

New Zealand Chambers of Commerce and Industry

Submission to the Local Government and Environment Committee

On The Waste Minimisation (Solids) Bill

Introduction

New Zealand Chambers of Commerce and Industry is an umbrella organisation serving the interests of 34 Chambers of Commerce nationwide. These, in turn, represent over 24,000 businesses – most of the small to medium enterprises that are the backbone of business in New Zealand.

The Chambers support the goal of waste minimisation in principle but oppose the Bill in its current form which aims to reduce waste without any regard to the cost of doing so.

Many of the measures the Bill would introduce are not practical and they would impose excessive compliance costs on New Zealanders generally and on businesses in particular. It is doubtful that the measures would achieve the otherwise worthy goal of waste minimisation without imposing substantial costs on the New Zealand economy and hindering New Zealand's international competitiveness.

As a general rule a strong economy is better able to achieve efficient waste minimisation objectives than one which is constrained and repressed by the types of costs and regulations imposed by many of the measures contained in this Bill.

Businesses are aware of the environmental and commercial benefits of waste minimisation and voluntary, industry-led initiatives are becoming increasingly common. To expand these and to achieve the goal of waste minimisation, sensible education and promotion initiatives are a better alternative to the measures contained in this Bill.

Part 2 - Waste Minimisation Authority

The Bill provides for the establishment of a Waste Minimisation Authority to “facilitate the move to a minimal waste society”.

The Chambers oppose the establishment of such an organisation and would see it as an unnecessary bureaucracy. Any *appropriate* waste minimisation functions (coordination, education and promotion of waste minimisation, as well as advice to minister) should be done by an existing agency such as the Ministry for the Environment.

Part 3 - Waste Control Authorities

The Bill proposes the constitution of Territorial Local Authorities, either individually or jointly, as Waste Control Authorities. These Waste Control Authorities would adopt and implement waste minimisation and management plans and be responsible for ensuring that “all parts of society” reduce waste disposal.

The Local Government Act currently provides for Councils to encourage efficient waste management and to adopt waste minimisation plans. In our experience waste

management at the local level is working well and it seems doubtful that the measures proposed by the Waste Minimisation (Solids) Bill will improve this.

The Bill appears to be overly prescriptive and takes away the flexibility Councils need to achieve their waste minimisation goals. Additional costs and compliance burdens imposed on councils by the Bill would only be passed on to rate-payers or users of the Councils' waste management facilities.

Part 4 - Prohibitions on Disposal of Material

The Bill prohibits disposal of certain materials. In principle, the Chambers are open to the idea of prohibitions on disposal (burning and burying) of certain materials as long as sensible, convenient and cost effective alternatives exist.

We note that the Bill's provisions would cause practical difficulties. For example, general material to be disposed of would need to be subject to a thorough inspection for any prohibited goods before being transferred to a disposal facility in order to avoid liability.

Part 5 - Waste Disposal Levy

The Chambers are not opposed to the use of economic instruments such as levies to achieve waste minimisation. For example, the polluter pays principle operated by Territorial Local Authorities at landfills and collection points has been successful in the discouragement of dumping in landfills and encouragement of recycling and re-use. Much of the revenue raised is used to fund local waste minimisation projects.

In addition to these existing locally administered levies, the Bill provides for a nationally administered Waste Disposal Levy. Its purpose would be to deter wasteful behaviour and provide funding for the implementation of measures in the Bill, to fund the Waste Minimisation Authority's operations and to subsidise organisations' waste minimisation initiatives.

The Chambers are opposed to such a levy. Firstly, local authorities have responsibility for waste management and are best placed to provide waste management services and so the concept of a national levy is opposed.

Secondly, we do not support the majority of the measures proposed in the Bill and so would be opposed to these measures being funded in this way.

Thirdly, authorities need to be cognisant of people's willingness to pay such levies. The magnitude of existing levies already test citizens' current willingness to pay. Any significant increase (including the imposition of the Waste Disposal Levy) is likely to lead to avoidance and lead to illegal dumping.

At \$25 a tonne, the proposed Waste Disposal Levy is excessive. It has been estimated as costing around \$100 million per annum across the economy. Not only is it high, particularly coming on top of existing levies, it is arbitrary.

Territorial Local Authorities currently channel revenue from levies to fund other waste disposal projects. However, a nationally administered, locally collected scheme would be administratively cumbersome and expensive and so any worthwhile nationally administered waste minimisation schemes should be transparently funded through general Crown revenue rather than funded through a levy.

Part 6 – Extended Producer Responsibility

Product Stewardship Programmes

The Bill provides for importers and manufacturers to take responsibility for certain products through their lifecycles to encourage products to be designed with the environment in mind. Producers must implement “product stewardship programmes” which would enable products to be returned and recycled through a system of refundable deposits. Such programmes would need to be approved by the Waste Management Authority and detailed annual reports setting out the effectiveness of these programmes would need to be submitted to it.

The Chambers are supportive of the principle of products being designed with the environment in mind, including refundable deposit schemes. A number of industry-led schemes are currently in place. These make commercial and environmental sense and are supported.

However, we are opposed to a regime where such schemes are imposed on producers without any regard to cost. As well as the additional costs imposed on consumers, significant costs would be incurred by businesses under the “product stewardship programmes” from the preparation of the programmes and reports.

Provision of Consumer Information

The Bill provides that retailers be required to display clearly visible signs of significant size outlining how each product sold should be stored and disposed of, as well as provide handouts to each buyer of the product at the point of sale is opposed.

Both of these proposals are clearly impractical. Not only would the compliance cost burden on businesses be significant (as described under Waste Minimisation Plans above), it would produce vast quantities of paper waste in the process (in the form of signs and handouts) and cause frustration amongst consumers and retailers.

Part 7 - Organisational Waste Minimisation Plans

The Bill would require all organisations to implement waste minimisation plans that will lead to decrease in the amount of waste they produce.

This proposal is strongly opposed by the Chambers. It is impractical and unlikely to achieve the goal of waste minimisation. It would impose a significant burden on business owners in terms of diverted resources and staff time. It would result in firms being reluctant to expand or take on more staff and could hinder New Zealand's international competitiveness.

The proposal would impact disproportionately on small-to medium-sized enterprises (SMEs) which are less well equipped than larger companies to adopt such plans. Providing a 10 year phase-in for small businesses, as proposed, would not mitigate this.

Parts 8 and 9 -Public Procurement Policy and Public Reporting

The Chambers are supportive of organisations (public and private) which *chose* to implement policies giving priority to purchasing products and services which decrease the generation of waste or which provide markets for recycled materials. In implementing such policies, organisations know that their customers may be unwilling to bear the additional costs but that is their prerogative.

The Bill would require that all public organisations compulsorily implement such policies and report on their results. The Chambers would be opposed to the introduction of this on any significant scale without there being some regard to cost which would otherwise be borne by taxpayers and ratepayers.

The requirement to spend up to 33% more than the lowest cost option to purchase lower waste alternatives would impose significant and unacceptable costs on business. At the same time any environmental benefit from such a purchase may be minimal anyway.

Conclusion

The Chambers support the goal of waste minimisation in principle but oppose the Bill in its current form which aims to reduce waste without any regard to the cost of doing so.

Many of the measures the Bill would introduce are not practical and they would impose excessive compliance costs on New Zealanders generally and on businesses in particular. It is doubtful that the measures would achieve the otherwise worthy goal of waste minimisation without imposing substantial costs on the New Zealand economy and hindering New Zealand's international competitiveness.

As a general rule a strong economy is better able to achieve efficient waste minimisation objectives than one which is constrained and repressed by the types of costs and regulations imposed by many of the measures contained in this Bill.

Businesses are aware of the environmental and commercial benefits of waste minimisation and voluntary, industry-led initiatives are becoming increasingly common. To expand these and to achieve the goal of waste minimisation, sensible education and promotion initiatives are a better alternative to the measures contained in this Bill.