

ANNUAL PLAN BUDGET UPDATE - WASTE MANAGEMENT

Department: Waste and Environmental Solutions

EXECUTIVE SUMMARY

- 1 This report provides an overview of the operating expenditure (opex) budgets for the 2023/24 Annual Plan year for the Waste Management Group as shown at Attachment A. A draft funding impact statement (FIS) is shown at Attachment B.
- 2 A schedule of proposed fees and charges for the 2023/24 year is also presented at Attachment C.

RECOMMENDATIONS

That the Council:

- a) **Approves** the draft 2023/24 operating budget for the Waste Management Group as shown/amended at Attachment A.
- b) **Approves** the draft 2023/24 fees and charges schedules for Waste Management Group as shown/amended at Attachment C.

OPERATING BUDGETS

Revenue

Rates

- 3 The rates contribution for the Group has increased by \$683k, 11.4%.

External Revenue

- 4 External revenue has increased by \$672k, 5.4%. This is made up of an increase in Waste Disposal Levy (WDL) revenue of \$456k from Ministry for the Environment (MfE), and an increase in Green Island landfill revenue due to increased ETS charges and Ministry WDL costs being passed on to landfill users through increased landfill charges. These increases are offset by an expected reduction in refuse bag sales.

Grants and Subsidies Revenue

- 5 Grants revenue has decreased by \$3.800 million, 100%. The 2022/23 revenue was one-off from the Ministry for the Environment for the purchase of kerbside collection bins.

Internal Revenue

- 6 Internal revenue has increased by \$843k, 96.5%. This is primarily due to lime-treated sludge from the Tahuna wastewater treatment plant now able to be disposed of at the Green Island landfill rather than transported to an external provider as previously budgeted.

Expenditure

Personnel Costs

- 7 Personnel costs have decreased \$176k, 13.8%. This is due to the removal of two fixed-term FTE positions relating to the management and implementation of the new kerbside collection contract. This reduction is offset by increased contracted services costs for the contract implementation.

Operations and Maintenance

- 8 Operations and maintenance costs have increased by \$1.062 million, 8.3%. This is partly due to increases at the Green Island landfill for ETS of \$117k, the kerbside collection contract \$462k and contracted services to implement the new kerbside contract \$250k.

Consumables and General

- 9 Consumables and General costs have increased by \$628k, 22.6%. This is largely due to increases at the Green Island landfill for Ministry for the Environment WDL \$848k.
- 10 Consultants' costs have reduced \$335k with costs associated with the Smooth Hill landfill development transferred to capital expenditure.

Depreciation

- 11 Depreciation has decreased by \$106k, -11.7%.

Interest

- 12 Interest expense has increased by \$684k as a result of the capital expenditure programme and higher interest rate.

FEES AND CHARGES

- 13 Fees and charges have been categorised as 'inclusive' or 'exclusive' of Emissions Trading Scheme (ETS) costs. The landfill charges include costs associated with ETS as these general waste loads contribute to landfill emissions. ETS recoveries have increased from \$51.50 to \$90.35 per tonne.
- 14 All waste to landfill attracts the Ministry for the Environment Waste Disposal Levy, which is currently set at \$30 per tonne rising to \$50 per tonne on 1 July 2023.
- 15 As of 1 July 2023, the Ministry for the Environment Waste Disposal Levy will also include material used for daily cover at Green Island Landfill.
- 16 Changes to fees and charges due to ETS and Levy increases range from 2.7% to 200%.
- 17 Where there has been no cost increase, fees and charges have been held at current rates.

Signatories

| | |
|---------|---|
| Author: | Chris Henderson - Group Manager Waste and Environmental Solutions |
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| Authoriser: | Simon Drew - General Manager Infrastructure and Development |
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Attachments

| | Title | Page |
|--------------------|---------------------|-------------|
| ↓A | Income Statement | 109 |
| ↓B | FIS Statement | 110 |
| ↓C | Waste Fees Schedule | 111 |

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities, and promotes the social economic, environmental, and cultural well-being of communities in the present and for the future.

Fit with strategic framework

| | Contributes | Detracts | Not applicable |
|---|-------------------------------------|--------------------------|-------------------------------------|
| Social Wellbeing Strategy | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Economic Development Strategy | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Environment Strategy | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Arts and Culture Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 Waters Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Spatial Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Integrated Transport Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Parks and Recreation Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other strategic projects/policies/plans | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The activities of Waste Management primarily contribute to the objectives and priorities of the above strategies.

Māori Impact Statement

Council budgets impact broadly across all Dunedin communities including Māori. The Council is committed to developing ongoing relationships with Māori communities, particularly with mana whenua. Strategic projects that have significance to Māori have been identified from across the organisation and these projects will work collaboratively with the Maori Partnerships Manager to ensure beneficial outcomes for Māori are achieved.

Sustainability

The Annual Plan is not proposing any changes to that provided for in the 10 year plan. Major issues and implications for sustainability are discussed and considered in the 50 year Infrastructure Strategy and financial resilience is discussed in the Financial Strategy of the current 10 year plan 2021-31.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report provides a draft budget for the Waste Management Group for inclusion in the draft 2023/24 Annual Plan.

Financial considerations

Financial considerations are detailed in the report.

Significance

The 10 year plan 2021-31 budgets were considered significant in terms of the Council's Significance and Engagement Policy, and were consulted on. Variations to those budgets as discussed in this report are not considered significant in terms of the policy.

Engagement – external

There has been no external engagement in updating the draft budget for the Waste Management Group.

SUMMARY OF CONSIDERATIONS***Engagement - internal***

Staff and management from across council have been involved in the development of the draft budget.

Risks: Legal / Health and Safety etc.

There are no identified risks.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

Projects identified in Community Board Plans were considered in the development of the budgets for the 10 year plan, and Community Boards were consulted at this time. Community Boards will have an opportunity to present on the draft 2023/24 Annual Plan.

Waste Management Income Statement for the Year Ended 30 June 2024

| Actual 2021-22 \$000 | Budget 2022-23 \$000 | Draft Budget 2023-24 \$000 | Budget Inc (Dec) \$000 | Budget Inc (Dec) % |
|--------------------------------------|----------------------------|-------------------------------------|------------------------------|--------------------------|
| Revenue | | | | |
| 4,650 Rates revenue | 6,007 | 6,690 | 683 | 11.4% |
| - Rates penalties | - | - | - | - |
| 10,429 External revenue | 12,542 | 13,214 | 672 | 5.4% |
| - Grants and subsidies operating | - | - | - | - |
| - Grants and subsidies capital | 3,800 | - | (3,800) | -100.0% |
| - Development contributions | - | - | - | - |
| - Vested assets | - | - | - | - |
| 1,590 Internal revenue | 874 | 1,717 | 843 | 96.5% |
| 16,669 Total revenue | 23,223 | 21,621 | (1,602) | -6.9% |
| Expenditure | | | | |
| 865 Personnel costs | 1,279 | 1,103 | (176) | -13.8% |
| 14,676 Operations & maintenance | 12,794 | 13,856 | 1,062 | 8.3% |
| 252 Occupancy costs | 159 | 249 | 90 | 56.6% |
| 2,232 Consumables & general | 2,783 | 3,411 | 628 | 22.6% |
| 110 Grants & subsidies | 190 | 140 | (50) | -26.3% |
| 851 Internal charges | 889 | 955 | 66 | 7.4% |
| 758 Depreciation | 904 | 798 | (106) | -11.7% |
| 309 Interest | 425 | 1,109 | 684 | 160.9% |
| 20,053 Total expenditure | 19,423 | 21,621 | 2,198 | 11.3% |
| (3,384) Net surplus/(deficit) | 3,800 | - | (3,800) | -100.0% |

Waste Management Funding Impact Statement for the Year Ended 30 June 2024

| | Draft Budget 2023/24 \$000 |
|--|----------------------------------|
| Sources of operating funding | |
| General rates, uniform annual general charges, rates penalties | 1,975 |
| Targeted rates | 4,715 |
| Subsidies and grants for operating purposes | - |
| Fees and charges | 13,214 |
| Internal charges and overheads recovered | 1,717 |
| Interest and dividends from investments | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - |
| Total operating funding (A) | 21,621 |
| Applications of operating funding | |
| Payments to staff and suppliers | 18,759 |
| Finance costs | 1,109 |
| Internal charges and overheads applied | 955 |
| Other operating funding applications | - |
| Total application of operating funding (B) | 20,823 |
| Surplus/(deficit) of operating funding (A-B) | 798 |
| Sources of capital funding | |
| Subsidies and grants for renewals expenditure | - |
| Subsidies and grants for other capital expenditure | - |
| Development and financial contributions | - |
| Increase/(decrease) in debt | 10,658 |
| Gross proceeds from sale of assets | - |
| Lump sum contributions | - |
| Other dedicated capital funding | - |
| Total sources of capital funding (C) | 10,658 |
| Application of capital funding | |
| Capital expenditure | |
| - to meet additional demand | - |
| - to improve the level of service | 10,833 |
| - to replace existing assets | 623 |
| Increase/(decrease) in reserves | - |
| Increase/(decrease) in investment (DCHL) | - |
| Increase/(decrease) of other investments | - |
| Total application of capital funding (D) | 11,456 |
| Surplus/(deficit) of capital funding (C-D) | (798) |
| Funding balance ((A-B)+(C-D)) | - |

Group - Waste

| | 2022/23 fees (GST Inclusive) | 2023/24 proposed (GST Inclusive) | \$ change | % change |
|---|---------------------------------|-------------------------------------|-----------|----------|
| Waste and Environmental Solutions | | | | |
| After Hours Opening Fee (excludes ETS) | | | | |
| Booth operation costs – per hour (plus any additional machine fees) | \$91.00 | \$91.00 | \$0.00 | 0.00% |
| After hours | | | | |
| Opening Fee - After Hours | \$446.00 | \$446.00 | \$0.00 | 0.00% |
| Public weigh (weigh only) | \$10.00 | \$10.00 | \$0.00 | 0.00% |
| Green Island Landfill - other charges | | | | |
| Compost per bag | \$7.00 | \$7.00 | \$0.00 | 0.00% |
| Compost per scoop | \$30.00 | \$30.00 | \$0.00 | 0.00% |
| Green Island Transfer Station - e-Waste at the Recycling centre | | | | |
| As per recovery costs | \$0.00 | \$0.00 | \$0.00 | |
| Green Island Transfer Station – General Solid Waste (includes ETS) | | | | |
| General Solid Waste per 50kg (or part thereof) | \$11.00 | \$14.00 | \$3.00 | 27.30% |
| Green Island Transfer Station – Vegetation for composting only (excludes ETS) | | | | |
| 100% vegetation per 50kg (or part thereof) | \$5.00 | \$5.00 | \$0.00 | 0.00% |
| Green Island Transfer Station / Landfill – Large Vehicle Charges (excludes ETS) | | | | |
| Clay cover per tonne | \$5.00 | \$15.00 | \$10.00 | 200.00% |
| Clay minimum charge | \$5.00 | \$15.00 | \$10.00 | 200.00% |
| Clean fill minimum charge (dry) | \$10.00 | \$20.00 | \$10.00 | 100.00% |
| Clean fill per tonne (dry) | \$10.00 | \$20.00 | \$10.00 | 100.00% |
| Cover minimum charge | \$5.00 | \$15.00 | \$10.00 | 200.00% |
| Cover per tonne | \$5.00 | \$15.00 | \$10.00 | 200.00% |
| Rubble minimum charge | \$20.00 | \$30.00 | \$10.00 | 50.00% |
| Rubble per tonne | \$20.00 | \$30.00 | \$10.00 | 50.00% |
| Clean fill per tonne (wet slip material) (removed and to be reclassified as contaminated soil low level) | \$41.00 | \$0.00 | -\$41.00 | -100.00% |
| Clean fill minimum charge (wet slip material) (removed and to be reclassified as contaminated soil low level) | \$41.00 | \$0.00 | -\$41.00 | -100.00% |
| Green Island Transfer Station / Landfill - Special/hazardous waste | | | | |
| Sludges and liquids (solids content at least 20%) per 50kg (or part thereof) | \$16.55 | \$19.95 | \$3.40 | 20.50% |
| Sludges and liquids (solids content less than 20%) per 50kg (or part thereof) | \$19.50 | \$22.90 | \$3.40 | 17.40% |

| | 2022/23 fees (GST Inclusive) | 2023/24 proposed (GST Inclusive) | \$ change | % change |
|--|---------------------------------|-------------------------------------|-----------|----------|
| Animals remains/asbestos including high contaminated soil per 50kg (or part thereof) | \$15.20 | \$19.95 | \$4.75 | 31.30% |
| Green Island Transfer Station / Landfill - Special/hazardous waste (excludes ETS) | | | | |
| Contaminated soil (low level) per 50kg (or part thereof) | \$3.90 | \$6.80 | \$2.90 | 74.40% |
| Foundry sands per 50kg (or part thereof) | \$3.90 | \$5.05 | \$1.15 | 29.50% |
| Gas bottles (each) | \$13.00 | \$13.00 | \$0.00 | 0.00% |
| Household chemicals (inclusive of car - small load fee) | \$16.00 | \$16.00 | \$0.00 | 0.00% |
| Non Hazardous tanker waste per 50kg (or part thereof) | \$7.40 | \$7.60 | \$0.20 | 2.70% |
| Oil (per litre) | \$1.00 | \$1.00 | \$0.00 | 0.00% |
| Tyres (bulk loads) per 50kg (or part thereof) | \$30.00 | \$30.00 | \$0.00 | 0.00% |
| Middlemarch and Waikouaiti Landfill – Large Vehicle Charges (includes ETS) | | | | |
| General solid waste minimum charge | \$107.00 | \$121.00 | \$14.00 | 13.10% |
| General solid waste per cubic metre | \$107.00 | \$121.00 | \$14.00 | 13.10% |
| Middlemarch and Waikouaiti Transfer Stations – Large Vehicle Charges (excludes ETS) | | | | |
| Vegetation for composting - per cubic metre | \$75.00 | \$75.00 | \$0.00 | 0.00% |
| Vegetation for composting - minimum charge | \$75.00 | \$75.00 | \$0.00 | 0.00% |
| Other charges | | | | |
| Blue glass bin | \$10.00 | \$10.00 | \$0.00 | 0.00% |
| Bokashi - 10lt bin | \$36.00 | \$36.00 | \$0.00 | 0.00% |
| Bokashi - 15lt bin | \$39.00 | \$39.00 | \$0.00 | 0.00% |
| Bokashi - Replacement lid | \$5.00 | \$5.00 | \$0.00 | 0.00% |
| Bokashi - Zing - bag | \$7.00 | \$7.00 | \$0.00 | 0.00% |
| Kerbside bin (additional bin/replacement bin/change of bin size) – delivery & administration fee | \$31.00 | \$31.00 | \$0.00 | 0.00% |
| Refuse Collection (includes ETS) | | | | |
| 40 Litre bags | \$3.40 | \$3.80 | \$0.40 | 11.80% |
| 65 Litre bags | \$3.60 | \$4.00 | \$0.40 | 11.10% |

| | 2022/23 fees (GST Inclusive) | 2023/24 proposed (GST Inclusive) | \$ change | % change |
|---|---------------------------------|-------------------------------------|-----------|----------|
| Transfer Stations without weighbridge – Small Vehicle Charges - General Solid Waste (includes ETS) | | | | |
| Car – large load | \$52.00 | \$61.00 | \$9.00 | 17.30% |
| Car – small load | \$22.00 | \$25.00 | \$3.00 | 13.60% |
| Cars and single axle trailers, vans and utes – medium load | \$77.00 | \$86.00 | \$9.00 | 11.70% |
| Cars and single axle trailers, vans and utes – large load | \$102.00 | \$116.00 | \$14.00 | 13.70% |
| Cars and single axle trailers, vans and utes – small load | \$50.00 | \$62.00 | \$12.00 | 24.00% |
| Station wagon – large load | \$81.00 | \$95.00 | \$14.00 | 17.30% |
| Station wagon – small load | \$39.00 | \$48.00 | \$9.00 | 23.10% |
| Wheelie Bin per bin or part bin | \$22.00 | \$25.00 | \$3.00 | 13.60% |
| Wool pack per pack or part pack | \$22.00 | \$25.00 | \$3.00 | 13.60% |
| Non-Council Refuse bag – per bag (max size 80 litres) | \$5.00 | \$5.00 | \$0.00 | 0.00% |
| Transfer Stations without weighbridge – Small Vehicle Charges (excludes ETS) | | | | |
| Car tyres – each | \$5.00 | \$5.00 | \$0.00 | 0.00% |
| Clay cover (per cubic metre) | \$5.00 | \$15.00 | \$10.00 | 200.00% |
| Cleanfill (per cubic metre - dry) | \$10.00 | \$20.00 | \$10.00 | 100.00% |
| Rubble (per cubic metre) | \$20.00 | \$30.00 | \$10.00 | 50.00% |
| Transfer Stations without weighbridge - Vegetation for composting only (excludes ETS) | | | | |
| Car – large load 100% vegetation | \$24.00 | \$24.00 | \$0.00 | 0.00% |
| Car – small load 100% vegetation | \$9.00 | \$9.00 | \$0.00 | 0.00% |
| Station wagon – large load 100% vegetation | \$35.00 | \$35.00 | \$0.00 | 0.00% |
| Station wagon – small load 100% vegetation | \$14.00 | \$14.00 | \$0.00 | 0.00% |
| Van or Ute, Car with single axle trailer, 100% vegetation | \$44.00 | \$44.00 | \$0.00 | 0.00% |
| Wheelie Bin per bin 100% vegetation | \$9.00 | \$9.00 | \$0.00 | 0.00% |
| Wool pack 100% vegetation | \$9.00 | \$9.00 | \$0.00 | 0.00% |
| Van or Ute, Car with single axle trailer - 100% vegetation (small load) | \$22.00 | \$22.00 | \$0.00 | 0.00% |