

Changing behaviour:

Economic instruments in the management of waste

Parliamentary Commissioner for The Environment - New Zealand

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Commissioner's preface

It has been shown worldwide that economic instruments in all their forms, including taxes, levies, charges, tradable permits, deposit schemes, subsidies, and credits, are effective policy tools for changing behaviour.

Using these tools to improve waste management has not been properly considered in New Zealand, although it is common in other OECD countries.

Switzerland has a mandatory recycling scheme for electrical and electronic appliances; South Australia has a refundable deposit on beverage containers; the UK's landfill tax reduced the waste going to landfills by nearly 20% in six years; and in Denmark, households pay for their waste disposal on the basis of its weight.

In examining how well New Zealand uses this type of tool, the report reveals that we seem to be somewhat fixated on voluntary measures, and that a number of barriers exist to using economic instruments.

Some barriers arise out of legal uncertainties. Local governments do use one economic instrument in the form of user charges to manage waste collection and disposal. However, councils that have tried to introduce any other form have been challenged in the courts. Another problem is the absence of reliable national data on waste.

The report also reveals that barriers have arisen out of deliberate policy choices, such as those taken by the Ministry for the Environment. The Ministry has failed to pursue some key actions involving economic instruments which were agreed to in 2002 as part of the NZ Waste Strategy.

The five recommendations to the Minister for the Environment in this report aim to ensure that economic instruments become part of the policy mix when dealing with environmental issues such as the management of waste.

Summary of key findings

- Evidence shows that economic instruments can be effective in reducing waste
- Economic instruments for managing waste have not been used to their full potential in new Zealand
- Information on waste remains poor
- Legislative barriers to the use of economic instruments need to be addressed
- Central government needs to provide more guidance on the design and implementation of a wider range of economic instruments for minimizing waste
- Progress on meeting the key actions and targets set out in the NZ Waste Strategy needs to be independently reviewed

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