

Report No:	RCN11-06-12
File No:	A505
Date:	2 June 2011
<b>Decision Required</b>	

## REPORT SUMMARY

**Report to:** Full Council  
**Meeting Date:** 9 June 2011  
**Report Author:** Peter Thomson, Engineering Manager  
**Subject:** **Solid Waste – RCN11-06-12**

### EXECUTIVE SUMMARY

The purpose of this report is to seek Council agreement to changes in the Solid Waste budget and activities; to vary the Solid Waste charges; and that these changes are incorporated into the final Annual Plan 2011/2012.

### RECOMMENDATION/S

Staff recommend that Council adopts the recommendations contained in this report.

### DRAFT RESOLUTION

**THAT the Tasman District Council:**

- 1. Receives the Solid Waste Report RCN11-06-12**
- 2. Agrees to the \$170,000 expenditure savings from what was proposed in the Draft Annual Plan 2011/2012 identified by staff being included in the final Annual Plan 2011/2012.**
- 3. Agrees to an increase in the refuse/recycling rate to \$127.75 (incl. GST) (from \$120.75 proposed in the Draft Annual Plan 2011/2012) being included in the final Annual Plan 2011/2012.**
- 4. Agrees to a tiered charge system for commercial users.**
- 5. Agrees that the Solid Waste charges in Appendix 1 be incorporated into the Schedule of Charges contained in the final Annual Plan 2011/2012.**
- 6. Notes that the Solid Waste charges may be reviewed during the year.**
- 7. Asks staff to add wording into the final Annual Plan 2011/2012 to reflect the Council's decisions in 2 – 6 of this resolution.**

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## 1. Purpose

- 1.1 The purpose of this report is to seek Council agreement to changes in the Solid Waste budget and activities; to vary the Solid Waste charges; and that these changes are incorporated into the final Annual Plan 2011/2012.

## 2. Background

- 2.1 The Ten Year Plan 2009-2019 projected a slow rate of growth in waste generation (1.2%) and decreases in tonnages of waste to landfill (3.3%) over three years. The financial downturn has resulted in a 15% decrease in 2009/2010 and tonnage levels have stayed flat since.
- 2.2 The account structure was to move from reliance on the general rate to more cost recovery. The general rate component is outlined in the table below.

Year	2008/2009	2010/2011	Proposed 2011/2012
General Rate component	\$640,000	\$240,000	\$213,000

- 2.3 Solid waste costs are largely fixed, comprising of landfill and resource recovery centre costs, and kerbside collection costs. As the solid waste account has become more dependent on cost recovery, it has become more vulnerable to reductions in waste tonnages, as they directly affect the income received.
- 2.4 Council's potential income profile is effectively limited by alternative disposal facilities within the wider Nelson-Tasman region and the potential for commercial waste flight.

- 2.5 Partly as a result of these constraints, the solid waste account has run deficits annually since 2009/2010, which have been in the order of \$200,000 per annum.

### **3. Present Situation/Matters to be Considered**

- 3.1 In its Draft Annual Plan 2011/2012 Council proposed a commercial waste charge of \$118.50 per tonne. Nelson City Council proposed a waste charge of \$94.00 per tonne. In order to reduce the risk of waste flight it is estimated that Council would need to reduce its waste charges to \$103.50 per tonne, at least at the Richmond Resource Recovery Centre.
- 3.2 This reduction, if implemented across the entire district, would reduce the income by \$360,000.

### **4. Financial/Budgetary Considerations**

- 4.1 In response to this potential shortfall, staff have identified expenditure savings of \$170,000, leaving a \$190,000 shortfall. These savings have primarily been in the area of waste minimisation initiatives.

### **5. Options**

- 5.1 The options considered to address the shortfall are as follows:
- a. Fund the shortfall from other sources (e.g. general rates).
  - b. Fund the shortfall from an increase in the refuse/recycling targeted rate.
  - c. Fund the shortfall from increasing charges through a tiered charging system for commercial waste.
  - d. Fund the shortfall from a combination of targeted rate increases and introducing a tiered charging system for commercial waste.

Option d would require the refuse/recycling rate to increase to \$127.75, from \$120.75 proposed in the Draft Annual Plan, with a tiered charge system for commercial users as outlined in the following table. Domestic disposal charges would remain essentially unchanged from the Draft Annual Plan (excepting a 5c error in the Draft Annual Plan).

Proposed tiered charge system	Proposed charge
Richmond (heavy and commercial vehicles)	\$103.50 per tonne
Mariri (heavy and commercial vehicles)	\$110.40 per tonne
Takaka, Murchison (heavy and commercial vehicles)	\$118.45 per tonne
Other vehicles, all locations	\$49.45 per cubic metre

## 6. Pros and Cons of Options

6.1 The pros and cons of the options are outlined in the paragraphs below.

### Option a.

6.2 Council has been deliberately moving away from funding waste activities through the general rate. It would be contrary to this approach to increase the general rate funding now. The general rate increase proposed for 2011/2012 is already reasonably high, given the call on it to replenish the General Disaster Fund, cover inflation and for other reasons.

6.3 This option is not favoured by staff.

### Option b.

6.4 Option b would mean that the responsibility for funding all the deficit would fall on users of the recycling system and that the waste generators would not fund any of the cost.

6.5 This option is not favoured by staff.

### Option c.

6.6 Option c would mean that the responsibility for funding all the deficit would fall on the waste generators and that the users of the recycling system would not fund any of the cost.

6.7 This option is not favoured by staff.

## **Option d.**

- 6.8 A combination of increasing the refuse/recycling targeted and introducing a tiered charging system for commercially collected waste would mean that the cost of funding the shortfall would be shared between the waste generators and recycling users.
- 6.9 The tiered system would mean that the areas where commercial waste collection costs more are paying slightly more than in areas where it costs less, but that the charges are not very different across the District.
- 6.10 This is the staff's preferred option.

## **7. Other minor changes to the Solid Waste Schedule of Charges**

- 7.1 Council has recently moved to a colour sorted model for glass recycling. Practical impacts of this change require that all glass be clean and colour sorted prior to export. The proposed change to the charges clarifies this requirement and provides for mixed refuse charges to apply for mixed colour or contaminated glass.
- 7.2 Council has recently introduced a second larger size kerbside rubbish bag, to retail at \$1.80 to 30 June 2011. It is proposed to charge \$2.00 each for these bags from 1 July 2011 and to reduce the small bag price to \$1.70 each (from \$1.80 in Draft Annual Plan). This change is expected to be income neutral. In the event that sales vary from budget expectations there may be scope to review bag pricing during the year.
- 7.3 Attached is a revised schedule of Solid Waste charges that is recommended for adoption by Council.

## **8. Significance**

- 8.1 This is not a significant decision according to the Council's Significance Policy because the value of the works is not above the Policy thresholds.

## **9. Recommendation/s**

- 9.1 Staff recommend that Council adopts Option d.

<b>10. Timeline/Next Steps</b>
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- 10.1 Staff will incorporate Council's decision in the final Annual Plan, which Council will consider adopting on or before 30 June 2011.

<b>11. Draft Resolution</b>
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**THAT the Tasman District Council:**

- 1. Receives the Solid Waste Report RCN11-03-12**
- 2. Agrees to the \$170,000 expenditure savings from what was proposed in the Draft Annual Plan 2011/2012 identified by staff being included in the final Annual Plan 2011/2012.**
- 3. Agrees to an increase in the refuse/recycling rate to \$127.75 (incl. GST) (from \$120.75 proposed in the Draft Annual Plan 2011/2012) being included in the final Annual Plan 2011/2012.**
- 4. Agrees to a tiered charge system for commercial users.**
- 5. Agrees that the Solid Waste charges in Appendix 1 be incorporated into the Schedule of Charges contained in the final Annual Plan 2011/2012.**
- 6. Notes that the Solid Waste charges may be reviewed during the course of the year.**
- 7. Asks staff to add wording into the final Annual Plan 2011/2012 to reflect the Council's decisions in 2 – 6 of this resolution.**

Peter Thomson  
Engineering Manager

## Appendix 1 - Solid Waste Charges

Solid Waste Charges	Charges applicable 1 July 2011 to 30 June 2012 Including GST at 15% (DRAFT ANNUAL PLAN)	Charges applicable 1 July 2011 to 30 June 2012 Including GST at 15% (PROPOSED)
<b>Rubbish Bags (TDC sale price)</b>		
Small bags (45 litres)	\$1.80 each	\$1.70 each
Big bags (60 litres)	Not specified	\$2.00 each
<b>Mixed Refuse:</b>		
Account customers and vehicles over 3,500kg gross, where a Council provided weighbridge is available (Includes \$10 central government levy)		
Richmond RRC	\$118.45 per tonne	\$103.50 per tonne
Mariri RRC	\$118.45 per tonne	\$110.40 per tonne
Takaka RRC, Murchison RRC	\$118.45 per tonne	\$118.45 per tonne
All other vehicles (Richmond, Mariri, Takaka, Collingwood, Murchison)	\$49.50 per cubic metre	\$49.45 per cubic metre
Greenwaste	\$18.40 per cubic metre	\$18.40 per cubic metre
<b>Hardfill (where accepted)</b>		
Where a Council provided weighbridge is available	\$19.55 per tonne	\$19.55 per tonne
At other sites	\$39.10 per cubic metre	\$39.10 per cubic metre
<b>Scrap Metals:</b>		
Scrap steel (sheet)	No charge	No charge
Car bodies (complying)	No charge	No charge
Other vehicles and non-complying cars	No charge	No charge
Whiteware	\$5.75 each	\$5.75 each
<b>Recyclables (where accepted):</b>		
Domestic customers and quantities less than 1.0 cubic metre per day	No charge	No charge
<b>Glass</b>		
Glass bottles – clean, colour sorted, where a Council provided weighbridge is available	\$25.30 per tonne	\$25.30 per tonne
Glass bottles – clean, colour sorted, other locations	\$8.05 per cubic metre	\$8.05 per cubic metre
Glass - mixed colour or contaminated	Not specified	At mixed refuse charge
Paper and cardboard (Richmond and Takaka only)	No charge	No charge
Other materials	By arrangement	By arrangement
<b>Tyres:</b>		
Car	\$7.59 each	\$7.59 each
Car tyres on rims	\$16.10 each	\$16.10 each
Truck	\$23.00 each	\$23.00 each
Loader/Tractor or similar	\$51.75 each	\$51.75 each
<b>Hazardous Waste:</b>		
Oils and Solvents	No charge	No charge
Gas cylinders	No charge	No charge
Batteries	No charge	No charge
Other materials	At disposal cost	At disposal cost
<b>Evee Valley Landfill charges:</b>		
Approved special wastes	\$184.00 per tonne	\$184.00 per tonne
Special burial and documentation	At cost	At cost
Light wastes (polystyrene and similar)	\$69.00 per cubic metre	\$69.00 per cubic metre
Marine Waste (shells)	\$69.00 per cubic metre	\$69.00 per cubic metre

Note: Solid Waste Charges may be amended at any stage during the year by Council resolution. Council will advise the public of the changes through public notification at least one month prior to the new charges taking effect.