

#### 4. INCREASE IN REFUSE AND GREEN WASTE CHARGES FOR ANNUAL PLAN AND BUDGET PROCESS – REPORT FROM COMPOST SUBCOMMITTEE

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Corporate Plan Output: Solid Waste	

The purpose of this report is to gain approval for an increase in green waste and refuse charges for inclusion into the 2001/02 Annual Plan and Budget process. All costs in this report exclude GST.

##### BACKGROUND

Currently Burwood Landfill acts as the disposal point for refuse from Waimakariri, Christchurch, Banks Peninsula, Selwyn and Ashburton Territorial Local Authorities (TLA's). Christchurch is Canterbury's largest refuse generator by far. It produces 75% of the refuse tonnage generated by all 10 of Canterbury region's TLA's.

Councillors are aware that the new joint venture Canterbury Regional Landfill is likely to open at Kate Valley sometime in 2004. Because this new landfill is located around 70km from Christchurch and because it will be engineered to a very high environmental standard (as required under the resource consent conditions), landfill gate charges will rise very significantly from their current levels. These charges are collected in the main at refuse transfer stations where the public dump their waste. The charges cover refuse station operation costs, transport costs, costs for landfill operations, aftercare, hostcare, cost of capital, depreciation, shareholders return and the like. Rather than increase charges for refuse and green waste in a sudden jump just prior to the new landfill opening, it is considered prudent to increase them progressively over three years as outlined below.

##### GREEN WASTE CHARGES

Currently, green waste charges at refuse stations are set lower than refuse charges. This is to encourage the public to recycle green waste into compost production rather than dump it into the pit. Clearly this policy should be continued. However it is considered essential that rather than continue with the current somewhat arbitrary discount for green waste, it should be pegged at 60% of the refuse charge for the following reasons

- This figure is considered to strike a good balance between generation of sufficient revenue to assist covering costs on the one hand and on the other the need to offer a discount incentive sufficient to encourage recycling of green waste.
- Such an increase is especially desirable for the time when tonnage production costs of compost increase with the commissioning of the start-up in-vessel composting plant (expected to increase from current gross cost of \$53/tonne to gross \$103/tonne).
- An increase is needed for commercial users to bring their current charge of \$16.89/tonne in line with domestic charges which at the current \$6.22 per trailer equates to around \$40.00 a tonne. (Note that both domestic and commercial tippers should be paying the equivalent cost as was strongly argued by commercial users in the 1999/00 budget submission process and which led to the introduction of payment by weight for domestic refuse tippers.)

##### PROPOSED INCREASE IN CHARGES

It is proposed that core waste charges increase progressively as in table 1 below from the current \$52.44/tonne in 2000/01 to \$90.40/tonne in 2003/04, refer Appendix 1 (attached) for breakdown of these charges. Note that \$90.40/tonne is the best estimate of the refuse station charge relevant to the new landfill as advised by Canterbury Waste Services Ltd. Green waste charges are pegged at 60% of refuse charges as outlined above, (refer Background above). Trailer charges would remain a fixed fee per trailer set at figure that achieved the 60% rate.

Note that special waste categories and mixed load charges and the like for the future years are not developed in detail in this report but would be a percentage of the basic charge.

**Table 1: Proposed Refuse Stations & Burwood Landfill Charges (\$/tonne excl GST)**

Waste Type	2000/01	2001/02	2002/03	2003/04
<b>1. Refuse</b>	<i>(current)</i>			
Basic Charge	52.44	65.10	77.75	90.40
(a) Refuse Stations				
• Private 100% basic	52.44	65.10	77.75	90.40
• Commercial 100% basic				
(b) Landfill				
• Private 100% basic	52.44	65.10	77.75	90.40
• Commercial 100% basic	"	"	"	"
• Regional TLA's (Waimakariri, Ashburton, Banks Peninsula, Selwyn)	30.13	30.13	30.13	-
<b>2. Hardfill &amp; Rubble</b>	31.82	44.50	57.00	69.80
<b>3. Green Waste</b>				
(a) Into Compost Plant		<i>approx</i>	<i>approx</i>	<i>approx</i>
• Private trailers 60% of basic refuse rate	6.22	6.22*	7.56*	8.89*
	<i>(fixed charge)</i>	<i>(fixed charge)</i>	<i>(fixed charge)</i>	<i>(fixed charge)</i>
• Commercial – 60% of basic refuse rate	16.89	39.06	46.65	52.24
* Note that these fixed charges are based on average weight of a trailer of 160 kg multiplied by 60% of the refuse charge in \$/tonne. As above they are exclusive of GST and inclusive of GST are \$7.00, \$8.50 and \$10.00 respectively.				

**INCREASED REVENUE**

Estimated changes in future revenue as a result of introduction of the above charges are summarised below, refer Appendix 2 (attached) for more detail.

**Table 2: Future Increases in Revenue**

	2000/01 \$m	2001/02 \$m	2002/03 \$m	2003/04 \$m
Indicative Revenue	13.567	16.675	19.300	20.188
Changes in Revenue				
Based on refuse tonnage decreasing at 5% per annum	-	3.108	2.625	0.888
<b>Cumulative Extra Revenue</b>	-	<b>3.108</b>	<b>5.733</b>	<b>6.621</b>

**REASONS FOR INCREASE IN CHARGES IN 2001/02 AND 2002/03 YEARS**

The reason for the increase in charges in year 2003/04 are explained by a new Regional landfill. It will probably be argued that there is no need to increase charges in the intervening years 2001/02 and 2002/03. However these increases will produce surplus revenue which can be justified as follows:

- The need to finance changes to the three Christchurch refuse stations (currently budgeted at \$1.99M in each of the years 2002/03 and 2003/04, ie \$3.98M total).
- The need to finance the new joint venture landfill budgeted at \$8.13M over years 1998/99 to 2003/04.
- The need to increase land and holding at certain refuse stations for future proofing purposes.
- The need to establish a Waste Minimisation Development Fund (see section below).

## WASTE MINIMISATION DEVELOPMENT FUND

From the above sections it is seen that surplus funds will be generated over the three years 2000/01, 2001/02, 2002/03, 2003/04. It is proposed that part of these surplus funds be deposited in a new Waste Minimisation Development Fund established for the specific purpose of investment in initiatives that assist in the achievement of the Council's goal of zero waste to landfill by 2020. If this goal is ever to be achieved then substantial investment in new developing technology will be necessary. Specific examples of this technology will be addressed in a separate report including Waste Management Action Plans.

## FUTURE ISSUES

Future issues that will need to be addressed regarding waste charges, but which are either premature or beyond the scope of this report are:

- Equalisation of refuse station fees for TLA members of Transwaste Canterbury Ltd.
- In her speech on 19 April 2000 at the launch of the Second National Landfill Caucus, Marion Hobbs Minister for the Environment, stated that one of the issues the MfE intends to target is *...the need for full costing of waste disposal charges that truly reflect all of the costs.*

The clear message from this is that this Council needs to consider funding refuse collection services in a manner that makes it very apparent to householders that the more refuse they put out for disposal the more it will cost them. In the 2000/01 year this Council largely funded kerbside refuse collection from Rates which does not give a clear user pays message. If this is ever to become clear then various alternative options need to be considered such as user pays for refuse bags, payment by weight of refuse put out at the kerb and so on.

## SUMMARY

Waste charges are due to rise significantly with the start-up of the new J/V Canterbury Regional Landfill. Instead of introducing a large one off hike in charges in 2003/04 just prior to the anticipated opening date for the new landfill it is proposed that refuse and green waste fees be progressively increased over the intervening years 2001/2, 2002/03, 2003/04. It is also proposed that green waste fees be pegged at 60% of refuse fees and that a Waste Minimisation Development Fund be established for the purpose of assisting the Council in its goal of zero waste to landfill.

- Recommendation:**
1. That green waste charges be pegged at 60% of refuse charges starting in 2001/02 but with a fixed charge for domestic greenwaste as outlined in this report.
  2. That refuse and green waste charges be progressively increased over years 2001/02, 2002/03, 2003/04 as indicatively outlined in this report.
  3. That a Waste Minimisation Development Fund be established to fund initiatives that assist the Council in achievement of its goal of zero waste to landfill by 2020.