to achieve the standards and planning requirements established in the LGA.

Also, any funding given to the Council sector should be capped to a maximum of 50% of project cost. This will ensure that this revenue remains 'gap-filling' or 'enabling' funding that rectifies the financial imbalances between what are currently viewed as non financially-sustainable recycling options when compared to lower priced disposal options. Most of these latter options, irresponsibly externalise the true cost to the attendant community. If these contingencies are not established, the waste levy will just be used as 'replacement funding' to pay for things Councils should already, or might otherwise, be undertaking normally. In this instance, because rates hardly ever go down, one outcome could be to facilitate diversion funding of non-related activities. In the same light the waste levy should not be diverted by central government off into the consolidated fund.

In terms of "improving the amount of public knowledge…….to encourage waste minimisation", conventional media and publications are very costly, rapidly losing traction in the public mindset and basically, when applied as a default option, not a good investment.

Often, waste-minimisation education and information just creates more junk mail or another ad lost in the mire of persuasive television. We should distinguish cost efficacy, and specifically prioritise community-based social marketing approaches and be striving to participate in the new internet / text / viral / Community Based Social Marketing (CBSM) generation of modes of communication and behaviour change.

A good example of a laterally thought-out and innovative approach in this sphere was the 'Trashed' exhibition hosted by Aratoi in Masterton. This was a huge local success story which was noted as being both visually profound and very thought provoking. Aratoi created a written commentary to accompany the exhibition. It highlighted the exhibition's context as 'contemporary urban archaeology' This initiative forms part of a diverse and innovative suite of CBSM opportunites to change the regions' attitudes and behaviours in response to waste. It is vital that the proposed waste levy funding inclusively recognises the full diversity of sectors (such as the 'arts recycling sector') that make up the contemporary zero waste community and encourages, rather than excludes, such "left field" innovations.

Another major omission is the lack of specificity in the issue of cultural diversity. NZ is yet to successfully broker effective behaviour-change communication into the diversity of indigenous and immigrant community groups. This is a critical challenge facing the waste minimisation educator / communication sectors and should be specifically recognised in the waste levy governance and funding policy.

In NZ, resource efficiency and cleaner-production funding appears to have been predominantly allocated via the development of the Business Care programme. This has some issues, limitations, and has to some extent failed to thrive and grow beyond the original

funding. This sector needs some careful examination before automatically receiving more available funding. Business Care is the most identifiable agency in this sphere and to some extent enjoys a maternal prerogative in its realtionship with and funding from MfE. But it should be recognised that there are other organisations doing great work, and many yet to be explored opportunites for deriving the outcomes that are sought for NZ business.

Chapter 13 levy governance:
The administration and redistribution body for the waste levy must consist of a fair balance of interests. There should be sufficient industry and life experience to mitigate the impacts of bias and lobbying which skews some of the outcomes of the MfE. The clear fact is that the vested interests of dominant market players in the business / Council sectors have the majority of existing resources. This underwrites a veneer of plausibility and their power manipulates the policy and decision-making of government. Those who often have an equally valid contribution are not financially able to make submissions, attend workshops, arrange meetings, apply for funding, and express their views. This imbalance can only be addressed by creating a mix of very astute, fair minded, and representative waste levy governance group.

One option would be to establish, within the contestable funding allocation 'sector allocations' so that those who are at a clear disadvantage in the funding and representative processes are protected. The method of apportioning part of the SMF so as to be distributed via the more user-friendly Zero Waste NZ Trust process put to good effect the principal of decentralisation. This concept needs to be examined closely if the waste levy is to be an enabler of diversity and anticipation. It is essential to structurally-design processes to specifically achieve this, as the default setting will otherwise be to naturally repress innovation from the periphery for the benefit of entrenching the status quo.

It is not just the community enterprise sector that needs special consideration in order to foster its potential. Other industries beyond the conventional waste conundrum are essential in achieving the goals of the NZWS 2002. Industries such as agriculture, energy, tourism, and manufacturing, which are not normally part of the waste dialogue will benefit from 'structural' consideration as they offer expertise, undiscovered synergies, and additional resources to think beyond the current limits of our creative enterprise and problem solving.

A good example of this is the Wool industry which, through its R&D, has become the progenitor of two NZ composting technologies: R5 solutions (HotRot), and Andar Holdings (Rotcom) which are now making a international impact. If the waste levy is allowed to be sequestered within the limits of the current waste mindset we will miss the important opportunities for para-industry engagement and interrelationships. Focus of the potential waste levy benefit will be commandeered by the vested end of the pipe worldview, which was unfortunately represented by the limited working group which developed the draft waste levy proposal.

I would encourage the Waste levy funding policy framework to both identify and entrench the concept of NZ's evolving **'best practice'** in the sphere of zero waste and sustainable resource management. Additionally waste levy policy should provide a declaration of intent that funding should be prioritised to achieve and enhance this concept. NZ should be directing economic instruments such as the proposed waste levy so as to be at the forefront of these trends rather than lagging behind. To do so will establish a proactive vision for environmental excellence, which in harnessing the kiwi "can" do attitude in this sphere of activity, will become both achievable and cost effective.

The waste levy governance / policy framework should enshrine the principal of adopting a creative, open, and flexible approach which fairly examines all available technologies and options rather than relying on picking singular favourites. The former will ultimately result in a fairer decision making process and more resilient outcomes. As previously expressed, the waste levy is an opportunity to empower indigenous research to answer the waste problem and pioneer new technologies which can be exported into the international context. Essentially, this represents a rigorous knowledge / science led approach.

Given my earlier comments, I would suggest that the waste levy governance structure should include sub-groups or expert reference panels to provide transparent analysis of, and support in respect of, complex subjects such as R&D, industry training, technology other industry associations. The proposed waste levy is a critical investment opportunity which needs to be gotten, as far as possible, right first time.

I would encourage the view that the waste levy policy framework should specifically identify that NZ is tasked by the NZWS 2002 with executing a response to what is, in reality, a total paradigm shift. This amounts to a 180 degree quantum change in activity and outcome from a landfill to zero waste / sustainability focus. NZ is facing a transition period of intense change which will require highly informed, strategically adept, and strong leadership. Fundamentally, the *Towards Zero Waste and a Sustainable -NZWS 2002* necessitates a revolutionary approach.

Historically, waste could rely on a 'engineering' lead approach, whereas zero waste requires a balanced application of multiple disciplines: sociology, education, marketing, lifecycle economics, business development, logistics and production technologists, in addition to the original need for engineering inputs.

A simple illustration is that the required "change" is like a hill or threshold we need to overcome before we can reap the huge benefits of having created a zero waste and sustainability focused society. We must clearly make the case for a adequate period of one off 'cross-over' resourcing, sufficient to make this transition.

The best analogy for this is the comparative cost and utility of the first, vs today's, computers. Society had to endure this cost and, for the transition period, the inefficiency of infant technology before the twin drivers of R&D and economies of scale allowed us to paradigm shift into today's wholesale normalcy of fast cost effective ITS. Environmental change and technology also need to be understood in the same context, and sold to the public in the same way, as needing to follow a similar life cycle / growth phase, whereupon it will deliver similar wholesale benefit. At the very least, enacting the environmental paradigm shift will cease the syndrome of any given generation, non-renewably mining their assumed standard of living from the well-being of future generations.

These are simple messages which NZers 'get' and will respond to, and as such they should form an important plank in the logic path which underwrites the waste levy developemnt process.

Background -The true economic value of resource efficiency and the business case for moving "Towards zero waste and a sustainable NZ" (NZWS 2002):

The following are generic principals from the Envirowise –UK website. (As a government funded service, Envirowise offers UK businesses free, independent, confidential advice, and support on practical ways to increase profits, minimise waste, reduce environmental impact, become more competitive and profitable, and ensure compliance with environmental legislation).

1. 4.5 % of UK business turnover is waste in various forms: cost = 15 billion pounds pa
2. A systematic waste minimisation programme could save 1% of turnover.
3. Every pound saved on material costs goes straight to the bottom line.
4. Average payback periods for such initiatives are measured in months, not years.
5. Savings of around £1,000 per employee are typically made through resource efficiency programmes.
6. Many waste minimisation measures cost nothing, but yield big results.
7. Customers increasingly favour environmentally-friendly companies.
8. More and more businesses demand resource efficiency from their suppliers and partners.
9. Legislation, both in the UK and from Europe, is forcing us all to address the issue of waste. Non-compliance means fines, even prosecution.

10. Waste costs more than people may realise. Considering the materials, treatment, energy, and wasted labour, the real price tag on waste is often 5–20 times the cost of disposal.

Estimating the value of the Horizons (Manawatu / Wanganui) Regional economy

GST Purchases Values ($ Million) – Industries

All industries M /W

3,282	3,464	3,764	3,563	14,073

All industries NZ

83,792	79,790	87,150	85,297	336,029

GST Sales Values ($ Million) – Industries

All Industries M /W

4,415	4,727	5,149	4,874	19,165

All Industries NZ

114,565	111,246	120,112	117,175	463,098

This data was supplied by Statistics NZ and is part of its developing regional economic indicator series. Please note information and caveats in the subsequent appendices. The data covers the four latest quarters ending in Sept 04

The Cost of Waste to Horizons Regional Economy:
Hence an estimation of the 'Turnover' of the Regional Economy would be $19,165 -$14,073 =s $5, 092 (million). In other words just over 5 Billion pa

Based on the above data / observations an estimate of the total cost of all forms of waste in the Horizons Region would be 4.5% of this figure, i.e. $229 million pa

Based on the above data / observations then, 1 % of the total regional turnover i.e. $50.92 million pa should be targetable for saving and hence, (via implementation of a comprehensive resource efficiency / zero waste programme), addition to the regional economic bottom line (with a payback period of <12 months).

It is suggested that in order to achieve the same net bottom line benefit as implementing a zero waste programme, the regional economy would have to increase its total turnover by at least 10%. This would require a much larger amount of investment with longer payback periods and would produce even more waste-cost losses.

Suggested cost of waste to the NZ Economy:
Applying the same logic path it is suggested that the cost of waste to the NZ economy would be 4.5% of $127,069 million pa, which is approx $5718 million pa.
Additionally, that given the implementation of a comprehensive resource efficiency / zero waste programme, $ 1,270 million pa would be targetable for addition to the NZ economic bottom line

Conclusions and some interesting further questions and challenges relating to these observations:

Whilst this is a very simplistic approach, it clearly indicates the potential economic power of resource efficiency / zero waste strategies. This thumbnail view encourages that recognition be given to the billions of dollars of value, in terms of 'ecosystem services', that are provided

by our environment to the regional and national economy. Often the business community fails to see environment protection as what it really is: preservation of the natural capital which underwrites our economy.

Related to this is the fact that NZ's largest industries, tourism and primary production, are sold to the world on, (and are hence dependant upon) the basis of a 'clean green' image. This image is in many respects unsubstantiated. Our ongoing failure to empower effective strategies that secure factual environmental excellence as opposed to perception, is a significant economic threat to our competitiveness in the global market place.

It is predicted that in the future existing forms of trade barriers trade will be reduced but effectively offset by renewed competitive motives via avenues such 'food miles' and 'buy local'. As a small, distant, southern hemisphere island nation NZ is not well positioned to compete in such a frame work. Hence, we will need all other environmental cost / sustainability parameters, (over which we do have some control) working in our favour. The absence, up until now, of well constructed economic instruments represents a major loss of opportunity for the NZ economy, this basic construct should be at the centre of developing the case for the waste levy

-Net GST data doesn't include financials related to exports, which would indicate that the above observations may be conservative.
-How well, in the NZ context does NZ Net GST relate to NZ GDP figures?
-Are there regional GDP figures?
-How applicable is it to take data generated in relation to the turnover of clusters of business case studies and apply them to the entire combined business turnover of any given Region?
-What methodologies were used to develop the UK 4.5 % and the 1 % nutshell figures?
-Further explore the NZ data so see if more then an anecdotal correlation to the UK can be produced.
-Expanding and clarifying the cleaner production and eco-efficiency data into the context of quantifying the benefits of developing a holistic Zero Waste programme, which includes these (CP and EE) alongside the benefits of other contemporary waste minimisation tools and technologies applied at a total community level.

The waste levy in relation to other proposed waste legislation and economic instruments:
It is vital that this waste levy initiative is not co-opted by the 'business lobby' and used to divide and conquer or derail the potential for fairly hearing the 'Greens' waste minimisation (solids) bill which offers the opportunity for creation of:

- Some form of Environmental Protection Authority / function,
- The adoption of Extended Producer Responsibility (EPR) supported by a regulatory approach, and Container deposit legislation (CDL).

In respect to these interrelated options the ZWA advocates for a basket of economic instruments, and via whatever avenues are possible we should utilize the proven efficacy of EPR, CDL, and waste-to-landfill bans alongside waste levies, in our zero waste 'tool-box'. These should be structured to avoid any duplication and resource wastage between proposed Waste levy governance, EPA and existing MfE functions.

Comments in brief:
Chapter 7: The weight basis for charging should be examined in respect to special waste types such as polystyrene and foam. Both of these have recycling options, but charging a levy by weight is not representative. The incentives for recycling these materials need to be increased.

Chapter 8: There should be no exceptions in waste type charging and specifically, none for fly tipping or biosolids. In the former, the charge increase is not proportionally significant compared to past market pricing shifts, the negative impacts of which are absorbed in the normal course of events. In the latter there is an established processing industry and potential market, in which the most significant sensitivity for beneficial reuse is price. This will be assisted under a waste levy scenario and this material should also be incentivised for recycling.

The presumptive use of the term 'composting' (Chapter 10) should be changed to the more generic **'organic recycling'** (which is already entrenched by industry consultation in the language of industry training). Whilst composting enjoys the current majority prerogative, in the future, it is likely that other technologies such as anaerobic digestion, thermal combustion and vermiculture will proliferate and should have equal access to funding and hence be evaluated on their relative merits.

The waste levy proposal needs to clarify the issue of monitoring and 'enforcement'. One option that could be looked at to reduce the cost of collection, administration, and better ensure accurate data, is forth coming from the private sector, would be to allow a small percentage (1-2%) of the levy to be retained as compliance cost compensation by the waste handlers. The retained levy would be provisional upon the supply of waste monitoring data and the outsourcing of specified accounting functions, which would reduce the burden, and hence the functional size, of the waste levy governance function.

Chapter 9: Regions and organisations (such as DOC, Marae) which carry a higher waste burden from tourism - or other special or cultural circumstances - should be structurally identified and provided supplementary support funding opportunites. These communities / circumstances carry a disproportionate share of substantiating NZ's clean green image and are where we should put our best foot forward. These scenarios may not pass the 'sustainability' test alluded to in the draft proposal's draft funding plan and not be seen as financially viable, but a balanced view would suggest recycling initiatives needs to be funded into reality because of the wider interest to the NZ economy.
NB: the appended ZWNZ trust submission reinforces this point using the example of ewaste.

Chapter 11: Clearly I have argued that the assumed majority TLA% funding is not fair, nor justified. One hundred percent in year one is not acceptable: At best this should max out at 50%. There is a case for sectioning funding to ensure the TLAs are able to exclusively access resources commensurate with their responsibilities. *(other wise known as rate payer funding, which is an existing compulsory acquisition for this purpose)*, but the same argument applies to other sectors which are bursting with knowledge and initiative, but have far less access to financial resources. The current allocation model reflects the bias of the working party and needs to be adjusted to create a more level playing field.

The ZWA opposes the concept of levy-progression of up to $30 / tonne over three years. A simpler alternative might be to do a one-off increase to $20 for three years, which will result in the same total levy without the drawn out antagonism and ongoing scrutiny incited by incremental change. The case for a waste levy is bomb-proof and long over due, but is likely to excite a negative media campaign and drawn out opposition from powerful vested business interests. A more prudent strategy would be to just bite the bullet and make a one off change, and then let the fuss die down until the 3 year review period.

Based upon the ZWA recent experience with the SMF bidding process, the proposed waste levy funding process should be simple and user friendly, whilst retaining due process and accountability. If we were to go by the SMF application process, a great deal of time and energy would be involved. Because of the massive oversubscription of this fund, it runs a high risk of being fruitless and a waste of time, leaving people frustrated and unwilling to make future investments.

This time / cost investment cannot be sustained by small organisations. They are effectively marginalised by the process in favour of well-funded dominant-industry vested interests, who have pre-existing financial backing and can afford consultants and dedicated staff time on speculative projects. In the case of 'waste to landfill' vs recycling, the former is the highly lucrative incumbent and the later is a financially marginalised sub-sector, placed at a competitive disadvantage the way SMF is currently structured.

The two stage application process itself is fine and should be thorough, given it involves public monies, but these overarching issues are a major disincentive for busy people to pitch project ideas i.e. the busiest most involved people are often the ones who are the most competent and able to design and deliver worthy projects. So, whilst the SMF process is a

great opportunity it is also, to some degree, self defeating, and stifles creativity and diversity, and potentially kills off as much energy and public good as it realises.

Because the SMF system does not allow recompense for any pre-planning bid preparation costs, it effectively reduces the incentives for the prior planning that is needed to accurately project the expenditures expected in the rigorous financial disclosure entailed in the second stage of the application.

From a recently both successful and unsuccessful applicant's point of view, in all reality we have to carefully weigh up how much time reasonably can be put into pre-planning, given that the high risk that any given bid will not be successful and accordingly this, time and effort will be wasted. Even if the bid is successful these planning costs cannot be loaded into the subsequent funding.

Some improvements to the SMF system which are relevant to the waste levy funding are:

- To allow a small proportion (i.e. 2.5%) of the successful project budget to be claimable for the preparation cost of successful applications
- To separate what are not necessarily interrelated subject areas. i.e. waste minimisation / recycling projects which could be treated separately from, for example, resource efficiency, R&D, industry training, technology, etc and assessed by more specific industry expertise
- To bring back the system which partitioned off bundles of funding and allowed decentralised allocated via the likes of the Zero Waste NZ trust and a simpler, more user friendly system suitable for small projects i.e. less than $30,000
- Expand the MfE bid development and implementation support systems which will assist applicants to produce successful outcomes and facilitate a bottom-up grass roots release of initiative

Appendices 1:
Submission from the Zero Waste New Zealand Trust on: *which is endorsed by the ZWA*

Draft Proposal for a Waste Levy in New Zealand

We are supportive of this proposal, as it acknowledges that a user-pays levy is necessary to support the NZ Waste Strategy and its waste minimization goals, and it acknowledges that the amount of the levy has to be meaningful in its use as an economic instrument, if progress is to be made towards the end purpose.

The Zero Waste Trust applauds the efforts of the Working Party in getting together this draft document, and notes the comment that significant consultation with all interested parties will be necessary prior to any legislative implementation of the scheme. In the interim, the Trust makes the following points:

1. The draft proposal suggests that the levy would not be spent on activities that "are not sustainable". This seems to imply "activities that are not economically sustainable", as it goes on to say that the levy would not be spent on activities "such as the costs of waste collection …" This Trust notes that some wastes are small in volume, yet so widely used throughout our society that 'economic' recovery might never be possible. But to not collect them might not be ecologically sustainable. An examples of this would be spent fluorescent light bulbs (traditional and compact). These bulbs contain mercury, an extremely toxic and hazardous waste, and it is essential that a safe disposal option be made available. There are other products that could well be in a similar category, such as un-used pharmaceuticals and small batteries. The draft proposal needs amendment here, as it might well be that a service to collect these materials needs a subsidy, which could be supported by the Waste Levy. Payments towards this goal would be in full accord with the intent of the Waste Strategy, which states :

- The first core goal of the waste strategy is “lowering the social costs and risks of waste.”

2. The second point would simply be to comment on the composition of the Working Party in its current form. It seems to the Trust that it is too narrowly based, and future discussions will need to include representatives of NGO’s, community, and environmental organisations.

3. The final comment of this Trust, at this stage in procedures, is in relation to the proposed disbursement of the levy. As reflected by the current membership of the Working Party, a high priority has been given to funding Councils (and perhaps to on-flowing payment of consultants and advisors), while low priority and an extended implementation date has been given to the set-up of the contestable fund, which is the area where NGO’s and community organisations will be seeking funds. This is of particular importance to community groups, as funding has recently been substantially reduced with the demise of CEG funding and the cessation of that MfE funding which has for several years been channeled through this Trust. It is important that funding for community groups is available from Year 1.