

STAFF REPORT

TO: Chair and Members Engineering Services
FROM: Utilities Asset Engineer, David Stephenson
REFERENCE: R377
DATE: 30 May 2006
SUBJECT: **PROPOSED NATIONAL WASTE LEVY**

1 PURPOSE

The purpose of this report is to inform the Engineering Services Committee of a proposed national waste levy and to recommend approval in principle for the levy.

2 BACKGROUND

Council staff are currently considering the form (if any) of a Solid Waste By-law. A possible provision of the By-law would be to licence waste operators and collect a levy from waste collected within the district in order to promote waste minimisation activities. The consideration of this By-law has been on hold pending a legal challenge to similar By-laws.

Recently the High Court has ruled that the introduction of local waste levies was ultra vires under the provisions of the Local Government Act. As a result of this, the Minister for the Environment has requested his officials to advise the Government on the issues surrounding waste levies in New Zealand by the end of July. The draft proposal was prepared by members of local government and the waste industry. Ministry for the Environment staff are currently looking at a range of options for levies.

As part of this wider policy development process, the Ministry brought together the parties to the recent court case to explore what common ground existed between them on the issues of waste levies. In the course of these discussions, it became apparent that a properly designed and implemented national waste levy would meet the requirements of both parties in terms of a secure source of funds to promote waste minimisation initiatives, while at the same time ensuring national certainty and administrative efficiency in the application and compliance of a levy.¹

The parties to the court case have developed a draft national waste levy proposal (attached) and are seeking feedback from interested parties prior to forwarding it to the Minister for the Environment for consideration in the policy development process. Comments on the proposal are due on 16 June 2006.

¹ http://www.wasteminz.org.nz/waste_levys/index.htm
<http://tdctoday:82/Shared Documents/Meetings/Council/Committees and Subcommittees/Engineering Services Committee/Reports/2006/June 2006/RWK06-06-08-National waste levy.doc>

3 THE PROPOSAL SUMMARISED

The proposal provides for the collection of a national waste levy to:

- Provide a source of funds for waste minimisation activities, and
- Provide financial incentives and disincentives to reduce waste.

The waste levy would be collected at the landfill and paid to a central, autonomous body, on the basis of waste weight.

Funds collected by the central body would be distributed thus:

- 49% to territorial local authorities (TLA's) on the basis of population,
- 49% to a contestable fund for waste minimisation activities, and
- Not more than 2% for administration of the central body.

In the first two years 98% and 74% of funds would be available to TLA's, with unclaimed funds directed to the contestable fund.

The contestable fund would be available for waste diversion activities, public and business education and the start up costs of some waste minimisation initiatives. The fund would not be available for subsidy of general waste disposal operations or where it would affect competition between businesses (or TLA's).

The proposal provides for a \$10 levy per tonne in the first year, increasing to \$20 in the second and \$30 in the third year.

4 IMPACT ON COUNCIL

An advantage of the proposed levy is that funds for waste minimisation activities would be secured. These funds would be available irrespective of whether waste was landfilled inside or outside of the district.

Census data for 2006 indicates a district population of 47,700 and a national population of 4,138,000. On this basis, Council's share of the national levy would be \$369,000 in the first and \$553,000 in the subsequent two years.

At present approximately 24,000 tonnes of waste are landfilled at Eves Valley per annum. The levy income above equates to \$15 per tonne in the first year and \$23 per tonne in the second and third years: a net income to Council.

While Council is likely to see a net benefit from the levy, the costs of waste disposal for households and businesses may increase. A recent study of Christchurch households and businesses estimated an average annual cost of \$21 per household and \$94 per business; this would reduce for those practising waste minimisation.

5 RECOMMENDATION

THAT Council provide support for the proposed levy, in principle.

David Stephenson
Utilities Asset Engineer