Newsletter of the

LOCAL GOVERNMENT BUSINESS FORUM

effective local government

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Welcome to the Forum

The Local Government Business Forum advocates policies that create a positive economic environment. Recognising the significant role of local government in private investment decisions, the Forum was established in 1994 to promote greater efficiency in the local government sector and to contribute to debate on policy issues affecting it.

The Forum comprises business organisations that have a vital interest in the activities of local government and regularly produces publications addressing crucial issues relating to the performance of local government and legislative developments in the sector. The Newsletter offers commentary on a range of issues affecting local government and is written and produced by Forum members.

Participants in the Local Government Business Forum are:

- BusinessNZ
- Federated Farmers of NZ (Secretariat)
- Hospitality New Zealand
- NZ Chambers of Commerce
- NZ Electricity Networks Association
- NZ Initiative
- Property Council NZ

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From the Chair: Is incrementalism enough?

Michael Barnett

Michael Barnett is Chair of the Local Government Business Forum

"If you always do what you've always done, you'll always get what you've always got." This anonymous quote neatly sums up the state of play on local government funding.

At the start of July the Productivity Commission released a draft report for its inquiry into local government and financing.

The Commission did a thorough job which made a number of solid findings and useful recommendations which if implemented would be an improvement. They are very necessary but unless the final report is a lot bolder I fear it will suffer the same fate as other reviews on local government – a worthy report but one which gathers dust.

Key things to like in the draft report include the emphasis on the benefit principle to allocating rates primarily according to who benefits from council services and its proposals to get rid of business rating differentials and the 30% cap on uniform charges. It's also proposing some additional funding and financing tools.

But when reading the draft report there are strong echoes of the last review of local government funding, the 2006/07 Shand Inquiry. Both made the conclusion that rates should remain the cornerstone of local government funding and both suggested relatively incremental change. Both also concluded that an expansionary 'wellbeings' purpose has not driven higher rates of growth in council spending. We all know what happened to the Shand report – basically nothing.

Is tweaking the status quo sufficient when many councils and their ratepayers are facing serious challenges from either on the one hand rapid population growth or on the other hand static and declining populations?

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The incrementalism in the draft report is not all the Commission's fault. Most notably it has been restricted by its terms of reference, set by the Government.

Firstly, it is not allowed to consider rating exemptions for Crown land. The Crown owns a lot of land, not just the massive DOC estate but also prime land occupied by publicly owned schools, universities, hospitals, and road and rail corridors. Councils miss out on much potential rates revenue that has to be recouped from residents, businesses and farmers.

Secondly, it is not allowed to make recommendations that would affect the structure of local government. While bigger is certainly not always better, the Commission should have been able to consider the pros and cons of structural change, including from which level of government (central, regional and local) infrastructure, services and regulation should be delivered and how any changes to the status quo would impact on funding and financing.

Thirdly, and probably most frustratingly, it is not allowed to consider 'substantial privatisation'. As I outline in an article in this newsletter, many councils which own substantial commercial assets are also suffering from severe and worsening infrastructure pressures. If those councils were to sell some of these assets – in full or in part – they would have proceeds to plough into much needed infrastructure assets like roads, rail, water and wastewater.

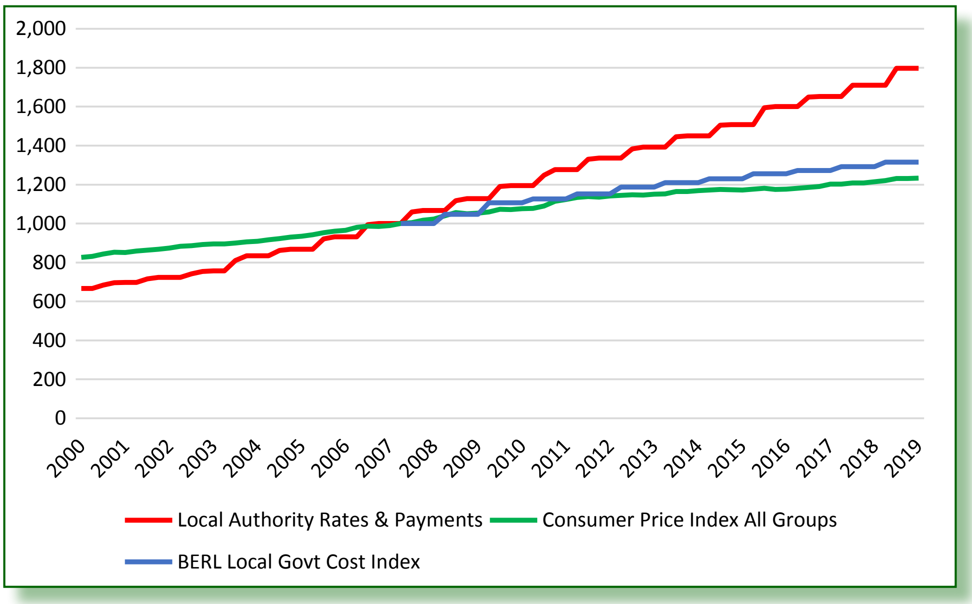
If the Commission were able to consider these three issues and make recommendations on them it would have made for a more rounded and complete inquiry and also a much bolder one. Yes, these are meaty and contentious issues but like it or not this is a meaty and contentious topic. Missing them out means we'll probably get what we've always got and we'll wonder why we have to have another inquiry in 2030.

I'll be making these points to the Commission as it considers its final report and also to the Government which set its terms of reference.

Coming up in October are local authority elections. As always these are important yet voter turnouts are abysmal and too often there is a lack of genuine competition for seats and ideas around council tables. If you are thinking about standing for election please get your nomination in. Forum members have plenty of information and advice for council candidates, with many of them publishing policy platforms for those wanting to be business and ratepayer friendly.

State of the Gap

Rates vs Consumer Price Index 2000-19 (June 2007=1000)



This graph shows the difference between inflation of rates (as measured by the Local Government Rates and Payments component of the Consumer Price Index (CPI)) and inflation in the wider economy (as measured by the CPI – All Groups).

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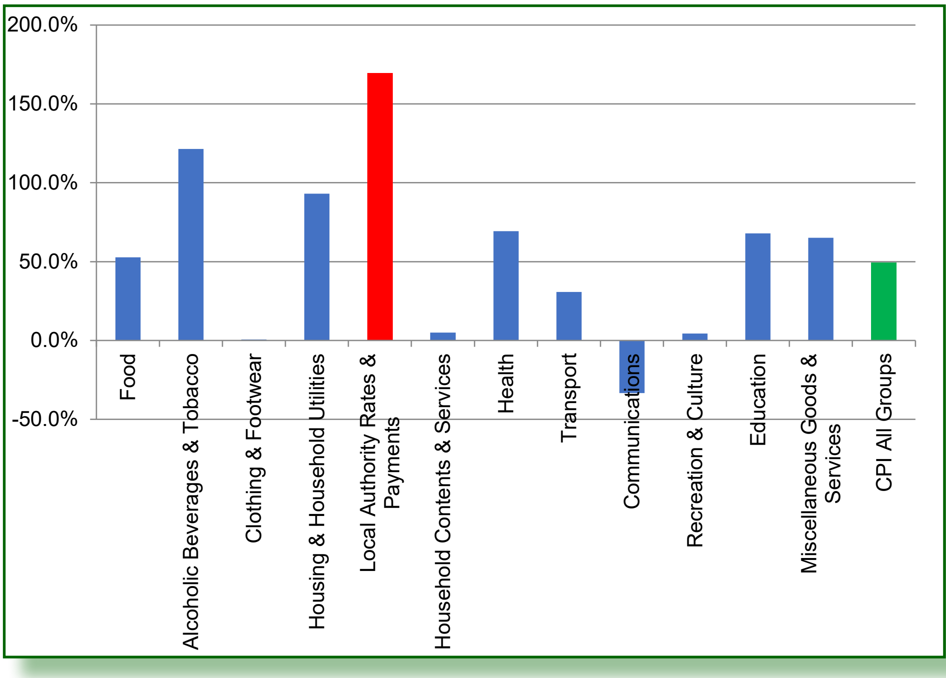
CPI Group's Percent Increases 2000-2019



This chart shows the local government and rates component of the CPI being one of the fastest growing sub-groups of the CPI, growing even faster than alcohol and tobacco which is subject to hefty annual excise tax increases.

The worry for ratepayers is the rapid increase of the rating burden in real terms which has not prevented the growth of a substantial infrastructure deficit or spectacular growth in financial indebtedness of some councils. The concern for New Zealand is the impact this ballooning cost is having on economic growth. Rates are becoming increasingly unsustainable and reform of local government funding is long overdue.

The local government sector believes it is overly simplistic to compare its cost pressures with the CPI. While acknowledging that local government's cost pressures are different, Forum members' concern is from a consumer's perspective and it is notable that the sector's own local government cost index has increased only slightly more than the CPI.

New approach needed for infrastructure

Michael Barnett

Michael Barnett is Chief Executive of the Auckland Business Chamber and Chair of the Local Govenment Business Forum

New Zealand local government has around $113 billion worth of assets – ports and network infrastructure, roading and public transport services, water supply, wastewater, and stormwater, and rubbish collection. Councils provide parks and recreational facilities, museums, libraries and art galleries.

As New Zealand grows, local government is also getting bigger and since 2000 its operating spending has tripled, its employee numbers are up 42 percent, and its debt is up by a factor of more than five.

Ongoing spending increases have driven annual rate increases well above the rate of inflation, and these are causing serious concern about affordability and fairness.

The way local government is funded and financed is coming under pressure from the need to invest in essential infrastructure to meet additional demand, improve levels of service, and replace existing ageing assets.

More user pay is one option to reduce the pressure on rate increases. Another is smarter use of existing assets to fund new essential infrastructure.

Auckland Council, for example, has substantial financial, property and commercial assets yet it is struggling to fund core essential infrastructure and it is closing in on its debt limits.

How it might work

The first step might be for local councils to identify what assets they hold through a formal asset inventory. The asset inventory might identify unused and under-utilized property or buildings, or infrastructure assets such as ports or parking facilities.

At that point, councils have two options: they can either have a 'garage sale' and sell the asset, or they can lease the asset to a private company who is tasked with handling its operation and maintenance, including all costs. Ownership stays with council, who receives compensation for the negotiated term of the rental.

Sydney offers a good example. The New South Wales government leased its high voltage electricity transmission network, Transgrid, to the private sector for 99 years in exchange for $10 billion. Under the initiative NSW was able to invest about $8 billion into essential infrastructure projects, including the Sydney Metro.

The key is to use an "existing" asset to fund a new "essential" capital asset. A scale example in New Zealand, is the often talked about idea to sell-down a portion of, or lease Ports of Auckland to a private company and use the capital generated to fund long-sought "essential" transport infrastructure; say rail and road improvements for access

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to the city centre. The Port remains part of council's assets, but the revenue generated is far higher than currently, about equivalent to 4% of council's rates.

Plainly, using council's existing assets to fund essential new investments could be a very useful tool for both urban and rural councils to consider. In urban areas, leasing could attract new private partners who could take over the old asset while generating revenues for essential improvements to other assets, like nearby roads, improved public transport or upgraded water and waste water systems.

Rural councils could use assets to generate revenues needed to pay for infrastructure upgrades (from public toilets, to parking and camping facilities) for tourist inflows in communities that lack the economies of scale to raise funds themselves or increase rates to unfair levels.

Selling part of or leasing an existing asset as a tool to invest in creating a new essential capital asset is an idea work looking at. Its value is that its non-threatening and creative – the existing asset stays in council ownership but earns the money to allow council to do something new but essential to improve the quality of life or productivity of the community.

Feds Launches Local Elections Platform

Katie Milne

Katie Milne is National President of Federated Farmers of New Zealand

Local government matters a whole lot to farmers. The quality of local government in rural communities can mean the difference between dodgy roads and safer ones, and thousands of dollars in rates.

No doubt about it, New Zealand's 78 councils provide vital infrastructure, regulate the use of natural resources, and undertake important services for their communities. But regardless of how well councils carry out their roles and responsibilities, their reliance on property value rates tends to allocate a high cost to farmland and dominates farmers' thinking about local government.

Federated Farmers makes no apology for focusing heavily on the cost of local government and how that cost is recovered. Rates are among the largest overheads for many farms, with it not at all unusual for farmers' annual rates bills to exceed $20,000 or even $50,000.

Land and improvements are key ingredients of a successful farm business. It is their value that local authorities principally tax to fund public services, regulation and promotional and social activity for the whole community. This value takes little account of access to council services, many of which are specific to urban areas, or the incomes of ratepayers.

For rating purposes, farms are valued at their potential sale price. This is not a true measure of relative ability to pay, rather it is the value of a particular asset – like assessing someone's wealth on the basis of the car they drive. This might be ok for an everyday guess, but good public policy shouldn't be based on guesswork.

So the size of the cost, the method of funding it, and the detail of rating systems are key concerns for farmers. We believe councils need to focus on undertaking core activities efficiently and effectively and funding them in a fair and equitable way.

Councils also provide infrastructure and services vital to successful primary production and vibrant rural communities, with roading the most important of these. The farming emphasis might be summed as "fit for purpose, at a fair price".

The quality of environmental regulation can make or break a farm business. Farming is hugely impacted by local government's regulation of natural resources - land, water and air - all of which are critical to food production and New Zealand's exports and GDP.

Farmers look to councils for a practical and common-sense approach to regulation. This means an approach that balances economic impacts with other objectives and preserving the ability to farm.
Economic development is becoming an increasingly hot topic and there is much debate on how local government can best contribute. Too often economic development is taken to mean tourism promotion and handouts to potential 'winners' at the expense of vital local businesses such as farms.

Farmers need level-headed councillors who prioritise needs over the 'nice to haves', who respect the considerable contributions from ratepayers, and who work hard toward an equitable rating system that is affordable for all ratepayers.

If you plan to vote, or are running for council, I urge you to take a few minutes to read Federated Farmers 2019 Local Elections Platform. It provides an excellent guide for voters and candidates on how to effectively represent farmers and other property owners who make a considerable investment in local government.

Be careful what you ask for

Dr Eric Crampton

Dr Eric Crampton is Chief Economist with the New Zealand Initiative

It is sometimes hard to not have sympathy for local councils. After all, they mostly work within a system where doing what is right too often carves the rod that will beat you later.

If councils want community housing to be affordable, they have to zone for sufficient growth and provide the infrastructure to handle it – but it can be rather difficult for councils up against their debt limits.

If councils want to allow innovative housing construction methods using lower cost materials, they might be the one left on the hook 20 years later if anything goes wrong. Under joint-and-several liability, council can easily be last-man-standing because they signed the final building inspection certificate.

Meanwhile, central government can easily impose costly unfunded mandates onto local councils that do not reflect how locals might prefer to spend that money.

It gets harder to be sympathetic though when councils beg for hidings to come.

July's Local Government New Zealand Annual General Meeting brought a new set of local government resolutions for approval or rejection by member councils. Out of 24 resolutions proposed, 21 were passed and became LGNZ policy.

Some of them were entirely sensible.

Councils sensibly approved a resolution asking central government to cap council liability in relation to building defect claims under joint-and-several liability. This should be supported: central government should either cap that liability, or at least carve councils out of joint-and-several liability and restrict their liability to councils' proportionate share.

Councils asked to be involved in central government discussions on climate adaptation. This is also sensible as councils will be at the pointy end of a lot of the response to potential sea level rise.

And councils asked central government to allow them to set speed limits for mobility scooters and e-scooters. While councils can negotiate speed limits with scooter hire companies, they seem not to have the ability to set speed limits for privately owned scooters. While it could make rather more sense to allow strict liability to operate and to then leave the burden of avoiding crashes with scooter drivers, letting councils set speed limits is not crazy. And as I understand that mobility scooters are a substantial part of the regulatory impetus, I would enjoy a bit of schadenfreude that the older cohort most vocally critical of those lousy kids on their scooters might find themselves hoist by the same petard.

But a couple others were more eyebrow raising.

Councils asked central government to develop a national regulatory regime for health and beauty clinics; the fact that the sector is 'largely unregulated' was the sole but insufficient justification to ask central government to step in. Local councils can and do set their own standards and requirements as needed; Auckland Council has a code of practice for manicure and pedicure providers, for example, and Hutt City Council was reported to be considering similar bylaws in March.

But most worryingly, councils asked central government to revise the Resource Management Act to require that councils adequately consider the impact of greenhouse gases when making decisions under the Act and to ensure that the RMA is consistent with the not-yet-passed Zero Carbon Bill.

This is a particularly odd request for a few reasons.

First up, local councils often, and rightly, complain that they do not have the personnel and expertise to evaluate everything central government would like evaluated. Additional consenting requirements can be quite expensive, particularly for smaller councils. How much of that cost can really be passed on to applicants?

If a local council faces an RMA consenting process for a new industrial plant with a natural gas boiler, or a new subdivision that might increase overall car use, what weight would it need to place on carbon considerations? How should it evaluate those effects and under what standards? Would it matter if the new industrial plant's main competitor used a coal boiler?

What if it planted trees to offset emissions? If consenting processes are already far too drawn out and expensive, both for council and for everyone having to deal with council, making consenting even more complicated hardly helps.

Even more importantly, council consideration of greenhouse gas impacts absolutely violates the principle of subsidiarity. Subsidiarity tells us that policy should be set at the level of government best able to deal with a problem. Climate policy would ideally be set internationally, but absent international agreement, national-level policy is the best we can do.

We have an Emissions Trading Scheme that needs strengthening but that is nevertheless the appropriate place for considering carbon effects. A new subdivision may result in more driving, but every litre of petrol comes with a carbon charge that reflects the ETS price of carbon credits. So that cost is already accounted.

If carbon costs are already incorporated through the ETS, what further

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consideration should councils really provide in their RMA processes? It is a bit like thinking that councils should have a position on how much zinc is used within their districts, when the price of zinc already covers the cost of zinc.

And if carbon costs are not so-accounted, the far better solution is to strengthen the ETS – it just makes far more sense than having every council attempt to weigh up carbon costs in every RMA consenting process.

If councils get what they wish for, they will have made a rod for their own backs. It will be difficult for councils to properly resource experts to adjudicate climate impacts of consents, and councils could very easily see vexatious legal intervention by climate activists in their consenting hearings. And where climate costs are already incorporated through the ETS, further restriction by councils is an utter waste of time and effort. Every tonne of carbon emissions avoided through council action is a tonne that can be emitted somewhere else in a system with a binding cap on total emissions. Costs will go up, and it will be even harder for councils to do what is right for their communities.

It will be harder to be sympathetic to the plight of councils struggling to deal with what they asked for, if central government is misguided enough to grant their request.

Chamber slams Council abuse of rates differential

John Milford

John Milford is Chief Executive of Wellington Chamber of Commerce

There's been a worrying move of late by Wellington City and Greater Wellington Regional Councils. And that's to use a less-than-expected increase in commercial property values to justify putting up their rates for businesses.

This is in spite of the fact that Wellington City businesses already pay the highest proportion of rates of any town, city, or region in New Zealand, nearly 50 per cent higher than Auckland and nearly 100 per cent more than Hamilton.

Yes, you read that correctly. Increasing rates for less-than-expected property values. It means a triple increase in rates for business as property values have increased, the general rate is proposed to increase, and a new increased business multiplier.

The so-called 'logic' is that less-than-expected values means a fall in the amount the commercial rate pays vs residential overall. Currently business rates comprise around 44% of the total rate take in Wellington City, despite making up just 21% total of properties rated. When was it decided that the proportion of rates totals is what should drive differentials?

We're calling it for what it is - tantamount to abuse of the role of the rates differential. The justification that commercial property values have increased less than expected is far from sound or considered policy making.

Further, it fails to consider the reasons for the less-than-expected commercial property value increase. Increasing the business rates multiplier just adds to the impost and woes facing commercial property owners. The current business environment has seen businesses being heaped with costs and saddled with imposts, from earthquake strengthening, insurance premiums, fire levies, wage pressures, zero carbon transition, health and safety compliance - all very valid needs but not without serious cost impacts.

It's a widely accepted principle that differential and targeted rating should be permitted only where a clearly identified community is provided with a distinctly different level of public goods from that of other ratepayers, and the differential or targeted tax reflects the difference in the level of services. In the past we've been unhappy with how the councils have justified this, and the lack of transparency about how the split is made. But the rationale for the latest increase to the business multiplier doesn't even pretend to meet this test.

We asked both Wellington City and Greater Wellington Regional Council: "What additional benefits will businesses receive as a result of introducing a new business multiplier?" We're yet to hear anything justifiable in response.

So we then asked our members what it would mean for them. More than half said a rates increase would impact on them making investment in their business. Clearly they don't see it as much of a benefit.

They also gave us a few choice things to say to the councils. Perhaps it's best left said in their words:

- "Wellington is a great place to live, however by increasing our rates, you are unfairly increasing our costs. If you want Wellington to prosper, businesses need to be encouraged to succeed, not unfairly penalised."
- "Businesses will struggle to pass on this level of increase in a competitive environment. Rates should be based on service value rather than property value increases. What extra value will we see out of a 5.9% increase plus a multiplier?"

Benefit principle applauded

Andrew Maclean

Andrew Maclean is a Federated Farmers National Board Spokesperson on Local Government

One of the best things from the Productivity Commission's draft report on local government funding was its embrace on the benefit principle.

The Commission favours the benefit principle as the primary basis for deciding who should pay for local government services. That is, those who benefit from (or cause the need for) a service should pay its costs.

Federated Farmers values the emphasis in the draft report on the principle that who benefits should pay accordingly. Paying huge amounts of money for council services distant from farms is a key problem. Farmers need this resolved and we see potential in this report to achieve that key aspect of fairness.

A survey conducted to support Federated Farmers' submission to the Productivity Commission found farmers on average pay $26,208 to their district and regional councils. A damning 97% said that they do not get value for money from their rates.

We agree with the Commission's findings that councils have scope to make better use of rating tools, particularly targeted rates, to achieve the benefit principle in rating systems. Federated Farmers has little confidence in property value-based taxes. They can have little or no relation to consumption of council services, nor often ability to pay.

Intelligent use of differentials, uniform charges (including the UAGC), targeted rates and use of the capital value rating base rather than land is key to achieving rate allocation on the basis of who benefits. The problem is that not all use of these tools has been 'intelligent' as illustrated in John Milford's article about Wellington's punitive business rates.

If the benefit principle is to be realised it needs far better decision-making within councils. The Commission emphasises that councils need to do much better and suggests a number of improvements. It probably also needs firmer direction in legislation to ensure councils take a step-by-step approach to applying the benefit principle.

Federated Farmers looks forward to engaging with the Commission as it progresses to its final report and we will be making a further submission.

Inquiry won't solve infrastructure impasse

Leonie Freeman

Leonie Freeman is the Chief Executive of Property Council New Zealand, the leading advocate for New Zealand's property industry.

The Productivity Commission issued its draft report on Local Government Funding and Financing which includes some welcome changes, particularly the removal of differential rating for business. However, the jury is out on whether it has gone far enough.

The Productivity Commission suggested that improvements could be made to the current system, particularly suggesting alternative funding methods to pay for much needed infrastructure. Although not all of these tools are available to councils under the current legislation, those that are (i.e. targeted rates) are often not used. As a result, we have a growing shortage of infrastructure development and rejuvenation by local councils across New Zealand.

It is pleasing to see the Commission recommending a new funding stream from central government, highlighting that growth is not fully paying for itself. The Commission is calling for a collaborative approach and an end to the current stalemate situation, where nationally imposed regulation ends up costing local ratepayers. How the Government responds to these recommendations is key as we have seen no action from previous reviews.

There has been significant under-investment in infrastructure, though investment is critically required. Currently, there is a heavy reliance on rates, rates differentials and development contributions for funding, leading to an unfair reliance on only a few paying the lion's share.

Councils often believe growth benefits only a few, however, this doesn't recognise that the wider community benefits from new infrastructure. A 'benefit principle' needs to be the primary basis for deciding any cost allocations.

Councils have made poor decisions with regards to past infrastructure investment and have a vested interest in maintaining the status quo. This dis-incentivises alternative ways of funding which could be more efficient.

The Commission's recommendation to maintain the rates-based system needs further investigation. However, the use of alternatives such as Value Capture, Special Purpose Vehicles, the

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International Visitor Levy, user pays and targeted rates, are initiatives we have been supporting for several years.

We await further information around the practical application of an independently chaired assurance committee. An independent approach could ensure that the revolving nature of local government does not sway long-term priorities.

Critically, this review was never given the mandate to look at the wider issue of systemic failure. Approaching reviews such as the Local Government Funding and Financing Inquiry and the Three-Waters Inquiry in isolation will do little to fix the problems currently facing local government.

The business and property sectors are the backbone of the New Zealand economy. While some of the Commission's recommendations will bring welcome change, more can be done to address system-wide failings that prevent critical investment in New Zealand's infrastructure.

Leonie Freeman is the Chief Executive of Property Council New Zealand, the leading advocate for New Zealand's property industry.

Accommodation Levy: A burden on the minority, for the benefit of the majority

Julie White

Hospitality New Zealand is Aotearoa's leading nationwide hospitality industry association covering commercial accommodation and food and beverage businesses. It is a not for profit organisation, which currently supports over 3,000 members across the country. Julie White is the Chief Operating Officer at Hospitality New Zealand.

Hospitality New Zealand recognises the need to find a fair and sustainable way to fund infrastructure, with the aim of ensuring that everyone across New Zealand benefits from the positive impact sustainable tourism growth can bring to local infrastructure, employment and culture.

However, we are disappointed by the recommendations made in the "Local Government Funding and Financing" draft report released recently by the Productivity Commission. We are concerned by the report's recommendation of a visitor levy that targets only the commercial accommodation sector, because we do not consider this to be a fair, equitable or sustainable solution to local funding.

Hospitality New Zealand maintains, as we have advocated previously, that it is fair to expect those who benefit from tourism to contribute to funding and infrastructure. A visitor levy applied solely to the commercial accommodation sector unfairly places the burden and risk on to one sector, which only benefits from a very small percentage of total average visitor spend (less than ten percent according to the report itself), with the rest going to activities, retail and a number of other businesses where tourists spend their money.

An accommodation levy would not take in to account that visitors to New Zealand already contribute to local funding by paying for goods and services at rate paying businesses. Furthermore, according to the report, the 'mixed-use' infrastructure that currently needs funding would, by definition, be used by and benefit locals, as well as tourists. An accommodation levy would not account for the fact that 60 percent of tourists in New Zealand are domestic visitors. An accommodation levy would also not capture visitors (domestic or international) that are day visitors to a region, those who stay with family and friends, or freedom campers.

While Hospitality New Zealand recognises the need to generate a sustainable infrastructure funding model for the regions, we strongly reject the recommendation of a visitor levy as a solution. We encourage central government to take responsibility for ensuring that funds generated by the regions through tourism, and needed by the regions for infrastructure, go back into the regions. As such, we would like to see a sustainable and centralised plan put in place by central government for how the upcoming International Visitor Levy will be ring-fenced for supporting the regions that have been responsible for making New Zealand a world-class destination, and for making tourism an industry that is responsible for employing one in eight people in New Zealand.

Waste policy needs careful thought!

John Pask

John Pask is an Economist at BusinessNZ

Waste policy in New Zealand and around the world is coming under increased scrutiny.

Local Councils have been under the pump for not doing more to encourage recycling.

At the central Government level, there has been a lot of heat around single-use plastic bags and the decision to phase them out.

Plastics use globally is coming under increased scrutiny given China's decision to close its borders to the world's low-quality recyclables.

These issues are quite rightly bringing attention to whether New Zealand businesses and households are doing enough to reduce waste and whether more recycling is appropriate.

Should businesses be required to recycle whether they like it or not, rather than relying on disposal to landfill?

A number of options are being considered by Government and others to try and reduce waste going to landfill.

Under the Waste Minimisation Act, a levy of $10 per tonne is imposed on waste dumped at some landfills.

The Government is considering expanding the levy to all landfills and increasing it from $10 to some higher figure (yet to be determined). Some have suggested that it should be increased to $140 per tonne.

Do these proposals stand up to scrutiny?

It's important to understand that there is an optimal amount of waste.

For any effort to reduce risk – crime prevention, road safety etc. – there is an optimal amount of resource that should be spent before the cost of doing so outweighs the cost of the problem itself.

Waste can't be completely eliminated, not at least without great cost.

Before introducing regulation to address any problem, it's important to fully understand the nature of the problem, who is affected, the costs of taking action, and who bears those costs.

Because of its cost, regulatory intervention should be a last resort, used only when all other cost-effective approaches have been exhausted.

Currently the waste levy of $10 per tonne brings in revenue of around $30 million a year. Increasing it to $140 per tonne would bring in around $420 million a year.

But is an increase justified and would it deliver less waste or just more cost for little benefit?

Expanding the levy to include most landfills would likely capture many that currently accept 'clean fill' (inert waste materials resulting from building activity, such as non-contaminated soil and concrete waste).

Applying the waste levy to these landfills would simply add to the costs of construction for little or no benefit.

As well, increasing the levy could result in greater use of opportunistic fly-tipping (illegal dumping) and increase potential harm as individuals and companies fail to dispose of material safely through managed landfills.

Under the Waste Minimisation Act, 50 percent of the waste levy revenue income currently goes to local authorities while 50 percent goes into a contestable fund.

This division of revenues was an arbitrary decision. There seems to be no connection between those who pay the levy and those who receive any benefits. Nor is there any way to know whether the revenues from the current levy are being used appropriately or being wasted on costly, ineffective pet projects.

Waste policy needs careful thought – not costly imposts on businesses and households.