

**Full Council**

**6 June 2024**

**Report for Agenda Item | Rīpoata moto e Rāraki take [2]**

**Department: Property & Infrastructure**

**Title | Taitara: Proposed Waste Fees and Charges 2024/25**

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to agree the waste fees and charges for Queenstown Lakes District Council (QLDC) for the 2024/25 year.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Adopt** the proposed changes to the waste fees and charges for the 2024/25 year, commencing 1 July 2024 [as per Attachment B] Proposed waste fees and charges for 2024/25; and
3. **Delegate to** the Chief Executive the authority to make an adjustment to the waste fees and charges in relation to tyres prior to September, in order to comply with the requirements of the new tyre product stewardship scheme.

**Prepared by:**



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1 May 2024

**Reviewed and Authorised by:**



**Name:** Tony Avery  
**Title:** GM Property & Infrastructure  
16 May 2024

## Context | Horopaki

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1. QLDC's waste fees and charges were last reviewed for the 2023/24 year, with the previous review occurring in 2022/23.
2. An annual review is required to ensure appropriate cost recovery is achieved for waste, in line with expected costs outlined in the Long Term Plan.
3. This year there are five key drivers for the need to review the fees and charges
  - a. Changes in costs associated with the Emissions Trading Scheme (ETS)
  - b. A new unique emissions factor (UEF)
  - c. Increase in the landfill levies applied by Ministry for the Environment (MfE), effective 1 July 2024
  - d. Introduction of a product stewardship scheme for the management of tyres
  - e. Increase in internal overheads, interest on borrowings, and depreciation

### ***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 below \$56 per unit (Attachment A). In order to mitigate the impact from a fluctuating market the Finance Team purchase as many NZU as they can in advance to provide some price certainty for setting fees and charges. Units were last purchased when the market price was higher. Units purchased at \$71.15 and \$84.00 will be used in the 2024 year to meet surrender obligations. Based on the predicted surrender obligation and the number of each units purchased, an average unit price of \$74.20 has been budgeted. These costs have been built into the proposed fees and charges for 2024/25. For comparison, in 2023 18,690 units needed to be surrendered, and comprised of a mix of units costing \$37.25 and \$71.15.

### ***Unique Emissions Factor***

5. Council worked with its operator to apply for a unique emissions factor (UEF) based on destruction efficiency of the landfill gas management system. The more efficient the gas destruction, the lower the UEF. A low UEF is one factor that reduces the overall cost of NZ ETS obligations (the other being diverting materials from being landfilled). The UEF for Victoria Flats

Landfill for the 2023 calendar year was calculated to be 0.328. This is higher than 0.274 achieved in the 2022 calendar year due to some loss of destruction efficiency while commissioning new collection wells. New methodology will improve the commissioning process going forward and therefore reduce the loss of destruction efficiency. While a UEF has to be applied for each calendar year, it is likely that the UEF for the 2024 calendar year will be similar to the two previous years. The predicted impact of this has been built into the proposed fees and charges for 2024/25 to be passed onto users of the facilities.

### ***Waste Levies***

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 2024 the waste levy will increase from \$50 per tonne to \$60 per tonne for Municipal (Class 1) landfills; from \$20 per tonne to \$30 per tonne for Construction and demolition (Class 2) landfills; and remain at \$10 per tonne for Managed or controlled fill (Class 3 & 4) landfills. An adjustment to the fees and charges for items that are landfilled is required to offset this increase.

### ***Tyre product stewardship scheme***

7. Tyres are accepted for recycling at both Refuse Transfer Stations. Currently these are consolidated and temporarily stored for transportation to recycling markets. New regulation came into effect on 1 March 2024 requiring importers of tyres, whether loose or on vehicles, to pay tyre stewardship fees under a tyre product stewardship scheme managed by Tyrewise. This is essentially an advanced disposal fee where the regulation makes sure those making, selling and using tyres take responsibility to prevent end-of-life tyres ending up in landfills or the environment. From 1 September 2024, the scheme will include registered retailers, generators and collection sites (for example, refuse transfer stations). Tyrewise will collect of end-of-life tyres from the collection sites and transport these to recycling processors using the advanced disposal fee. In order to comply with any requirements with the introduction of the product stewardship scheme for collection sites, it is proposed that Council delegate authority of this to the Chief Executive. Should the need arise, this would be limited to a one-off adjustment to the fees and charges associated with the acceptance of tyres from 1 September 2024 and would be reported to Council via the Chief Executives Report.

### ***Internal overheads, interest on borrowings, and depreciation***

8. The waste tonnage rate has increased by 17.33% due to increases in Council's internal costs. This is lower than the 22.7% initially applied to this rate to balance the budget. An increase of 22.7% requiring the waste tonnage rate to be set at \$460 per tonne (or \$85 increase from existing) did not appear to be a reasonable increase for the community and would likely have unintended consequences such as an increase in illegal dumping. Potential offsets to bridge the gap are currently being explored.
9. Attachment B outlines the proposed changes to the waste fees and charges for 2024/25.

## Analysis and Advice | Tatāritaka me kā Tohutohu

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10. 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.

11. Option 1 Reject the proposal to adjust the waste fees and charges and retain existing

*Advantages:*

- Fees and charges remain unchanged

*Disadvantages:*

- Costs of collection and disposal not fully recovered
- Additional funding required to cover shortfall

12. Option 2 Adopt the proposed waste fees and charges for the 2024/25 year, noting that the landfill gate charge is set after the cost fluctuation certificate is issued by the Cost Auditor

*Advantages:*

- Costs of collection and disposal largely recovered (noting the potential shortfall highlighted in paragraph 9), and not over-recovered

*Disadvantages:*

- Increase in user charges for the community

13. This report recommends **Option 2** for addressing the matter because user charges will offset costs for collection and disposal. The new user charges will commence 1 July 2024 as per Attachment B *Proposed waste fees and charges for 2024/25*.

## Consultation Process | Hātepe Matapaki

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### Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

14. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2021 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.

15. 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.

16. 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**

17. The Council has not consulted with Māori on this topic as the matter is administrative in nature.

#### **Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka**

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18. This matter relates to the Financial risk category. It is associated with RISK10006 Ineffective planning for property and infrastructure within the QLDC Risk Register.

19. The approval of the recommended option will allow Council to implement additional controls for this risk. This will 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**

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20. The Council's Long Term Plan provides budget to proceed with the recommendations contained within this report, noting the potential shortfall in revenue as outlined in paragraph 8.

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

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21. The following Council policies, strategies and bylaws were considered:

- Waste Management and Minimisation Plan 2018
- Long Term Plan 2021-31

22. The recommended option is consistent with the principles set out in the named policy/policies.

23. This matter is included within operational costings in the Long Term Plan/Annual Plan

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

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24. The waste disposal levy was introduced under the Waste Minimisation Act 2008. The levy for Class 1 landfills is currently set at \$50 per tonne (excluding GST) on all waste sent to landfill. This rate is progressively increasing and on 1 July 2024 will be \$60 per tonne. This levy is required to be collected and returned to MfE for use in the promotion and achievement of waste minimisation. There is also a requirement to comply with the Emissions Trading Scheme as well as the product stewardship scheme for tyres.

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

25. 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.

26. The recommended option:

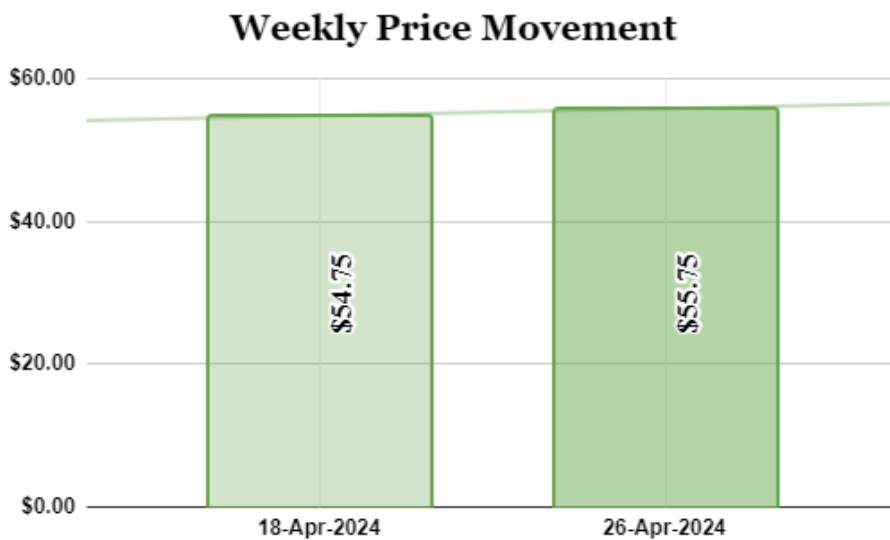
- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer 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 2024/25

**Attachment A**

**Indicative Emissions Unit prices**



**Attachment B**

**Proposed waste fees and charges for 2024/25**

	Current	Proposed 1 July 2024	Difference from current
<b>Cost to dispose of rubbish at the Transfer Station</b>			
Single refuse bags	\$8.50	\$9.00	\$ 0.50
Per Tonne	\$375.00	\$440.00	\$ 65.00
Green waste/mulch small load	\$8.00	\$8.00	\$ -
Green waste/mulch trailers/vans/utes (under 200kg)	\$15.00	\$15.00	\$ -
Per Tonne of green waste	\$75.00	\$75.00	\$ -
Hazardous Waste - up to 20kg or 20 litres, flat fee	\$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	\$ -
Tyres per tonne	\$565.00	\$593.50	\$ 28.50
Tyres - per std car tyre	\$6.00	\$6.50	\$ 0.50
Tyres - per std truck tyre	\$36.00	\$38.00	\$ 2.00
Cleanfill per tonne	\$100.00	\$110.00	\$ 10.00
Scrap metal per tonne	no charge	no charge	\$ -
E-waste - up to 5kg, per kg	\$4.00	\$4.00	\$ -
E-waste - single items greater than 5kg, per kg up to a max 50kg	\$1.50	\$1.50	\$ -
Whiteware degassing per item	\$16.50	\$16.50	\$ -
Gas bottles per item (greater than 2.5kg)	\$6.50	\$6.50	\$ -
Childs car seat per item	\$15.00	\$15.00	\$ -
Household and car batteries, incl. vape pods	no charge	no charge	\$ -
These charges are inclusive of GST			
	Current	Proposed 1 July 2024	Difference
<b>Cost to dispose of permitted waste at the Landfill</b>			
At the gate charge per tonne	\$121.00	This rate is not set until Certificate of Cost Auditor presented to QLDC, usually in June	
Waste disposal levy	\$50.00	\$60.00	\$ 10.00
<b>Set by MfE</b>			
Employers levy	\$51.30	\$52.94	\$ 1.64
ETS obligation levy	\$61.90	\$74.20	\$ 12.30
All other landfill charges are set by Scope Resources after the Certificate of Cost Auditor is released			
These charges are exclusive of GST			