

QLDC Council

1 June 2023

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Property & Infrastructure

Title | Taitara : Proposed waste fees and charges 2023/24

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to agree the waste fees and charges for the 2023/24 year.

Recommendation | Kā Tūtohuka

That QLDC Council:

1. **Note** the contents of this report;
2. **Accept** the proposed changes to the waste fees and charges for the 2023/24 year, commencing 1 July 2023 [as per Attachment B *Proposed waste fees and charges for 2023/24*].

Prepared by:



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24 April 2023

Reviewed and Authorised by:



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Title: GM Property & Infrastructure
11 May 2023

Context | Horopaki

1. QLDC's waste fees and charges were last reviewed for the 2022/23 year, with the previous review occurring in 2021/22.
2. An annual review is required to ensure appropriate cost recovery is achieved for waste, in line with expected costs outlined in the 2021-2031 Ten Year Plan.
3. This year there are four key drivers for the need to review the fees and charges:
 - a. Changes in costs associated with the Emissions Trading Scheme (ETS)
 - b. Change from a default emissions factor (DEF) to a unique emissions factor (UEF) after the commissioning of a landfill gas capture and destruction system
 - c. Increase in the landfill levy applied by Ministry for the Environment (MfE), effective 1 July
 - d. Increase in supplier costs associated with recycling tyres and e-waste.

Analysis and Advice | Tatāritaka me kā Tohutohu

Emissions trading scheme

4. Victoria Flats Landfill is a Class 1 Landfill which accepts household waste, as well as other wastes from the Queenstown Lakes and Central Otago districts. Therefore, it is included in the New Zealand Emissions Trading Scheme (NZ ETS). The scheme helps reduce emissions by doing three main things: requiring businesses to measure and report on greenhouse gas emissions; requiring businesses to surrender one 'emissions unit' (known as an 'NZU') to the Government for each tonne of emissions emitted; and limiting the number of NZU's available to emitters (the Government sets and reduces the number of units supplied into the scheme over time thus limiting the quantity that emitters can emit). The price of an NZU reflects supply and demand on the scheme. Prices are currently sitting just above \$60 per unit (Attachment A). In order to mitigate the impact from a fluctuating market the finance team purchases as many NZU as possible in advance to provide some price certainty for setting fees and charges. These costs have been built into the proposed fees and charges for 2023/24.

Unique Emissions Factor

5. In order to calculate the surrender obligation each year, the landfill operator is required to complete an emissions return and provide this to the Environmental Protection Authority (EPA). The emissions return details tonnages landfilled and calculates the number of NZUs that must be surrendered for that calendar year. Council purchases NZUs from the scheme via a broker and transfers the required amount to Scope Resources Ltd as landfill operator. Scope Resources Ltd then surrender the landfill's annual obligation to the Government via a transfer of NZUs to the EPA. Council's emission obligations have previously been calculated each year by multiplying the tonnes of waste disposed in the landfill by the default emissions factor (DEF). The DEF is currently

0.91 tCO₂e/tW (previously 1.19 tCO₂e/tW between 2016 and 2022) and was used as the basis for calculating waste fees and charges for the 2023/24 year outlined in the Annual Plan. As the landfill gas capture and destruction system at Victoria Flats landfill has been operational for over 12 months, Council worked with its operator to apply for a unique emissions factor (UEF) based on destruction efficiency of the landfill gas management system. This was calculated by using the measured methane collection and destruction volume divided by the modelled methane generation. Using this efficiency, the UEF for Victoria Flats Landfill for the 2022 calendar year was calculated to be 0.274. This UEF has been independently verified and recently accepted by the EPA. The UEF will be applied to the 2022 calendar year's surrender obligations. As the UEF is less than the DEF that was modelled for the Annual Plan, fees and charges outlined in the Annual Plan were reviewed. While a UEF has to be applied for each calendar year, it is likely that the UEF for the 2023 calendar year will again be less than the DEF, thereby reducing the number of NZUs required to be surrendered. The predicted cost reduction has been built into the proposed fees and charges for 2023/24 to be passed onto users of the facilities. This is reflected by a lower increase to the refuse tonnage rate proposed in Attachment B, than indicated in the Annual Plan.

Waste Levy

6. In March 2020 Cabinet confirmed decisions regarding the waste levy increase and expansion, progressively increasing annually, reaching \$60 per tonne on 1 July 2024. On 1 July 2023 the waste levy will increase from \$30 per tonne to \$50 per tonne for Municipal (Class 1) landfills. An adjustment to the fees and charges for items that are landfilled is required to offset this increase.

Increasing External Charges

7. Tyres and e-waste are accepted for recycling at both Refuse Transfer Stations. These are consolidated and temporarily stored for transportation to recycling markets. COVID-19 has impacted the costs of these services. An adjustment to the fees and charges for tyres and e-waste is required to offset these supplier increases.
8. Attachment B outlines the proposed changes to the waste fees and charges. While some increases are proposed from the existing fees and charges, it should be noted that the increase for refuse disposal is proposed to be less than was indicated in the 2023/24 Annual Plan. The successful application of a UEF has enabled a reduced increase in this instance.
9. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
10. Option 1 - Reject the proposal to adjust the waste fees and charges and retain those outlined in the 2022/23 Annual Plan.

Advantages:

- Fees and charges as outlined in the Annual Plan remain unchanged
- Those generating the most waste continue to pay higher fees and charges for disposal, supporting behaviour change towards waste minimisation

- Any surplus income could be used to further incentivise waste diversion

Disadvantages:

- Costs of disposal over-recovered

11. Option 2 - Accept the proposed adjustment to the waste fees and charges for the 2023/24 year

Advantages:

- Costs of collection and disposal is recovered, and not over-recovered
- ETS savings passed on, with a smaller increase in user charges for the community than indicated in the 2023/24 Annual Plan

Disadvantages:

- Lower user charges will disincentivise waste minimisation

12. This report recommends **Option 2** for addressing the matter because user charges will offset costs for collection and disposal, with any savings being passed on. The new user charges will commence 1 July 2023 as per Attachment B *Proposed waste fees and charges for 2023/24*.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

13. 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 adjustment to user charges, the outcome will be positive in that the user charges will offset costs of collection and disposal.
14. The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes District community, commercial users of the transfer station, and/or visitors and/or Council contractors.
15. The Council will inform its contractors via the Notice to Contractor process. Contractors will then notify their respective customers. Council Officers will also update the Council website with the new user charges.

Māori Consultation | Iwi Rūnaka

16. Consultation with Māori has not occurred on this topic as the matter is administrative in nature.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

17. This matter relates to the Financial risk category. It is associated with RISK00020 Financial (Unexpected change in costs) within the QLDC Risk Register. This risk has been assessed as having a moderate inherent risk rating.
18. The approval of the recommended option will support the Council by allowing us to implement additional controls for this risk. This shall be achieved by setting appropriate user charges while taking into consideration the needs of the community in relation to waste collection and disposal, as well as legislative requirements.

Financial Implications | Kā Riteka ā-Pūtea

19. The Council's Ten Year plan provides budget to proceed with the recommendations contained within this report.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

20. The following Council policies, strategies and bylaws were considered:
- Waste Management and Minimisation Plan 2018
 - Ten Year Plan
21. The recommended option is consistent with the principles set out in the named policy/policies.
22. This matter is included in operational costings in the Ten Year Plan/Annual Plan but it should be noted that the fees and charges outlined in the Annual Plan assumed a default emissions factor for Emissions Trading Scheme surrender obligations.

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

23. The waste disposal levy was introduced under the Waste Minimisation Act 2008. The levy for Class 1 landfills is currently set at \$30 per tonne (excluding GST) on all waste sent to landfill. This rate is progressively increasing and on 1 July 2023 will be \$50 per tonne. This levy is required to be collected and returned to MfE for use in the promotion and achievement of waste minimisation. Additionally there is also a requirement to comply with the Emissions Trading Scheme.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

24. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. 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. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

25. The recommended option:

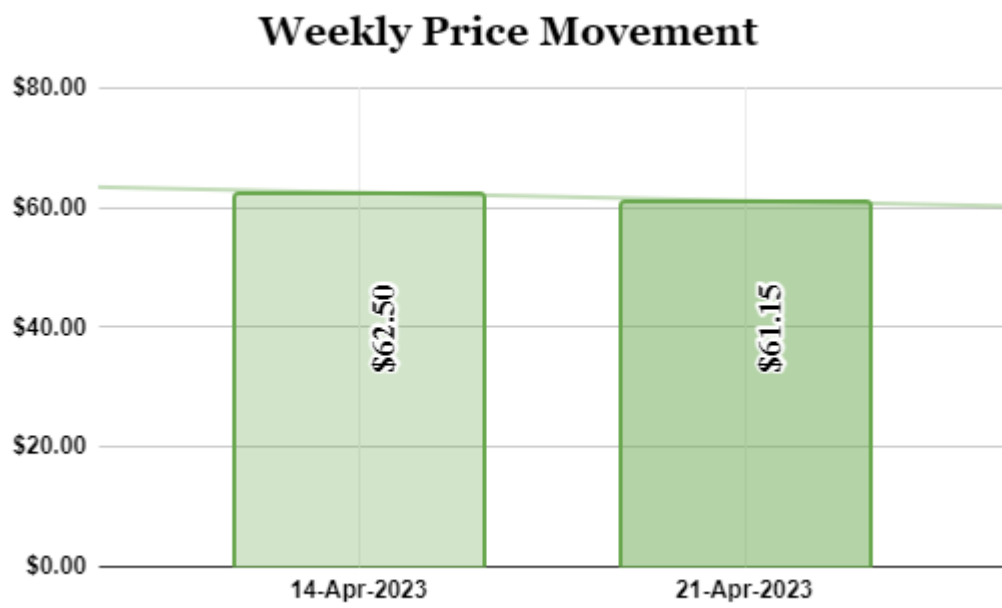
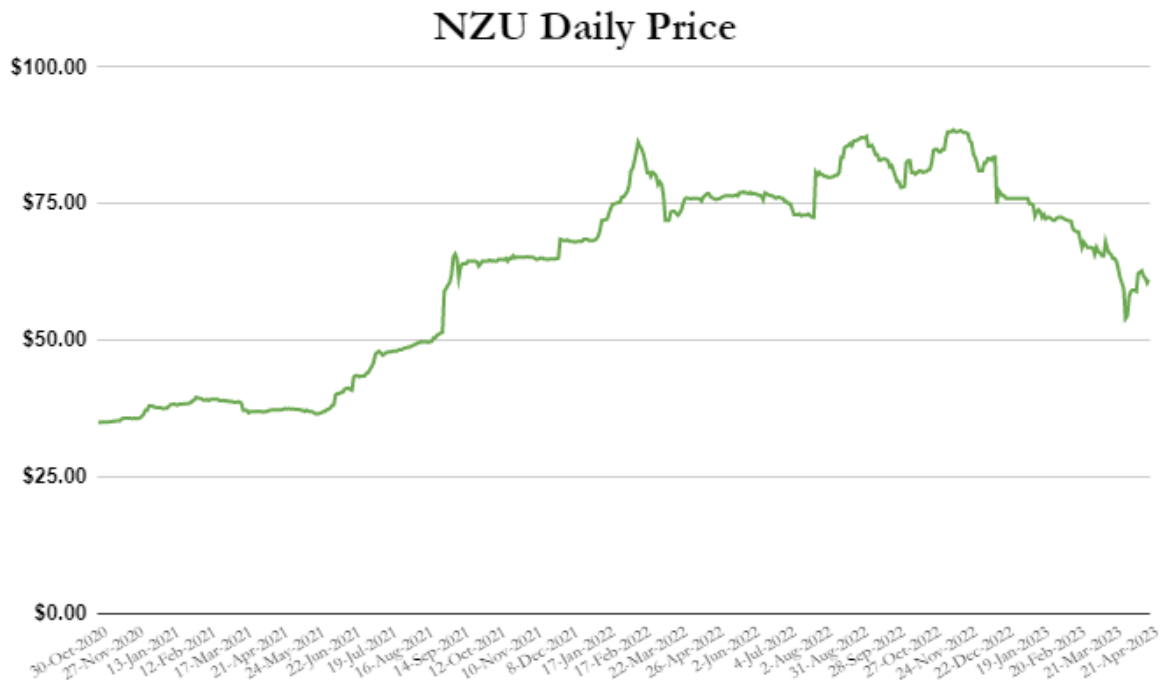
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	Indicative Emissions Unit prices
B	Proposed waste fees and charges for 2023/24

Attachment A

Indicative Emissions Unit prices



Attachment B

Proposed waste fees and charges for 2023/24

	Current	Proposed in Annual Plan	Proposed 1 July 2023	Difference from current
Cost to dispose of rubbish at the Transfer Station				
Single refuse bags	\$8.00	\$8.50	\$8.50	\$ 0.50
Per Tonne	\$371.00	\$420.00	\$375.00	\$ 4.00
Green waste/mulch small load	\$8.00	\$8.00	\$8.00	\$ -
Green waste/mulch trailers/vans/utes (under 200kg)	\$15.00	\$15.00	\$15.00	\$ -
Per Tonne of green waste	\$75.00	\$75.00	\$75.00	\$ -
Hazardous Waste - up to 20kg or 20 litres, flat fee	\$10.00	\$10.00	\$10.00	\$ -
Hazardous Waste - greater than 20kg or 20 litres, per kg up to a max 100kg or 100 litres	\$10.00	\$10.00	\$10.00	\$ -
Tyres per tonne	\$538.00	\$565.00	\$565.00	\$ 27.00
Tyres - per std car tyre	\$5.50	\$6.00	\$6.00	\$ 0.50
Tyres - per std truck tyre	\$34.00	\$36.00	\$36.00	\$ 2.00
Cleanfill per tonne	\$100.00	\$100.00	\$100.00	\$ -
Scrap metal per tonne	no charge	no charge	no charge	\$ -
E-waste - up to 5kg, per kg	\$3.00	\$3.00	\$4.00	\$ 1.00
E-waste - single items greater than 5kg, per kg up to a max 50kg	\$1.50	\$1.50	\$1.50	\$ -
Whiteware degassing per item	\$16.50	\$16.50	\$16.50	\$ -
Gas bottles per item (greater than 2.5kg)	\$6.50	\$6.50	\$6.50	\$ -
Childs car seat per item	\$15.00	\$15.00	\$15.00	\$ -
These charges are inclusive of GST				

	Current	Proposed in Annual Plan	Proposed 1 July 2023	Difference
Cost to dispose of permitted waste at the Landfill				
At the gate charge per tonne	\$112.00		This rate is not set until Certificate of Cost Auditor presented to QLDC, usually in June	
Waste disposal levy	\$30.00	\$50.00	\$50.00	\$ 20.00
Set by MfE				
Employers levy	\$51.30	\$51.30	\$51.30	\$ -
ETS obligation levy	\$61.90	\$61.90	\$61.90	\$ -
All other landfill charges are set by Scope Resources after the Certificate of Cost Auditor is released				
These charges are exclusive of GST				