

## 7. TRANSPORT COSTS FOR WASTE TO KATE VALLEY

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The purpose of this report is to recommend an appropriate way forward in dealing with the transport costs of waste from shareholder member councils to the Kate Valley Regional Landfill.

### BACKGROUND

The *Constituting Agreement* for the Canterbury Joint Standing Committee (and its working arm the Canterbury Waste Subcommittee) signed in May 1999 and as updated in 2002 provided for participating councils to delegate specific functions relating to the proposed new regional landfill to the Subcommittee.

Clause 27(d) of the revised Constituting Agreement delegated the following function to the Subcommittee:

*“considering the issues in relation to any scheme for the equalisation of transport costs between the JV Councils and if appropriate, developing such scheme;”*

With the recent finalisation of resource consents for the Kate Valley landfill by the Environment Court the Subcommittee on 8 July 2004 reaffirmed its commitment to give effect to this function and requested a report with proposals on how to implement it. It had previously been resolved that the Hurunui District Council, as host council to the landfill, would not be part of such a scheme.

The transport cost issues that were referred to in the *Constituting Agreement* are still the same (i.e. to incentivise councils in Canterbury to participate in a regional landfill and to ensure that no council is ‘penalised’ by distance from the landfill) and therefore it is considered appropriate to develop proposals for such a scheme.

### GENERAL PRINCIPLES

Transwaste Canterbury Ltd will impose landfill and transport charges for Kate Valley landfill. Transport will be undertaken on behalf of Transwaste Canterbury Ltd by Canterbury Waste Services Ltd which has been contracted to provide the transport of waste from the Ashburton, Selwyn, Christchurch, Banks Peninsula, and Waimakariri districts to Kate Valley. Each council therefore pays commercial rates for its own waste. With varying distances from Kate Valley it means that costs per tonne for refuse from Ashburton district will be much higher than that of refuse from say Waimakariri district. Each council will settle its own accounts for each financial year.

At the end of each financial year each council will report its actual costs, accompanied by the relevant tonnages, to the Canterbury Waste Subcommittee and the Subcommittee will then apply a ‘formula’ of some sort to have the effect that those councils closer to Kate Valley landfill contribute towards part of the transport costs of councils furthest away from the landfill.

### OPTIONS

Two proposals for the ‘formula’ were considered by staff.

#### Option 1

This proposal utilises the following factors for each transfer station in developing a proposal: distance to Kate Valley, total anticipated tonnages, capacity of CWS trucks, and indicative costs per trip to calculate predicted total cost for each territorial authority. By using an average cost per trip a new ‘equalised’ cost for each council is calculated.

Due to the large volumes from Christchurch as well as its location, this proposal results in a disproportionate share of costs falling on Waimakariri District, which the Subcommittee at the 8 July meeting indicated it did not support. Option 1 is therefore not recommended.

## **Option 2 (favoured option)**

A further proposal has been developed whereby the additional costs over and above the average cost per trip for Ashburton district be shared by the other councils on a proportional tonnage basis. Staff have considered how best to calculate this, and in the process determined that Selwyn District's 'above average' transport costs would also need to be shared by the remaining councils.

Adopting Option 2 would mean that in future Ashburton and Selwyn Districts' would in effect only pay the average cost per tonne of waste to Kate Valley by being reimbursed for the portion of costs above the average cost per tonne. On the basis of proportional tonnages Christchurch (93%), Banks Peninsula (0.83%) and Waimakariri (6.17%) would be sharing the additional costs of Selwyn and Ashburton.

Only when actual costs and tonnages are known could the exact extent of financial commitments be determined. However, in the meantime an indicative example is provided; assuming Ashburton District Council's annual additional transport costs could be approximately \$63,000 and Selwyn District's approximately \$3,000, a total of \$66,000 would need to be addressed. Using the percentages stated above would result in an annual financial contribution from Christchurch of \$61,500, Banks Peninsula \$500 and Waimakariri \$4,000.

This proposal meets the original objective of not 'penalising' those Councils located further from Kate Valley, without placing an unrealistic burden on a smaller council that is situated closer to Kate Valley, and is therefore recommended. The option exists for the Subcommittee to review this scheme as may be required once it is in operation. Legal advice on the mechanics and implementation of the transport scheme will be incorporated into the option recommended by the Subcommittee.

### **SUMMARY**

It is proposed that option 2 set out above be approved as the appropriate transport cost equalisation between the relevant councils.

#### **Staff**

**Recommendation:** That the Canterbury Waste Subcommittee resolve that it is appropriate to develop and implement a transport cost scheme as set out in option 2.

#### **Chairman's**

**Recommendation:** That the above recommendation be adopted.