



Consultation Period:
Wednesday 1 May – Tuesday 4 June 2019

Notice of Consultation

PROPOSED AMENDMENTS TO FEES AND CHARGES FOR TRADE WASTE

1. INTRODUCTION

It is Council's policy to review its fees and charges for trade waste each year in accordance with the Palmerston North Trade Waste Bylaw.

Changes to these fees and charges are required to be approved using the consultation principles of the Local Government Act.

2. BACKGROUND

2.1 Revenue & Financing Policy Requirements

As part of Council's financial framework it has in place a Revenue and Financing Policy that was adopted in 2018.

The policy defines how operating expenditure for each activity will be funded. In summary the funding sources are from either, user charges or targeted rates (private), rates (public), or based on the exacerbator principle whereby the cost of an activity can be attributed to an individual or a group of individuals.

Some of the discharges of trade waste into the sewerage system use up more of the sewerage systems capacity than normal domestic discharges.

Council's Revenue and Financing policy states "volumes of trade waste are capable of being measured so those who discharge trade waste should be charged based on the nature and volume of discharge". The setting of the charges is regulated under Council's Trade Waste Bylaw 2015 and a specific charging mechanism has been established to recover the extra costs imposed on the Council's system.

These costs are incurred in the following way;

- Compliance Monitoring – the inspection, sampling and analysis of trade waste discharges
- Trade Waste Application – the processing of new or renewal applications
- Consent Processing – when the cost of processing the consent exceeds the normal application fee
- Re-inspection – for re-inspection of premises when a notice served by the Council has not been complied with
- Annual Trade Waste Charges – for administration and monitoring of individual consent holders
- Trade Waste Charges – these are for the impact of consented discharges on Council's system.

The following factors impact on the fees and charges;

- Costs to administer and monitor consents
- Cost of operating the Palmerston North sewerage system
- Flows within the Palmerston North sewerage system
- Loading on the Palmerston North Wastewater Treatment Plant.

These costs, flows and loadings vary from year to year.

2.2 Statutory Requirements

The Council adopted the Palmerston North **Trade Waste** Bylaw in 2015 under its statutory powers contained in the Local Government Act 2002 (LGA). Accordingly, in terms of section 150 of the LGA the trade waste charges are required to be set in a manner giving effect to the requirements of the Act. Schedule 1 of the Bylaw contains a list of types of charges that may be imposed. In June 2018 the Council adopted the current schedule of charges following appropriate consultation.

2.3 Factors Impacting on Setting Fees and Charges

A number of other considerations are factored into the proposed fees. They are:

Transparency It is important that fees and charges are structured in a manner that clearly identifies the specific service being provided and the true cost of providing such services.

Fair and reasonable That the charges are demonstrated to be fair and reasonable.

Market comparable Where appropriate.

2.4 Outline of Proposed Fees and Charges

The proposed fees and charges are shown in detail below:

Category	2018/2019 Charge GST Incl.	2019/2020 Charge GST Incl.	Description
Administrative Charges (Table 2 – Schedule 1)			
Compliance Monitoring (2.2)	\$360 per annum	\$360 per annum	Fee to recover inspection and monitoring costs of trade premises
Compliance Monitoring – Grease Trap Sampling Fee (2.2)	\$98 per inspection	\$115 per inspection	Fee to recover inspection and sampling costs of grease traps
Trade Waste Application Fee (2.4)	\$860	\$1,600	Fee to recover cost of processing new or renewal applications
Consent Processing Fee (2.5)	\$155 per hr	\$195 per hr	Fee to recover cost of processing extraordinary applications
Re-inspection Fee (2.6)	\$115 per inspection	\$115 per inspection	Fee to recover cost of re-inspections of individual trade premises
Grease Traps (2.9)	\$88 per annum	\$115 per annum	Charge to recover administration and monitoring cost of grease traps
Oil Interceptors (or similar devices) (2.9)	\$88 per annum	\$115 per annum	Charge to recover administration and monitoring cost of oil interceptors and other treatment devices
Amalgam Traps (2.9)	\$88 per annum	\$115 per annum	Charge to recover administration and monitoring cost of amalgam traps at dental surgeries
All other premises (2.9)	\$745 per annum	\$800 per annum	Charge to recover administration and monitoring cost of trade waste consents
Trade Waste Charges (Table 3 – Schedule 1)			
Volume Charge (\$/m ³) (3.1)	\$0.3812/m ³	\$0.4122/m ³	Charge to recover sewerage collection costs
Suspended Solids Charge (SS) (\$/kg) (3.3)	\$0.6042/kg SS	\$0.7113/kg SS	Charge to recover suspended solids treatment costs
Organic Loading Charge (BOD) (\$/kg) (5.4)	\$0.4641/kg BOD	\$0.5737/kg BOD	Charge to recover organic loading treatment costs
Phosphorous Charge (DRP) (\$/kg) (3.6)	\$31.2085/kg DRP	\$38.625/kg DRP	Charge to recover phosphorous (DRP) removal costs
Tankered Waste Charges (Table 4 – Schedule 1)			
Tankered Wastes (4.1) Charge	\$40/1,000 litres	\$40/1,000 litres	Charge to recover administration, receiving and treatment costs of tankered wastes.

In the past the administrative charges have been set at levels which cover only a portion of the costs of performing the work involved. This has been known and acknowledged but the extent of the subsidy last year became more evident through changes in in-house arrangement for the service delivery. The Revenue and Financing Policy describes that the costs of this activity will be recovered from the users and this approach was further endorsed when adopting the trade waste fees and charges for 2018/19. When consulting on the proposed trade waste administration charges for 2018/19 the consultation material described that increases would be phased over two years and indicative charges for 2019/20 were outlined. The administration charges now proposed for 2019/20 are the same as those indicative figures shown last year.

The volume dependent charges are based on historic flows, strengths and costs. The 2018/19 charges were based on flows and costs from 1 January 2017 to 31 December 2017 and, in an effort to smooth the effect of changing volumes and flows, the proposed 2019/20 charges are based on flows and costs over the two years from 1 January 2017 to 31 December 2018.

The changes proposed above represent increases of 8.1% in the rate charged on the volume of sewage discharged, 17.7% in the suspended solids charge, 23.6% in the charge for organic loading treatment, and 23.8% in the charge for phosphorous removal.

2.5 Level of Service

As part of the process of preparing the proposed 10 Year Plan 2018-28 the level of service for all areas was considered. This determined that the current levels are appropriate. The proposed fees reflect this decision.

3. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables Council to be satisfied that they are transparent, fair and reasonable and market comparable. This does not necessarily mean that fees will be increased every year.

The options available include no change being made, proceeding with the recommendations or changing fees by a different amount. If no change is made or fees are increased by a lesser amount, the proposed budgeted revenue for 2019/20 cannot be met. This will result in the level of ratepayer funding having to be increased to make up the shortfall or the level of services being reduced.

The remaining option is to proceed with the recommended changes. This will ensure that the charges for providing the services are fair and reasonable. It will ensure that the revenue attained from fees and charges reflects the true cost to Council of providing such services.

4. FINANCIAL IMPLICATIONS

The proposed fees and charges will enable the budget targets for 2019/20 as defined in the proposed Annual Budget 2019/20 to be met based on the volume assumed. In particular it will enable the generation \$923k of revenue from trade waste charges.

5. MAKING A SUBMISSION

Submissions on the proposal are invited and must be received by the Council during the submission period which opens on Wednesday 1 May 2019 and closes at 5.00 pm on Tuesday 4 June 2019. Enquiries may be directed to the Transport & Infrastructure Manager on telephone 356 8199.

Submissions must be in writing and may be delivered, posted or emailed to:

The Governance and Support Team Leader
Palmerston North City Council
Private Bag 11-034
Palmerston North 4442

Email submission@pncc.govt.nz

Submissions should include the name and address of the person making the submission, including a daytime telephone contact number, and also advise if they wish to speak about their submission to a meeting of Councillors.

Heather Shotter
Chief Executive