



city of  
**PALMERSTON**  
'A Place for People'

# **LATE ITEM**

## **ORDINARY COUNCIL MEETING**

### **TUESDAY, 2 MAY 2023**



**LUCCIO CERCARELLI**  
**CHIEF EXECUTIVE OFFICER**

*'A Place for People'*

# COUNCIL REPORT

1st Ordinary Council Meeting

<b>AGENDA ITEM:</b>	13.1.3
<b>REPORT TITLE:</b>	Submission to City of Darwin draft Municipal Plan
<b>MEETING DATE:</b>	Tuesday 2 May 2023
<b>AUTHOR:</b>	General Manager of Infrastructure, Nadine Nilon
<b>APPROVER:</b>	Chief Executive Officer, Luccio Cercarelli

## COMMUNITY PLAN

Governance: Council is trusted by the community and invests in things that the public value.

## PURPOSE

This Report seeks Council consideration and approval of a submission to the City of Darwin (CoD) draft Municipal Plan 2023/2024 regarding waste management fees and charges being proposed at Shoal Bay Waste Management Facility (SBWMF).

## KEY MESSAGES

- City of Darwin released its draft Municipal Plan and Fees and Charges for 2023/24, on Wednesday 26 April 2023.
- City of Darwin manages and operates the only licenced regional waste facility available in the Top End.
- City of Palmerston disposes of approximately 13,000 tonnes of waste at the SBWMF each year.
- City of Darwin have proposed a 30.4% increase to the general commercial waste charge at Shoal Bay Waste Management Facility next financial year, which will have a significant impact on Palmerston residents and businesses.
- These 2023/24 Fees and Charges include classifications that have not previously been used. It is not known how these new charges will be applied in practice, and whether they will impact Council. Of particular concern are the interpretation of the weighbridge fees relating to 'contamination' and application of the new mattresses charge.
- Officers have drafted a submission letter addressed to City of Darwin to relay Council's concerns in regard to the increased waste charges and details around the new waste charges. The intent is for this to be submitted to City of Darwin's Municipal Plan 2023/34 Public Consultation which closes on 17 May 2023.
- To ensure a timely response within the 21-day consultation period, this report has been tabled as a late report for Council consideration.

## RECOMMENDATION

1. THAT Report entitled Submission to City of Darwin draft Municipal Plan be received and noted.
2. THAT Council endorses the letter as per **Attachment 13.1.3.1** as it's submission to the City of Darwin 2023/24 Draft Municipal Plan and Fees and Charges.

**BACKGROUND**

The City of Darwin (CoD) released its draft Municipal Plan and Fees and Charges for 2023/24, on Wednesday 26 April 2023, relating to its budget for next financial year. The impact of CoD’s budget to the City of Palmerston (Council) is the cost of waste disposal at the Shoal Bay Waste Management Facility. The CoD draft minutes for the 26 April meeting have not been published at the time of writing this report, so there it is not known whether the Fees and Charges have been adopted or are part of the draft Municipal Plan documentation for consultation.

CoD fees and charges have been increasing each year, with a more than 40% increase of commercial waste costs over the past 5 years. To date Council have absorbed these increases to limit the impact to resident. A further 30% increase this coming financial year from CoD will be felt by residents across the municipality with Council forced to pass on these costs to rate payers.

This report discusses the impact of the CoD draft Municipal Plan and Fees and Charges for 2023/24 on Council and presents a submission letter for Council’s endorsement. It has been tabled as a late report to this meeting due to the timing of the 21-day consultation period, which opened 26 April and closes 17 May 2023.

**DISCUSSION**

**City of Palmerston Waste Management Services and Charges**

The Shoal Bay Waste Management Facility (SBWMF) is the only licenced landfill within the Darwin region. As a result, all of Council’s municipal waste and non-recyclable waste from the Archer Waste Management Facility (AWMF) is disposed of at SBWMF at commercial rates.

Council disposes of approximately 13,000 tonnes of waste at the SBWMF each year. This is either through kerbside waste collection, the transfer station at AWMF or through the annual pre-cyclone clean up. The waste collected and transferred is only from residential properties and does not include recyclable material that is processed on site or at recycling facilities, such as green waste processing at AWMF. Table 1 provides an overview of volumes.

*Table 1*

Waste Source	Volume
Kerbside Collected	9150
Transfer Station	3650
Pre-cyclone Clean Up	200

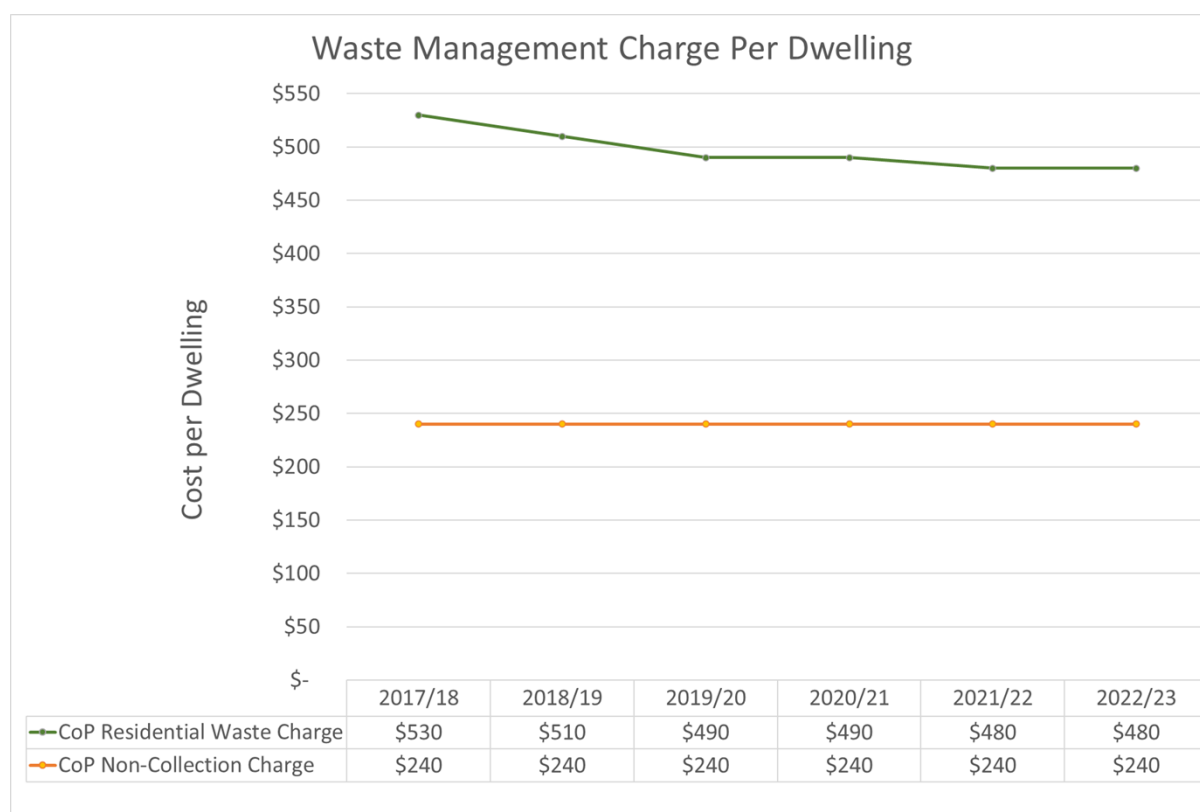
There are approximately 13,900 residential properties receiving a collection service, and approximately 500 properties that do not receive a waste collection provided by Council but are able to access the transfer station and the pre-cyclone clean up service. The average waste tonnage per property receiving a waste collection service is around 900kg per service.

Council diverts a significant volume of recyclable material at the AWMF, and through the kerbside recycling service. There are also programs such as the home composting scheme and ongoing education to ensure the minimal waste product is going to landfill.

Council recovers the costs of waste management services through the Waste Management Charge within the annual Declaration of Rates & Charges. The revenue generated from the charge is required to be spent on relevant waste management activities, as defined within the Declaration of Rates & Charges.

Over the last 5 years Council has reduced its Waste Management Charge for dwellings receiving a service from \$530 in 2017/18, to \$480 in 2021/22 and 2022/23 as outlined in Figure 1.

Figure 1



In 2022/23, the cost of disposal of waste at SBWMF is \$115 per tonne (incl GST). Council pays the full commercial fee, the same as other businesses and users. The CoD draft 2023/24 Municipal Plan and Fees and Charges has indicated a more than 30% increase in weighbridge fees, resulting in a fee of \$150 per tonne. There is also a separate charge noted of \$190 per tonne for general waste contaminated by green waste and contaminated construction waste. It is not clear what the definition of contamination will be, so Council has assumed that it would be typically charged the \$150 per tonne charge. However, clarification on this is required.

Over the past 6 years, the cost of commercial waste disposal at SBWMF has increased by \$70 per tonne, as indicated in Figure 1.

Figure 2

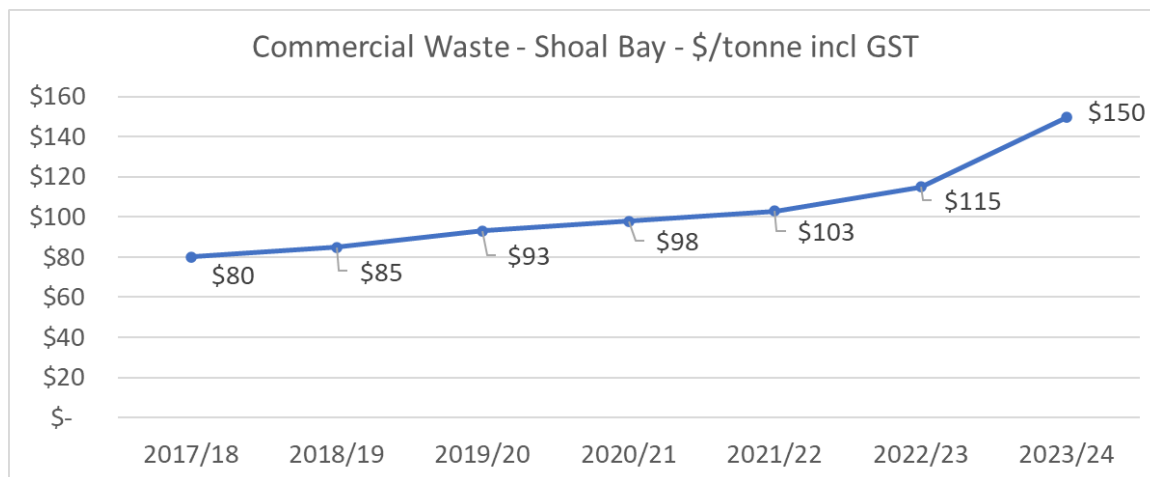


Table 2 provides a summary of the impact of the increased waste disposal charge on Council's residential waste disposal.

Table 2

Waste Source	Estimated Quantity (tonnes)	2021/22 Cost (\$103 per tonne)	2022/23 Cost (\$115 per tonne)	2023/24 Cost (\$150 per tonne)
Kerbside	9150	\$ 942,450	\$ 1,052,250	\$ 1,367,925
Transfer Station	3650	\$ 375,950	\$ 419,750	\$ 545,675
Cyclone Collection	200	\$ 20,600	\$ 23,000	\$ 29,900
<b>Total</b>	<b>13000</b>	<b>\$ 1,339,000</b>	<b>\$ 1,495,000</b>	<b>\$ 1,943,500</b>
<b>Annual Increase</b>			<b>\$ 156,000</b>	<b>\$ 448,500</b>

In preparation of Council's 2023/24 Municipal Plan and Waste Management Charge, there are compounding increases to be considered. Most significantly is inflation of contracted operational costs, with CPI being over 5% over the past 18 months, and the impact of SBWMF weighbridge fees with a 11.8% increase in 2022/23 and now 30.4% to occur in 2023/24.

## Council response to CoD draft 2023/24 Municipal Plan and Fees and Charges

Due to the significant impact the CoD SBWMF weighbridge fees have on the residential Waste Management Charges for Council, in addition to operational costs relating to project and services waste disposal, it is considered appropriate for Council to ensure that any cost increase is fully understood and transparent to the Palmerston community.

It is understood that operating a landfill is complex and there are a number of challenges and capital investment is a significant cost, both in the near and long term. However, this information is not readily available, nor linked to the cost being passed on to users.

There are two (2) main elements that the draft submission as per **Attachment 13.1.3.1** identifies, being;

- Transparency of SBWMF Income and Expenditure within the draft Municipal Plan, and

- b) Interpretation of the weighbridge fees relating to 'contamination' and application of the new mattresses charge.

These are further discussed below.

a) Transparency of SBWMF Income and Expenditure within the draft Municipal Plan

The CoD draft 2023/24 Municipal Plan and Fees and Charges does not provide specific information relating the income or expenditure specific to SBWMF, so it is not known what total income is being generated, nor the expenses relating to the facility and their relationship to the Fees and Charges both over the short and long term.

On page 13 of the CoD draft Municipal Plan, it indicates that there is \$27.8m in waste management operations and investment expenditure. The total User Fees and Charges income is identified as being \$29.5m which includes all User Fees and Charges, and is an increase of approximately \$5 million from 2022/23, or 20%. However, the increase in the weighbridge fees alone is calculated to be in the order of around \$6.3 million. This is based on a \$31.82 excluding GST increase on 200,000 tonnes of waste, with the 2019/20 Municipal Plan for CoD indicating 180,000 commercial tonnes per annum at the landfill. It is also noted that the 2021/22 annual report to the Northern Territory Environmental Protection Authority (NTEPA) relating to the waste licence indicated that SBWMF is accepting over 340,000 tonnes of municipal and commercial and industrial waste per year.

Therefore, the submission drafted requests additional information around the increased income and expenditure relating to SBWMF and how it relates to the weighbridge fees being applied.

b) Interpretation of the Waste Fees and Charges

The 2023/24 Fees and Charges includes waste classifications that have not previously been used in the Fees and Charges. It is not known how these new charges will be applied in practice, and whether they will impact Council.

The charges and potential impacts are summarised in Table 3.

Table 3

Charge Description	Cost per tonne (incl GST)	Comments
General Waste	\$150	This would typically be considered to apply for all waste transported from Council's waste services.
General waste contaminated with green waste	\$190	It is not clear what would constitute 'contamination' and whether this would apply to transfer station and/or kerbside waste collection. If it were to apply to Council waste, then this would be a further significant increase.
Construction waste contaminated	\$190	Similar to the general waste, it is not clear what 'contamination' includes. This would likely impact the pre-cyclone clean up and transfer station waste where there is a mix of residential construction waste disposed.

Mattresses	\$35	Council collects mattresses through the transfer station which is typically disposed off and transported with mixed general waste. It is not clear if mattresses cannot be included with general waste (and therefore require specific separation and transport).
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## Submission

It is recommended that Council make a submission to the City of Darwin that requests a review and deferment of the introduction of the 30% increase and further requests clarification of the application of the new fees.

A draft submission for Councils consideration is presented as per **Attachment 13.1.3.1**.

## CONSULTATION PROCESS

CoD has released its draft Municipal Plan and Fees and Charges for 2023/24, on Wednesday 26 April 2023, relating to its budget for next financial year. Consultation closes 3pm Wednesday, 17 May 2023.

Council undertook a media release on Friday 28 April 2023, expressing its concerns.

Council acknowledges that an increase of 20-30% was foreshadowed by the CoD CEO for commercial weighbridge fees at the SBWMF. Furthermore, that CoD has advised that indicative trends in relation to future costs of disposal at SBWMF changes in waste fees and charges for FY 23/24 are based on supporting both operational costs and the significant capital investments that ensure environmental compliance and long-term sustainability of SBWMF. However, the actual increase presented of 30.4%, without transparent and clear detail of reasoning, has come as a surprise and will result in a significant impact on the Palmerston community.

Council will need to clearly communicate with Palmerston residents regarding the increase in Waste Charges for 2023/2024 and how they relate to the proposed CoD SBWMF fees and charges.

The following City of Palmerston staff were consulted in preparing this Report:

- Deputy CEO

## POLICY IMPLICATIONS

There are no policy implications for this Report.

## BUDGET AND RESOURCE IMPLICATIONS

An increase in disposal costs results in a direct impact on Council's waste management budget and impacts on the ability for Council to continue to deliver and improve existing services.

CoD charges have been increasing each year, with a more than 40% increase over the past 5 years. To date Council have absorbed these increases to limit the impact to residents, however this is not able to be done with this CoD proposed significant increase.

As per the April 2023 Finance Report and 2022/23 Municipal Plan, the Waste Management charge income budget is \$6,889,416, with operational expenditure being \$6,736,226, plus external loan repayments relating to the PAN, and not including capital costs. The Waste Management Reserve has a



current balance of \$2,923,900 which is required for future capital costs, unplanned and unrecoverable emergency waste management costs and is not currently budgeted to have a net increase.

The budgeted costs for direct SBWMF costs in 2022/23 is \$1,495,000. A 30% increase results in a direct increase of \$448,500 that needs to be recovered.

### **RISK, LEGAL AND LEGISLATIVE IMPLICATIONS**

Many of the over 1500 businesses in Palmerston including builders, retailers and any business that generate waste from their activities will also be affected by an increase in their waste management expenses from CoD. This may adversely impact the economy and local businesses.

CoD manages and operates the only regional waste facility available in the Top End and therefore has a monopoly and Council considers they must therefore operate in a way that acknowledges this and considers impact on the broader region. Council further considers given CoD operate a monopoly that charges applied must be applied equitably to all users this includes CoD residential waste and operations generally.

A significant concern with the increase is the apparent lack of concern relating to the impact on the Palmerston, and the broader, Top End community that are dependent on the price set by CoD. This is evidenced by the increase not being presented with a transparent message as to the reasoning for such a significant increase. Council is aware that this may not be a legislative requirement, however it is considered good, transparent governance to clearly identify and articulate detail relating to large significant increases particularly where you operate a monopoly.

Australian Competition & Consumer Commission (ACCC) Chair, Rod Sims stated in a release regarding a monopoly business "A monopolist that controls this type of bottleneck infrastructure, operating without any regulation, has a clear incentive to maximise profits by raising prices even if this means reduced volumes or less use of their service,". (source: The dangers of monopolists without constraint, 30 September 2019)

The ACCC states that:

*"Market power is a business's ability to insulate itself from competition.*

*A business with market power has more freedom to act without needing to worry how competitors, suppliers or customers will react. For example, it may be able to raise prices or lower quality without having to worry about losing customers.*

*To work out if a business has substantial market power, we may look at:*

- *the number and size of businesses in that market*
- *how easy it is to set up a competing business in that market*
- *the extent of the business's ability to ignore what competitors, suppliers or customers do."*

Should CoD not reconsider the proposed fees and charges or adequately address Council concerns the Council may wish to explore other avenues.

In February 2022 the CoD Council resolved:

*"THAT the Acting Chief Executive Officer commence a project over the next 12 months informing*



*the FY24 budget of the City of Darwin Council as to the steps to commence the commercialisation of the Waste Management Regime.”*

To the best of staff knowledge this work has not been made public.

This Report addresses the following City of Palmerston Strategic Risks:

- 8 Fails to develop effective relationships and manage expectations of relevant parties  
Context: Engagement & communication with stakeholders (internal and external to the City).

### **ENVIRONMENT SUSTAINABILITY IMPLICATIONS**

There is a risk that a significant increase in waste charges at SBWMF will increase the prevalence of unlawful dumping.

The City of Palmerston Sustainability Strategy incorporates priorities to increase diversion of waste from landfill. Council has both community grants and Council-led education and initiatives such as the AWMF renewal to encourage and increase diversion.

Council has been leading the development of a regional waste management review, including emergency waste management, and will continue this work to ensure appropriate long term waste management options are planned for and available when required.

### **COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION**

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

### **ATTACHMENTS**

1. Submission to the City of Darwin draft 2023 24 Municipal Plan and Fees and Char (1) [13.1.3.1 - 2 pages]



## OFFICE OF THE MAYOR

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28 April 2023

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The Hon. Kon Vatskalis JP  
Lord Mayor of Darwin  
City of Darwin  
GPO Box 84  
DARWIN NT 0801

Dear Mr Vatskalis

### Submission to the City of Darwin draft 2023/24 Municipal Plan and Fees and Charges.

The City of Palmerston (CoP) provides this letter as its submission to the City of Darwin draft 2023/24 Municipal Plan and Fees and Charges. CoP requests that this letter is tabled within the open section of a City of Darwin Council Meeting when the draft Municipal Plan is discussed, or sooner. This letter has been endorsed by Council at its meeting on 2 May 2023.

The City of Palmerston acknowledges that an increase of 20-30% was foreshadowed by the City of Darwin (CoD) CEO for commercial weighbridge fees at the Shoal Bay Waste Management Facility (SBWMF). However, the actual increase presented of 30.4%, without transparent and clear detail of reasoning, has come as a surprise and will result in a significant impact on the Palmerston community.

This increase impacts both CoP's residential waste charge and the cost of Council providing broader operational services and projects to the community. CoP prides itself on transparent governance and providing quality services at minimal cost to its ratepayers. CoP provides free swimming pool access, free car parking, free community space hire, free community events and numerous other services that it considers are vital to its growing community and ensures access for all.

The impact of a more than 30% increase to waste fees at SBWMF impacts CoP's ability in the short and long term to continue the delivery of its services.

A significant concern Council has with the increase is the apparent lack of concern relating to the impact on the Palmerston, and broader, community that are dependent on the price set by CoD. This is evidenced by the increase not being with a transparent message as to the reasoning for such a significant



## OFFICE OF THE MAYOR

increase. CoP is aware that this may not be a legislative requirement, however it is considered good, transparent practice, to clearly identify and articulate detail relating to large increases.

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CoP would consider it appropriate for CoD to outline the revenue being raised at the SBWMF through commercial waste charges, the operational costs of the service and the relationship to the CoD residential waste charge. It is noted that the increase to CoD residential properties is in the order of \$20 per dwelling, which would incorporate both CPI and SBWMF charges.

CoP has also noted that there are a number of new fees within the Fees and Charges attached to the CoD draft 2023/24 Municipal Plan. These fees include charges relating to contamination of general waste with green waste, and contaminated construction waste. If these fees were to apply, at \$190 per tonne (incl GST), this is a further \$40 per tonne on top of the \$150 per tonne identified for general waste CoP has incorporated into its already increased charges and cost to services. If the increased charge of \$190 per tonne is intended to be applied to the majority of waste (ie kerbside waste collection), this would be a further significant cost to CoP and it's community.

In summary, CoP does not agree with the significant SBWMF waste fee increases for 2023/24, and requests the following;

1. That this letter is tabled at the CoD Council Meeting at which the draft Municipal Plan is discussed prior to adoption.
2. That, prior to the 31 May, a response is provided to CoP that clarifies the proposed interpretation and implementation of the new fees of;
  - a. General waste contaminated by green waste
  - b. Contaminated construction waste
  - c. Mattresses.

Yours sincerely

Athina Pascoe-Bell  
Mayor