



Local Government New Zealand
te putahi matakokiri

Submission to Ministry for Environment
In the matter of Climate Change (Waste) Regulations 2010

From *Local Government New Zealand*

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1. Introduction

1. *Local Government New Zealand* thanks the Ministry for Environment (MfE) for the opportunity to make this submission to the Climate Change (Waste) Regulations 2010.
2. *Local Government New Zealand* makes this submission on behalf of the National Council, representing the interests of all local authorities in New Zealand. It is the only organisation that can speak on behalf of local government in New Zealand. This submission was prepared following consultation with local authorities.
3. The final submission was endorsed under delegated authority by:
 - Lawrence Yule, President, National Council
 - Philippa Bariball, Climate Change Portfolio Holder, National Council.
4. *Local Government New Zealand* would be pleased to meet with MfE representatives for further discussion on any points raised in this submission.

2. Local Government's Policy and Principles

5. The provision of waste services is a substantive element of local authority programmes. Councils work hard on educating communities on appropriate reduction and disposal of waste. This includes kerb-side collections for waste and recycling and involvement in other initiatives such as composting.
6. In developing a view on the provisions in these regulations we have drawn on the following high level principles that have been endorsed by the National Council of *Local Government New Zealand*:
 - Local autonomy and decision-making - communities should be free to make the decisions directly affecting them, and councils should have autonomy to respond to community needs.
 - Accountability to local communities - councils should be accountable to communities, and not to Government, for the decisions they make on the behalf of communities.
 - **Local difference = local solutions** - avoid one-size-fits-all solutions, which are over-engineered to meet all circumstances and create unnecessary costs for many councils. Local diversity reflects differing local needs and priorities.
 - Equity - regulatory requirements should be applied fairly and equitably across communities and regions. All councils face common costs and have their costs increased by Government, and government funding should apply, to some extent, to all councils. Systemic, not targeted funding solutions.
 - **Reduced compliance costs** - legislation and regulation should be designed to minimize cost and compliance effort for councils, consistent with local autonomy and accountability. More recognition needs to be given by Government to the cumulative impacts of regulation on the role, functions and funding of local government.
 - **Cost-sharing for national benefit** - where local activities produce benefits at the national level, these benefits should be recognised through contributions of national revenues. Further, where legislation and regulation are introduced specifically for national benefit, the Government should share in the costs of implementation and administration.
7. In relation to these principles the regulations as they stand fail on several counts, including the need to reduce compliance costs, local difference = local solutions and cost sharing where there is national benefit.

8. Broadly speaking there are two categories of concern with the draft regulations. The first concerns the potential for perverse outcomes with regard to waste disposal, especially in isolated communities that are reliant on small landfills that are not capturing gases, and the technical complexity and cost implications of the draft regulations.

3. Perverse outcomes for waste disposal in isolated communities

Early closure of small landfills that service isolated communities

9. Consideration should be given to the potential for early closure of small landfills in isolated communities, many of which may already be subject to funding challenges. Applying the Emissions Trading Scheme (ETS) to these sites may well lead to premature closure, involving significantly greater costs to the local community utilising the landfill and the territorial authority managing the site.
10. In some cases (e.g. Claris Landfill on Great Barrier Island), these sites also provide the only consented areas for activities such as hazardous waste storage, septage disposal and treatment, abandoned car-crushing and diversion, and diversion or re-use of recyclables.
11. Early landfill closure would therefore involve ongoing costs for continuing these essential operations, in addition to the financial burden of refuse transport and disposal, and costs for appropriate landfill closure and post-closure management programmes (refer “A Guide to the Management of Closing and Closed Landfills, Ministry for the Environment, May 2001”.)

Increase in illegal dumping and risk to environment

12. Councils have previously expressed concern that the waste levy (Waste Minimisation Act 2008), would lead to an increase in illegal dumping incidents. With the advent of the ETS regulations it is expected that local authorities will again face an increase in illegal dumping. The cost to councils of illegal dumping includes administration, investigation (often in remote locations), protective clothing, transport, staff time, surveillance and site clean-up. If fines are not paid a collection agency becomes involved and receives 20 percent of the total fine. As examples of the cost of illegal dumping to councils, Christchurch City Council reported that they spend \$800,000 a year, and Whangarei District Council estimates costs in the order of \$50,000 - 70,000 per annum.
13. Local authority concern on the environmental and financial impacts of illegal dumping led in January 2010, to a request to the Minister of Local Government to increase the maximum infringement fee from \$400 to \$1000. The Minister replied that amending the

14. Small and less well resourced communities are often geographically isolated and unable to exercise the option of transporting waste to larger landfills where gas is captured e.g. Great Barrier Island, South Westland (Haast and the Glacier townships), Ahipara and Wairoa. The same characteristics of isolation and small population also suggest that options such as river banks and farm pits are readily accessible alternatives for anyone not inclined to pay disposal fees.
15. Other communities may be located within sufficient proximity to allow the transport of solid waste to landfills capturing gas, e.g. Palmerston, Central Hawke's Bay but this can be an expensive option for waste disposal particularly for small populations. There is also a perverseness in transporting solid waste long distances to landfill where gas is captured, when the transport sector also contributes to greenhouse emissions.
16. For isolated communities further cost / benefit analysis should be considered.

Purchasing emissions units

17. To offset emissions, local authorities will have to purchase emissions units on the carbon market. Currently NZ Units can be brought from the government at \$25 each or from the secondary market at \$18. Thus for a local authority with an annual volume of 400 tonnes of waste to landfill not capturing gases (a conservative figure representing a very small community) the total cost of purchasing emissions units (NZ Units) can be calculated by:
 - $(400 \text{ tonnes waste to landfill} \times 1.1454^1) \times \$18 = \$8247$ i.e. a \$21.00 increase in the cost of 1 tonne of waste to landfill
 - $(400 \text{ tonnes waste to landfill} \times 1.1454) \times \$25 = \$11454$ i.e. a \$29.00 increase in the cost of 1 tonne of waste to landfill.
18. The price of an emission unit will tend to match the international price of emission units however. The exposure to the global markets introduces a degree of uncertainty that local authorities will find difficult to make provision for. Uncertainty creates an environment where initiatives are at risk of losing community support particularly in a budget constrained environment. It is possible that some existing waste services such as kerb-side collections and composting will be reduced.
19. In summary the potential for perverse outcomes arise in a number of areas including:
 - A significant risk of premature closure for small, isolated landfills which provide essential services for the local community.

¹ The default emission factor as per draft regulation

- An increase in illegal dumping and associated risk to the environment.
- An increase in emissions from transport where Councils are left with no option but to truck solid waste to landfills where gas is captured.
- Environmental risks of spills from increased truck movements, notably in areas with poor roading networks.
- An increase in local authority compliance costs and the provision of waste services.

4. Technical complexity and cost

20. We acknowledge and support the opportunity to apply for a unique emissions factor as an alternative to the proposed default of 1.1454. Local authorities have a number of concerns about the proposed methodology in the regulations however:

21. The draft regulations require the use of Procedure Two from the Solid Waste Analysis Protocol (SWAP) (MfE 2002) when applying for a unique emissions factor relating to waste composition. The SWAP was developed with the aim of “facilitating the collection of consistent data on solid waste in New Zealand.” Procedure Two from the SWAP requires;

- Weighing all or most large vehicle loads entering the site and a proportion of smaller vehicle loads.
- Sampling a proportion of incoming loads in each category and sorting and weighing a sample of refuse from these.
- Sorting the refuse.
- Statistical analysis and reporting.

22. The SWAP document goes on to say *“The sort-and-weigh methodology has the advantage of greater accuracy and reliability in assessing the waste composition of each load of waste. However, it is time consuming and the number of waste loads able to be surveyed by this method is limited by the practicalities and costs of the method.*

Visual classification is easier and quicker. It makes the results of the survey more representative of the overall waste stream by allowing a greater number of waste loads to be surveyed so that the data set is more extensive than is likely to be affordable using just a sort-and-weigh methodology.”

23. We acknowledge that visual classification is less accurate in assessing the composition of each load of waste but the weigh and sort methodology has been identified by practitioners to increase the cost of providing a SWAP audit, from the average cost of \$11-13,000 to anywhere between \$25,000 to 68,000 per audit. This is due to the need for extra labour, a marquee to work under, provision of a digger to lift materials and the longer time frame to get the number of samples required to ensure precision.
24. The SWAP recommends a sample size of 300-500 vehicles to achieve a level of precision of $\pm 10\%$ to 20% for the main waste categories. Unless the survey period is extended to capture this sample size (average cost \$68,000) many small landfills will not achieve this precision.
25. The methodology can also result in reduced overall accuracy due to the selection of individual loads as opposed to analysis of the whole waste stream over the audit period and timing of the audits will significantly affect the results e.g. less green waste being disposed in the winter months. The methodology should stipulate the months to be surveyed.
26. Overall most councils will not be able to justify a SWAP to apply for a unique emissions factor relating to waste composition and the default factor of 1.1454 should be reviewed to better reflect New Zealand waste stream data.
27. When collecting waste data from New Zealand's landfills we should be thinking beyond the ETS legislation and make sure that the data is robust enough cater for the waste sector as a whole and not increase in the costs of compliance for local authorities.

5. Recommendations

28. Some local authorities are faced with the difficult decision to transport waste out of the local area incurring both additional transport costs as well as the cost at landfill (even where landfill gases are captured there is still a cost incurred), or purchase units to offset the emissions from their local landfill. The authorities most concerned represent small, isolated communities.
29. Government funding should be made available to these communities to mitigate the risk of premature closure of these sites with subsequent risks to the environment. While not directly comparable we see this as similar to the free allocation of units to the market exposed sectors.
30. Government should consider subsidising communities where capturing landfill gas is not economic and transport to alternative landfills is not a viable option e.g. where the total annual waste tonnage to landfill is less than 1000 tonnes, and where waste would need

². Alternatively funding could be made available to target waste reduction initiatives such as home composting.

5.1 Local Government New Zealand recommends that Government funding is made available to encourage waste practices to minimise liability in small, isolated communities or to offset the cost of waste to landfill, in recognition of the national benefit of the ETS and risk of environmental harm should the landfills close.

Waste disposal facility operators have the following obligations around their methane emissions under the ETS:

Date	Requirement
1 January 2011	Voluntary monitoring and reporting of emissions
1 January 2012	Mandatory monitoring and reporting of emissions
1 January 2013	Responsible for surrendering NZUs to cover emissions

The proposed regulations are therefore being developed well ahead of the need to surrender units to cover emissions from landfills. With this in mind it should be possible to engage in further consultation, as per the New Zealand Emissions Trading Scheme Waste Technical Advisory Group report (March 2010), to ensure the most equitable and cost effective solutions are developed.

5.2 Local Government New Zealand recommends the regulations are finalised to support voluntary reporting only. This will enable further consultation and refinement of the default emissions factor and methodology for identifying unique emissions factors.

² Based on 14 landfills across New Zealand currently reporting less than 1000 tonnes received per annum with a unit cost of \$25.00