

**QLDC Council
3 May 2018****Report for Agenda Item: 3****Department: Property & Infrastructure****Proposed waste fees and charges 2018/19****Purpose**

The purpose of this report is to agree the waste fees and charges for the 2018/19 year.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Adopt** the proposed increases to the waste fees and charges for the 2018/19 year;
3. **Adopt** the commencement date of 1 July 2018 for roll out of the new charges.

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27/03/2018

Reviewed and Authorised by:



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16/04/2018

Background

- 1 Council's waste fees and charges were last reviewed for the 2017/18 year, with the previous review occurring in 2013/14.
- 2 As part of last year's review, modelling was undertaken to ensure appropriate cost recovery would be achieved for waste, in line with expected costs outlined in the ten year plan.

Comment

- 3 One of the key drivers for the need to increase fees and charges is the changes to the Emissions Trading Scheme. The Government target is to reduce emissions by 2030. Up until 31/12/2016 participants in the emissions scheme were required to surrender one unit for every 2 tonnes of emissions (a 50% obligation) however this

is being phased out as required by the Climate Change Response Amendment Act 2016. It is happening in three steps for the reporting periods as follows:

- 1/1/2017 to 31/12/2017 - 66.67% Obligation (1 unit for each 1.5 tonnes of emissions)
- 1/1/2018 to 31/12/2018 - 83.33% Obligation (1 unit for each 1.2 tonnes of emissions)
- From 1/1/2019 onwards - 100% Obligation (1 unit for each 1 tonnes of emissions)

The cost of carbon credits for the 2017 year was \$20.95 per unit.

- 4 There have also been changes with respect to different commodity types. For example in 2017 Ministry for the Environment (MfE) announced a proposed National Environmental Standard (NES) for the management of tyre stockpiles greater than 200m³, and prevention of new stockpiles of tyres being established without consent. Since 1999, when our landfill operation commenced at Victoria Flats, Scope Resources have been accepting and storing tyres onsite for our district. The volume of tyres is now estimated to be around 800 tonnes. Recently a viable option for the disposal of the existing stockpile has been identified. This required additional expenditure to be approved for the disposal of tyres. This cost is currently not recovered through our user fees and charges.
- 5 Our Transfer Station operator AllWaste have raised Health & Safety concerns regarding the handling of scrap metals. Currently these items are charged at general waste rates, and our operators are manually separating these items to prevent them from being landfilled. This has increased the number of near miss and sharps injuries. AllWaste have requested that Council consider a no charge policy for disposal of scrap metals at our facilities to encourage facility users to separate out these items themselves at source. Currently Otago Metals and Sims Pacific who collect the metals from our Transfer Stations do not charge any fee (this is recovered via the value of the metals).
- 6 Attachment A outlines the proposed changes to the waste fees and charges. These have been reviewed by Morrison Low to ensure that they are not inconsistent with other councils, and also to ensure that the charges for divertible materials encourage recycling.
- 7 The review undertaken by Morrison Low (summary table attached in Attachment B) indicated that most rates were comparable with other councils, excluding:
 - a. the \$235 per tonne for general refuse which is higher than the average \$170 per tonne. However it should be noted that this rate is in line with CODC (we share the same landfill with the same gate fee).
 - b. the 60L approved rubbish bag is high, with the charge for a 30L bag being generally comparable to what other councils charge for a 60L bag. It should be noted that Finance have modelled the proposed price for the bags to enable recovery of ETS costs. These would not be fully recovered if the price remained the same as at present.

Options

- 8 Option 1 Reject the proposal to increase the waste fees and charges and retain existing

Advantages:

- 9 No increase in current user charges for the community

Disadvantages:

- 10 Costs of collection and disposal not fully recovered

- 11 Additional funding required to cover funding shortfall

- 12 Option 2 Accept the proposed increase in waste fees and charges for the 2018/19 year

Advantages:

- 13 Costs of collection and disposal recovered

- 14 The community can dispose of scrap metal at our Transfer Stations free of charge, enabling scrap metal to be diverted at source reducing sharps injuries

- 15 Commodity types such as used tyres that are expensive to dispose of have a suitable cost recovery fee in place

Disadvantages:

- 16 Increase in user charges for the community

- 17 This report recommends **Option 2** for addressing the matter because user charges will offset costs of collection and disposal.

Significance and Engagement

- 18 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because while the change will mean an increase in user charges, the outcome will be positive in that the user charges will offset costs of collection and disposal.

Risk

- 19 This matter relates to the strategic risk SR1 Current and future development needs of the community (including environmental protection), as documented in the Council's risk register. The risk is classed as high. This matter relates to this risk because meeting the needs of the community in relation to waste collection and disposal, as well as legislative requirements requires the setting of appropriate user charges.

- 20 The recommended option considered above mitigates the risk by:

Treating the risk - putting measures in place which directly impact the risk.

Financial Implications

- 21 By accepting scrap metal free of charge at the Transfer Station, this would reduce revenue by approximately \$110K pa. However this is partially offset by not paying the associated approximate \$60K pa in landfill disposal fees and ETS obligations by diverting this material.

Council Policies, Strategies and Bylaws

- 22 The following Council policies, strategies and bylaws were considered:

- Waste Management and Minimisation Plan
- Ten Year Plan 2018-28

- 23 The recommended option is consistent with the principles set out in the named policy/policies.

- 24 This matter is included in operational costings in the 10-Year Plan/Annual Plan

Local Government Act 2002 Purpose Provisions

- 25 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring user charges are fairly set and reflect the costs of waste collection and disposal;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

- 26 The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes district community, and/or visitors and/or Council contractors.

- 27 The Council will inform its contractors via the Notice to Contractor process. Contractors will then notify their respective customers. The Council will also update its website with the new user charges.

Attachments

- A Proposed waste fees and charges for 2018/19
- B Comparison of fees and charges

A Proposed waste fees and charges for 2018/19

	Current	Proposed 1 July 2018	Difference
Cost to dispose of rubbish at the Transfer Station			
Single refuse bags	\$4.00	\$4.50	\$0.50
Cars / small loads (lighter than 100kg)	\$17.20	\$18.50	\$1.30
Van / Ute / Trailer / Large Vehicle (lighter than 200kg)	\$37.00	\$40.00	\$3.00
Per Tonne	\$216.00	\$235.00	\$19.00
Per Tonne of green waste	\$65.00	\$70.00	\$5.00
Per Tonne Recycling Centre Recoveries	\$40.00	\$40.00	\$0.00
Hazardous Waste - up to 20kg or 20 litres, flat fee	\$10.00	\$10.00	\$0.00
Hazardous Waste - greater than 20kg or 20 litres, per kg up to a max 100kg or 100 litres	\$10.00	\$10.00	\$0.00
Tyres per tonne		\$438.00	\$438.00
Tyres - per std car tyre		\$5.00	\$5.00
Tyres - per std truck tyre		\$20.00	\$20.00
Cleanfill per tonne		\$70.00	\$70.00
Scrap metal per tonne	\$216.00	no charge	-\$216.00
Council-approved blue rubbish bags			
30 litre	\$2.40	\$2.70	\$0.30
60 litre	\$3.70	\$4.10	\$0.40
Council-approved residential wheelie bins			
120 litre wheelie bin per annum	\$245.90	\$267.50	\$21.60
240 litre wheelie bin per annum	\$427.80	\$463.80	\$36.00
Set by AllWaste - estimated increase based on Council rebate required			
These charges are inclusive of GST			

	Current	Proposed 1 July 2018	Difference
Cost to dispose of permitted waste at the Landfill			
At the gate charge per tonne	\$71.00	This rate is not set until Certificate of Cost Auditor presented to QLDC, usually in June	
Waste disposal levy	\$10.00	\$10.00	\$0.00
Set by MfE			
Employers levy	\$38.00	\$41.80	\$3.80
ETS obligation levy	\$16.81	\$21.57	\$4.76
Landfill gas levy	\$1.50	\$6.17	\$4.67
All other landfill charges are set by Scope Resources after the Certificate of Cost Auditor is released			
These charges are exclusive of GST			

B Comparison of fees and charges

Comparison of fees and charges, based on 2017 advertised council rates

[illegible]