

8. DIRECT ENTRY TO BURWOOD FOR LARGE REFUSE LOADS

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The purpose of this report is to seek approval for a change in the criteria under which refuse may be taken direct to Burwood, rather than through the refuse stations and then to Burwood.

Note: All costs in this report exclude GST unless noted otherwise.

BACKGROUND

The management plan under which the landfill at Burwood operates specifies that the public shall not have direct entry to the landfill to dispose of refuse. The majority of the refuse therefore comes in large purpose built trucks carting from the refuse stations to the landfill. The purpose of the restriction is to:

- (a) Minimise traffic on the roads leading to Burwood.
- (b) Allow better management of the landfill, for example through:
 - Controlled tipping at a smaller tip face,
 - Elimination of scavenging,
 - Improved site safety.

The management plan, however, does allow direct entry of special loads by approved contractors. In practice this has meant that loads containing difficult to handle materials (eg particularly dusty or high moisture content), offensive or particularly odorous material, treated hazardous wastes and the like have been allowed direct entry to Burwood.

Approaches have been made from time to time by some of the large waste companies to have these rules modified, but to date these requests have been declined.

Councillors will be aware that the general tipping fee has been steadily increasing, and particularly over the last two years as the Council adjusts its tipping fee structures in preparation for the requirements of a new regional landfill (Kate Valley).

With the latest increase in August 2002 from \$65.11 to \$77.78 (and the proposed increase in 2003 to approximately \$84.00 per tonne) it has been made clear by some of the waste companies that it is now economic for them to seriously consider carting the waste they collect to a landfill other than Burwood, in some case landfills well out of the region.

With the very real possibility of this happening, thereby cutting the revenue stream derived from the waste, it has been considered prudent to re-examine the conditions under which refuse is allowed direct entry to Burwood and link this to a reduction in charges to those permitted to do so.

FINANCIAL IMPLICATIONS OF LOSS OF WASTE TONNAGE

It is expected that the quantity of waste that could potentially be diverted from Burwood would be a minimum of 15,000 tonnes and up to at least 41,000 tonnes, possibly more. While there would be some direct savings from reduced costs at both the refuse stations and Burwood, the net loss would be considerable as shown in the table below.

Table A: Effect of tonnage diverted from Burwood

Waste Quantity	15,000 tonne	26,000 tonne	41,000 tonne
Reduction in Funds 2002/03	\$1,047,450	\$1,725,580	\$2,683,030
Reduction in Funds 2003/04	\$1,147,950	\$1,899,780	\$2,957,730

- Note:**
1. Refer to attachment 1 for basis of this table.
 2. The waste tonnages have been advised by the two biggest waste companies likely to direct input to Burwood.

Loss of such considerable sums would clearly have a very significant effect on rates over the next two years, or some Council services would have to be cut to accommodate the loss.

This situation will not continue after Kate Valley opens, as the MOU requires that all residual waste carted by the partners to the agreement goes to Kate Valley (although it will not necessarily have to go through a Christchurch City Council transfer station).

PROPOSED DIRECT ENTRY RESTRICTIONS

It is proposed that waste operators that can bring in loads of a minimum payload of 20 tonnes (on a truck and trailer) be allowed direct entry to Burwood. Three operational benefits would result from this proposal:

1. The number of traffic movements to Burwood would **decrease**. The current purpose built transport units that cart waste from the refuse stations to Burwood are 'old technology' and can only carry a 14 tonne payload. Typically it takes six loads to shift 100 tonne using these units, whereas the proposed 20 tonnes or bigger payload would mean five or possibly four loads would cart 100 tonne and a reduction of up to 1,400 movements into and out of Burwood per year is likely. This would reduce total vehicle movements from around 103,000 down to 101,600.
2. Considerably less refuse would be processed at Parkhouse Refuse Station. In recent years this station has been very heavily loaded and the reduction in tonnage would be welcome.
3. The life of the existing truck and trailer units would be extended resulting in a lowering of the risk that they would not last until the commissioning of Kate Valley.

CONSENT, MANAGEMENT PLAN AND CITY PLAN CONSIDERATION

Both the Waimairi and City Plan are operative and contain clauses referring to Burwood. Two consents also need to be considered. The current consent and a new consent granted May 2002 which is under appeal (and thus not yet operative in legal terms). Both these consents refer to Landfill Management plans which contain identical provisions regarding direct access to Burwood.

In summary the important issues from all these texts are:

- Limited number of refuse contractors vehicles (note that no precise number is specified),
- Approved vehicles,
- Vehicles carrying compacted refuse,
- A limited number of Council approved refuse contractors vehicles.

It is therefore apparent that the Council could permit a limited number of approved contractors vehicles into Burwood under conditions that meet these requirements.

FINANCIAL CONSIDERATIONS

If direct entry to Burwood is permitted as proposed, direct savings are made through lowered operating costs in transport and at the refuse stations. The savings per tonne increase as tonnage increases to the point where another transport unit can be 'retired'. Within the expected range of tonnage direct to Burwood under this proposal, the savings vary between \$6.90 per tonne and \$11.19 per tonne. This saving can be passed directly to the operators permitted direct entry.

However, discussions with the major waste companies involved have been held and it is clear that a reduction of \$20 per tonne will be necessary to avoid them making use of their 'out of district opportunity'. If this was to be offered there would be a net reduction in revenue as follows:

Table B: Effect of Proposed Direct Entry to Burwood

Waste Quantity	15,000 tonne	26,000 tonne	41,000 tonne
Reduction in Funds 2002/03	\$196,467	\$250,542	\$357,009
Reduction in Funds 2003/04	\$296,400	\$423,760	\$630,160

Note: 1. Refer to attachment 2 for basis of this table.

2. The waste tonnages have been advised by the two biggest waste companies likely to direct input to Burwood.

While these are still significant sums they are less than the revenue reductions in Table A. If this direct entry proposal is accepted, as recommended, a considerable measure of certainty on the amount of revenue loss is also gained. This is considered vital in terms of budgetary planning and minimising the risk of even greater losses by not striking an agreement with the large waste companies.

DIRECTOR OF FINANCE REPORTS

It is clearly preferably for the Council to cope with the reduction in revenue proposed in Table B of this report, rather than risk the loss of revenue shown in Table A and the I support the initiative proposed.

The reduction in revenue which will affect the current (2002/03) year will need to be taken into account at the time of the six monthly review and be a first call on any surpluses which are assessed in that review. If there are not sufficient surpluses, then other budget adjustments will have to be made at that time. I would be hopeful that a compensating adjustment will be available.

The impact on the 2003/04 budget will be an increase of between 0.3% and 0.6% on the already forecast rate increase of 3.89% unless other savings can be identified during the budget preparation process. If the rates rise by this amount in 2003/04 it will have a compensating reduction on the forecast percentage rate increase for 2004/05 which would drop from a forecast 3.84% by 0.3 to 0.6%.

AGREEMENT TO COMMIT WASTE TO BURWOOD

In exchange for allowing a waste company direct access to Burwood and to give certainty to the Council relating to future likely revenue take, it will be required for any participating company to commit input of all of its waste tonnage either into Burwood by direct entry or into a Christchurch City Council refuse station until the time that Kate Valley opens.

LEGAL OPINION

A legal opinion concerning this direct entry proposal has been obtained from Mr John Buchan of Buddle Findlay and he sees no difficulties with the proposal in this report, provided, it is available to all waste collection companies on the same basis.

SUMMARY

Along with the waste tipping charges being progressively ramped up over three years (ie 2001/02, 2002/03, 2003/04) towards the per tonnage rate that will be necessary to operate Kate Valley, the opportunity has become attractive for waste companies to cart their waste across border, and potentially out of the region (for example to Dunedin). If this were to occur a very considerable reduction in revenue could be expected (Table A). The effect of this can be very much lessened (Table B) by allowing direct entry of general waste to Burwood at a reduced charge and under a condition of a minimum load of 20 tonne. Such a criteria would reduce the daily traffic movements into Burwood below current levels which is of benefit to the local community.

- Recommendation:**
1. That waste operators be allowed direct access to Burwood during the working week plus Saturday mornings for \$57.78 (GST excl) in approved vehicles with a minimum load restriction of 20 tonne per load.
 2. That the Solid Waste Manager finalise the details of this agreement with waste companies who wish to participate in liaison with the Legal Services Manager and along the lines contained in this report.