

# The Waste Disposal Levy

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**What  
WasteMINZ  
members  
think**



In 2014 the Ministry for the Environment (MfE) released the *Review of the effectiveness of the waste disposal levy, 2014*. You can read the review [here](#).

The levy review made a total of eleven recommendations, some recommendations being relatively minor and some being more significant.

In line with legislation, MfE will soon be undertaking work to inform the next levy review.

With this in mind, the WasteMINZ Board discussed the need to better understand member perspectives about the levy and the previous levy review. To inform this, we sought feedback from the key contacts at each member organisation.

Each member received a questionnaire focused around some of the most substantive recommendations from the last levy review. To follow is a summary of the results.

I'd like to thank all those members who shared their views; your input has been incredibly valuable in shaping WasteMINZ's future approach to this issue.

A handwritten signature in black ink, consisting of a large, stylized letter 'R' followed by a period.

# Do you support the levy being broadened to include all Class 1 and Class 2 landfills given they accept wastes with a greater potential to cause harm?

**84%**  
supported broadening the levy

**10%**  
did not support broadening the levy

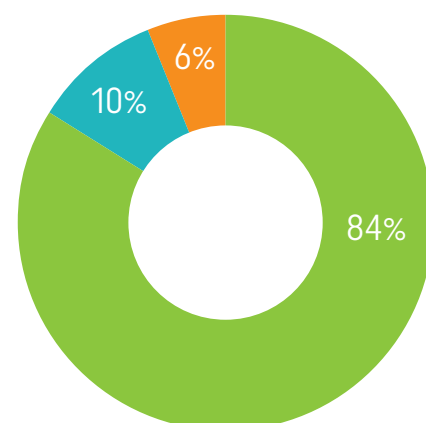
**6%**  
were unsure

There was definitive support from the membership to broaden the scope of the levy to include all Class 1 and Class 2 landfills.

Members felt that the processes at MfE are well established and therefore should be able to cope with a wider range of targeted sites. Members clearly stated that the current situation included significant loopholes which created an unlevel playing field. They would like to see these loopholes closed.

A significant number of members commented that they would like to see the levy broadened even further to include Class 3 and Class 4 landfills, even if the rate of the levy for these is a nominal amount (e.g. \$1). They believed this measure would help ensure the gathering of data on a consistent basis and that the impact of any changes in different rates of the levy or other factors can be tracked accurately across all forms of disposal.

Where members did not support broadening the levy, they stated a range of reasons. Most notably that landfill management in line with the Resource Management Act means that gate costs should reflect the full cost of managing the adverse effects of the materials sent to landfill. One member stated that the levy is a separate hypothecated tax that is only justified by the value arising from its expenditure. There was also concern that a simplistic broadening of the levy may unduly capture on-site industrial disposal, which only takes uniform industrial waste streams.



# Do you support MfE setting more prescriptive rules on how territorial authorities spend levy funds?

**51%**  
supported MfE setting more prescriptive rules

**36%**  
did not support MfE setting more prescriptive rules

**13%**  
were unsure

There was no definitive support from the membership for more prescriptive rules on levy spending.

Where members felt rules were required, this was generally due to a perceived lack of clarity around how TAs spent levy funds, as well as needing to ensure investment in sound business cases.

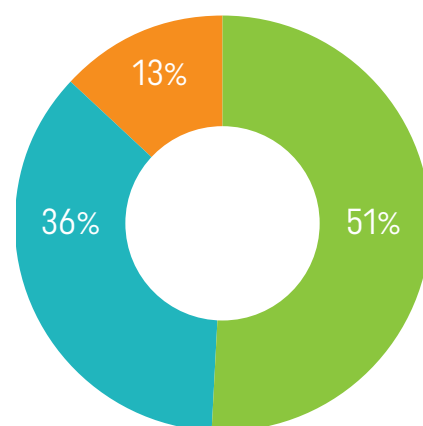
In some cases, support was on the proviso that this is to ensure spending is on waste minimisation initiatives. However, the type of initiative and the waste stream should be decided by the TA.

One member felt that given the levy is imposed by central government; it is reasonable that central government should be in some way accountable for the value arising from it.

Where members were unsure or against more prescriptive rules, they stated a range of reasons, as follows.

That MfE would be better to develop policy guidelines to which TAs should adhere and report on. They noted that MfE are often not aware of the realities of TA waste minimisation and therefore would not be capable of developing prescriptive rules that would be appropriate to all TAs' individual situations.

Furthermore, they noted that there was a range of things MfE should do before they prescribe how territorial authorities spend their funds. For example, they could set performance standards under Section 49 of the Waste Minimisation Act 2008, and could simply demonstrate a willingness to retain funds where TAs are not meeting the requirements of the Act in the current use of their funds



# Do you support changing the rate or structure of the levy to bridge the gap between the cost of disposal and alternatives?

**71%**  
supported changing the rate or structure of the levy

**13%**  
did not support changing the rate or structure of the levy

**16%**  
were unsure

There was strong support from the membership to change the rate or structure of the levy.

Where members supported a change, this was generally due to a perception that the current levy was not significant enough to change behaviour and therefore did not provide an incentive to divert from landfill. They, therefore, felt that the levy's current role was simply to gather funds for reinvestment in waste minimisation and that this was not in line with the purpose of levies in other jurisdictions.

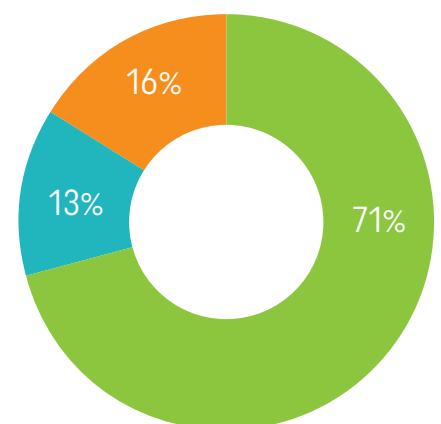
Members stated that any increases should be implemented over a period of time, rather than in a single move to avoid unintended consequences. This "ramping up" period would allow the establishment of other technologies and processing services.

Where members were unsure about change, there tended to be three key reasons, these were:

1. That they were open to change, but that any change had to be well signalled and managed appropriately to allow time for long value chain participants to adjust their businesses.

2. That any increased levy funding should only be supplied to develop the infrastructure required to bring the alternatives to disposal into a viable business position, rather than long-term subsidisation of business models.
3. That the initial focus should be on broadening the scope of the levy to include other types of landfill. This broadening would address current levy avoidance, and that any increase in the rate of the levy should be addressed following this.

Where members were against change, this was because they felt the economic effects or externalities of landfills that are not already in the price are limited. They stated that separate charging is in place for landfill methane and that the levy does not address non-landfill waste management methods with significant non-costed externalities, as well as non-landfill emitters of methane in the waste sector.



The levy is currently \$10 per tonne of waste. What do you think the levy should be moving forward (say over the next six years)?

**20%**  
\$0-\$10 per tonne

**42%**  
\$15-\$25 per tonne

**38%**  
another amount  
(typically \$50-\$100 per tonne)

80% of respondents felt that the levy should be upwards of \$15 per tonne, with the \$25 per tonne being the most frequently mentioned amount. However, there was also significant support for long-term increases up to \$50-\$100 per tonne.

Some key themes came through in the responses. These were:

1. That any increase should be looked at within the context of a robust economic analysis. This analysis would allow a clear understanding of both the costs and benefits.
2. That increases should be well signalled and staged to allow for long-term planning.
3. MfE must ensure that levy monies are spent wisely on practical and effective facilities, equipment and services for the purpose of waste diversion or reuse.

4. That MfE gives consideration to extending the levy to all types of landfills. However, a differential levy could be in place for different types of landfills. For example Type 3 and Type 4 landfills may have a levy at a significantly lower or nominal rate.

