

## Additional Item for the Council Meeting on 2 March 2023

### 4.25. Waste Fees and Charges

(Report prepared by A McNeil/R Coningham)

W300-006-008-14

#### Purpose of report

1. The purpose of this report is to gain approval to implement the proposed waste fees and charges from 1 July 2023.

#### Executive Summary

2. The annual review of waste fees and charges has been completed. This year will see another significant increase in landfill gate fees predominantly attributable to the changes in the waste disposal levy and aftercare/reserve provisions at the regional landfill site. Contract cost escalations for the transfer stations and the kerbside collections are also contributing factors. Cost recovery for these increases is via increased gate fees, and amendment to the kerbside refuse collection targeted rate.

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#### RECOMMENDATIONS

1. That Council implements the updated waste fees and charges with effect from 1 July 2023.
2. That Council recovers all costs associated with an increase in the waste disposal levy, landfill aftercare/reserve provisions, and contract escalations from user pays (gate fee) contributions and an amendment to the kerbside refuse collection targeted rate.

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#### Background/Context

3. Waste fees and charges are published on the Council website - <https://www.marlborough.govt.nz/services/refuse/waste-fees-and-charges>. These rates are reviewed annually and any changes implemented on 1 July each year.
4. Waste inputs to the transfer stations (excluding Blenheim) are subject to a user pays charge based on measuring the load. The current charge is \$51.73 per cubic metre (GST inclusive). Transfer stations are open to both public and commercial users.
5. Waste inputs to the waste sorting centre in Blenheim are subject to a user pays charge based on weight as measured at the site weighbridges. The current charge is \$181.23 per tonne (GST inclusive) with a \$5.44 minimum weigh charge. Separate tonnage rates apply for Tyres (\$687.50) and Cleanfill (\$101.23). The Waste Sorting Centre is open to both public and commercial users.
6. Waste inputs to the Bluegums landfill site are subject to a user pays charge based on weighing the load. The current charges range from \$147.55 to \$182.55 per tonne (GST inclusive). The landfill is open to commercial users only.
7. Waste inputs to the greenwaste site in Blenheim are subject to a user pays charge based on measuring the load. The current charge for grass is \$75.75 per cubic metre (GST inclusive) and greenwaste is \$15 per cubic metre (GST inclusive).
8. Items that are considered during this review include, but are not limited to:
  - a) Impact of the increase of the waste disposal levy from \$34.50 per tonne (GST inclusive) to \$57.50 per tonne (GST inclusive).
  - b) Impact of contract cost fluctuations for the next twelve months. These costs are locked in via the relevant contract agreement.
  - c) Increase in aftercare and landfill reserve provisions. These costs are based on a full cost accounting model assessment of the landfill obligations including operational costs, capital costs, closure costs and post closure/aftercare costs.

9. The throughput tonnages/volumes at the sites (landfill, waste sorting centre, transfer stations and greenwaste site) fluctuate annually dependant on the economic activity being experienced in the region. In general terms the volume of waste rises when the economy is growing and falls when it is contracting. The following conservative assumptions have been used for this review:

- a) Bluegums waste inputs have been assumed at 66,215 tonnes per annum which represents a four-year average.

Year	2018/19	2019/20	2020/21	2021/22
Tonnage	60,729	71,406	69,415	63,310

- b) Based on the 2021/22 actuals the throughput tonnage at the waste sorting centre has been assumed at 8,000 tonnes per annum. Landfill disposal from the waste sorting centre is assumed at 6,200 tonnes.
- c) Based on the 2021/22 actuals the throughput of grass at the greenwaste acceptance facility is assumed at 2,000 cubic metres per annum and the disposal tonnage for grass sent to landfill is assumed at 1,150 tonnes per annum.
- d) Based on the 2021/22 actuals the throughput of refuse at the rest of the transfer stations has been assumed at a cumulative volume of 14,164 m<sup>3</sup> per annum and landfill disposal from the other transfer stations is assumed at 2,944 tonnes per annum.
- e) The coin skip average waste placement is assumed at 120 litres (2 council bags).
- f) Based on the 2021/22 actuals a ratepayer count of 14,862 has been assumed for the assessment of increased disposal costs on the kerbside refuse collection from Blenheim and Picton and a disposal tonnage of 4,047 has been used.

10. The coin skips located in the Marlborough Sounds are under contract until 2024. The income received from the user pays coin charge equates to 20% of the overall service costs. The current coin charge is \$5 (GST inclusive).

### Assessment/Analysis

- 11. There have been no cost fluctuations for the landfill contract during this review period. The landfill contract was recently retendered and awarded within existing budgets.
- 12. Landfill sites are included in the emissions trading scheme (ETS). Emissions are calculated per calendar year. Carbon credits are surrendered in lieu of emissions to atmosphere. This process results in the calculation of our surrender obligation expressed in tonnes.
- 13. For the 2022 period the ETS was calculated using the amended Schedule 3 of the Climate Change (Unique Emissions Factors) Regulations 2009 which came into effect on 1 January 2023. The Environmental Protection Agency (EPA) are the custodians of this legislative instrument and recently introduced the amendments which have resulted in some unintended consequences. The surrender obligation for the 2022 period was 19,445 tonnes compared to the 2021 obligation of 35,627. The amended regulations have caused an anomaly which the EPA are now addressing. This anomaly is unlikely to be corrected for the 2022 reporting period. The line item for ETS liability within the landfill budget will therefore remain unchanged until the EPA address this anomaly.
- 14. The ETS surrender obligation is based on carbon units which have been purchased at a rate of \$43.41 per tonne (GST inclusive). This rate is already priced into the gate fee and therefore has no cost implications for this review.
- 15. The Bluegums landfill site is subject to the waste disposal levy. The Government have confirmed that the waste disposal levy will increase from \$34.50 per tonne (GST Inclusive) to \$57.50 per tonne (GST Inclusive). This accounts for 72.6% of the overall landfill gate fee increase.
- 16. The Bluegums landfill aftercare and reserve provisions are assessed every three years using a full cost accounting model (FCAM) recommended by the Ministry for the Environment. This model includes operational costs, capital costs, closure cost and post closure/aftercare costs. The aftercare and reserve provision will be increased by \$8.68 per tonne (GST inclusive). This accounts for 27.4% of the overall landfill gate fee increase.

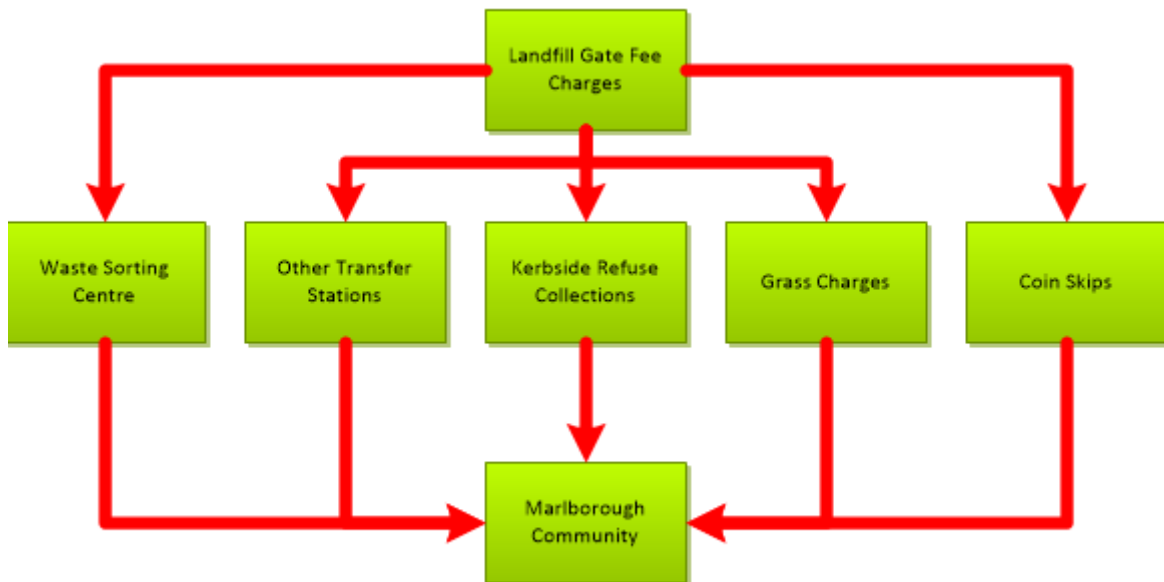
17. The total landfill tonnage rate increase is \$31.68 per tonne (GST inclusive). The following table summarises landfill gate fee increases.

Description	Cost per tonne (GST inclusive)	% of increase
Waste disposal levy	\$23	72.6%
ETS cost	\$0	0
Contract cost	\$0	0
Aftercare/reserve provision	\$8.68	27.4%
Total	\$31.68	100%

18. The landfill has two main price rates based on the density of the waste. Low density (light) waste consumes more airspace and is priced at the higher rate and vice versa for the higher density (heavier) waste. The following table summarises the overall percentage increase against the landfill waste types.

Waste Type	Current gate fee	Revised gate fee	% change
Light waste	\$182.55	\$214.23	17%
Heavy waste	\$147.55	\$179.23	21%

19. The landfill gate fee increase impacts on the following budgets, waste sorting centre, transfer stations, kerbside refuse collections and coin skips.



**Waste Sorting Centre (WSC)**

20. Cost fluctuations for the waste sorting centre contract amount to \$131,177 (GST inclusive) per annum. This equates to an increase in the gate fee of \$16.40 per tonne (GST inclusive). This accounts for 40% of the overall WSC gate fee increase.
21. The waste sorting centre disposal cost increase amounts to \$196,440 (GST inclusive) per annum. This equates to an increase in the gate fee of \$24.55 per tonne (GST inclusive). This accounts for 60% of the overall WSC gate fee increase.
22. The current minimum weigh charge at the waste sorting centre is \$5.44 (GST inclusive) based on 30 kilograms. The minimum charge will now increase to \$6.67 (GST inclusive) based on 30 kilograms. This will impact on an estimated 15% of the site users.
23. The tyre rate will remain the same as no additional costs have been incurred under the current contract arrangements.

24. The total waste sorting centre rate increase is \$40.95 per tonne (GST inclusive). The following table summarises the waste sorting centre gate fee increases.

Description	Cost per tonne (GST inclusive)	% of increase
Disposal cost	\$24.55	60%
Contract cost	\$16.40	40%
Total	\$40.95	100%

25. The following table summarises the overall percentage increase against the waste sorting centre waste types.

Description	Current Charges	Revised Charges	% change
General refuse per tonne (including official Council refuse bags)	\$ 181.23	\$222.18	23%
Cleanfill per tonne	\$ 101.23	\$142.18	40%
Minimum weigh charge	\$5.44	\$6.67	23%
Tyres per tonne	\$687.50	\$687.50	0%
Lost ticket	\$40.00	\$40.00	0%

26. The cleanfill percentage increases are disproportionately higher and will have an impact on 4% of the site users.

#### **Other Transfer Stations**

27. Cost fluctuations for the other transfer stations contract amount to \$85,235 (GST inclusive) per annum. This equates to an increase in gate fee of \$6.01 per cubic metre (GST inclusive). This accounts for 48% of the other transfer station gate fee increase.

28. Landfill disposal cost increases to other transfer stations amount to \$93,277 (GST inclusive) per annum. This equates to an increase in gate fee of \$6.59 per cubic metre (GST inclusive). This accounts for 52% of the other transfer station gate fee increase.

29. The total other transfer stations gate fee increase is \$12.60 per cubic metre (GST inclusive). The following table summarises the other transfer stations gate fee increases.

Description	\$ per cubic metre (GST inclusive)	% of increase
Disposal cost	\$6.59	52%
Contract cost	\$6.01	48%
Total	\$12.60	100%

30. The following table summarises the overall percentage increase against the other transfer station waste types.

Description	Current Charges	Revised Charges	% change
General refuse per cubic metre (including official Council refuse bags)	\$51.73	\$64.33	24%

#### **Kerbside Refuse Collection**

31. The kerbside refuse collection disposal costs will increase by \$128,224 per annum (GST inclusive). This equates to an increase in the targeted rate of \$8.63 per entitled property (GST inclusive). This accounts for 75% of the targeted rate increase.

32. Cost fluctuations for the kerbside refuse collection contract amount to \$43,749 per annum (GST inclusive). This equates to an increase in the targeted rate of \$2.94 per entitled property (GST inclusive). This accounts for 25% of the targeted rate increase.

33. The total kerbside refuse collection targeted rate increase is \$11.57 per entitled property (GST inclusive). This is a 14% increase on the current targeted rate.

***Kerbside Recycling Collection***

34. Cost fluctuations for the kerbside recycling collection contract amount to \$55,214 per annum (GST inclusive). This equates to an increase in the targeted rate of \$3.96 per entitled property (GST inclusive). This is an 8% increase on the current targeted rate.

***Grass***

35. The grass waste disposal costs will increase by \$36.436 per annum (GST inclusive). This equates to \$18.22 per cubic metre (GST inclusive). This is a 24% increase on the current grass gate fee.
36. It should be noted that the grass and greenwaste charging will revert back to tonnage once the weighbridge upgrades are completed by June 2023. A tonnage rate for both grass and greenwaste will be calculated at that time based on actual weighed inputs compared to actual measured volumes for the same period.

***Coin Skips***

37. The coin skip charge will increase by \$1. This equates to a 25% increase. The revised coin skip charge will now be \$6 (GST inclusive).

**Option One (Recommended Option)**

38. Implement the updated waste fees and charges with effect from 1 July 2023.
39. Recover all costs associated with an increase in the waste disposal levy, landfill aftercare/reserve provisions, and contract escalations from user pays (gate fee) contributions and an amendment to the kerbside refuse collection targeted rate.

***Advantages***

40. Those utilising the service pay for the cost increases.

***Disadvantages***

41. Nil.

***Alternative Options***

42. There is no alternative option to these revised waste fees and charges as they are initiated by Government legislative changes designed to support the policy of landfill avoidance. Any attempt to reduce the impact of these changes would undermine this policy approach.
43. Instead the community should be encouraged to focus on reduction, reuse and recycling to limit the amount of material sent to landfill.

**Next steps**

44. Notify the affected parties of the waste fees and charges increases including:
- a) Landfill users
  - b) Transfer station users
  - c) Kerbside collection targeted ratepayers
45. Amend the Council website information and all site signage when the revised waste fees and charges are applied.
46. Supply handout notifications to the public via the transfer station sites outlining the revised charges.

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<b>Summary of decision-making considerations</b>			
<b>Fit with purpose of local government</b>			
The proposal enables <i>democratic local decision-making and action by, and on behalf of the community and relates to consideration of providing a public service, its need, and cost effectiveness.</i>			
<b>Fit with Council policies and strategies</b>			
	<i>Contributes</i>	<i>Detracts</i>	<i>Not applicable</i>
LTP / Annual Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Infrastructure Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Social well-being	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Environment & RMA Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts & Culture	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Land transport	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and reserves	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Nature of the decision to be made</b>			
The options do not involve a significant decision in relation to land or a body of water.			
<b>Financial considerations</b>			
The revised waste fees and charges are a result of central Government legislative changes.			
<b>Significance</b>			
The decision is considered of low significance under Council's Significance and Engagement Policy.			
<b>Engagement</b>			
The community have already been made aware of the reasons for the revised waste fees and charges.			
<b>Risks: Legal / Health &amp; Safety etc</b>			
There are no known significant risks or legal implications caused by this request.			
<b>Climate Change Implications</b>			
There are no known climate change implications as a result of this request.			

## Waste fees and charges (rounded)

<b>Waste Sorting Centre Blenheim</b>	<b>Current Charges (up to 30 June 2023)</b>	<b>Revised Charges (from 1 July 2023)</b>
General refuse per tonne (including official Council refuse bags)	\$181.23	\$222.18
Cleanfill per tonne	\$101.23	\$142.18
Minimum weigh charge	\$5.44	\$6.67
Tyres per tonne	\$687.50	\$687.50
Lost ticket	\$40.00	\$40.00
<b>Other Transfer Stations</b>	<b>Current Charges (up to 30 June 2023)</b>	<b>Revised Charges (from 1 July 2023)</b>
General refuse per cubic metre rate	\$51.73	\$64.33
Official Council refuse bags	No charge for disposal at transfer station	No charge for disposal at transfer station
Other 60 litre refuse bags	\$3.10	\$3.86
Medium 80 litre refuse bags	\$4.14	\$5.15
Large refuse bags	At site operator's discretion based on measure and current rate per cubic metre	At site operator's discretion based on measure and current rate per cubic metre
240 litre refuse wheelie bin	\$11.63	\$15.44
120 litre refuse wheelie bin	\$6.21	\$7.72
205 litre (44 gallon) refuse drum	\$10.60	\$13.19
Standard woolpack filled with refuse	\$24.83	\$30.88
1 tonne sacks filled with refuse	\$37.25	\$46.32
Scrap metal per cubic metre	\$16.00	\$16.00
Car body (Blenheim) - stripped	Not accepted contact a local scrap dealer	Not accepted contact a local scrap dealer
Car body - not stripped	Not accepted contact a local scrap dealer	Not accepted contact a local scrap dealer



<b>Whole tyres</b>	<b>Current Charges (up to 30 June 2023)</b>	<b>Revised Charges (from 1 July 2023)</b>
- Car tyres	\$5.50	\$5.50
- Four wheel drive tyres	\$6.50	\$6.50
- Light truck to 17.5 t	\$9.50	\$9.50
- Heavy truck tyres	\$17.50	\$17.50
- Truck tyres with rims	\$30.00	\$30.00
Tractor tyres (small)	\$47.50	\$47.50
Tractor tyres (medium)	\$60.00	\$60.00
Tractor tyres (large)	\$70.50	\$70.50
Loader tyres (small)	\$60.00	\$60.00
Loader tyres (medium)	\$70.50	\$70.50
Loader tyres (large)	\$82.00	\$82.00
Whiteware - fridges, ranges, etc	\$15.00	\$15.00
Electrical goods - TVs, computers, etc	<a href="#">See our e-Waste Collection Facility page</a>	<a href="#">See our e-Waste Collection Facility page</a>
<b>Hazardous Waste</b>	<b>Current Charges (up to 30 June 2023)</b>	<b>Revised Charges (from 1 July 2023)</b>
Used oil for quantities less than 20 litres	No charge	No charge
Used oil for quantities greater than 20 litres	20 cents per litre	20 cents per litre
Toxic and hazardous material	By assessment contact MDC on Ph: 03 520 7541	By assessment contact MDC on Ph: 03 520 7541

<b>Regional Landfill (commercial users only - by arrangement - Phone Council 03 520 7400)</b>	<b>Current Charges (up to 30 June 2023)</b>	<b>Revised Charges (from 1 July 2023)</b>
General refuse per tonne	\$182.55	\$214.23
Offal burial per tonne	\$182.55	\$214.23
Ash per tonne	\$147.55	\$179.23
Winery filter media per tonne	\$147.55	\$179.23
Mussel shells per tonne	\$147.55	\$179.23
Sawdust per tonne	\$147.55	\$179.23
Liquid Waste per tonne	\$147.55	\$179.23
Polystyrene per tonne	\$1,587.55	\$1,619.23
All mixed loads per tonne	\$182.55	\$214.23
Minimum tonnage charge	Nil	Nil
Asbestos	By assessment contact MDC on Ph: 03 520 7541	By assessment contact MDC on Ph: 03 520 7541
Toxic and hazardous material including contaminated soils	By assessment contact MDC on Ph: 03 520 7541	By assessment contact MDC on Ph: 03 520 7541
Hardfill/Cover fill	By assessment contact MDC on Ph: 03 520 7541	By assessment contact MDC on Ph: 03 520 7541
<b>Refuse Bags - Blenheim and Picton</b>	<b>Current Charges (up to 30 June 2023)</b>	<b>Revised Charges (from 1 July 2023)</b>
Plastic bags - each	\$1.60	\$1.85
Plastic bags x 10	\$16.00	\$18.50
Plastic bags x 52	\$84.00	\$96.00
<b>Greenwaste Acceptance Facility and Composting</b>	<b>Current Charges (up to 30 June 2023)</b>	<b>Revised Charges (from 1 July 2023)</b>
Greenwaste material to Blenheim compost site per cubic metre	\$15.00	\$15.00
Grass clippings for landfill disposal per cubic metre	\$75.75	\$93.97
Greenwaste to Picton Transfer Station per cubic metre	\$31.90	\$31.90