

AMENDMENT BY COUNCILLOR BROUGH

ITEM NUMBER: CCS647

ITEM TITLE: 2024-25 BUDGET ADOPTION

DATE & TIME RECEIVED: Tuesday 23 July 2024 at 7:43am.

**CCS647: AMENDMENT BY COUNCILLOR BROUGH TO AUTHORISING OFFICER
RECOMMENDATION 6
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT the following amendment be made to the Schedule of Fees and Charges (which form part of the 2024-25 Budget):

1. **General Commercial Waste-Minimum Fee \$20.00; ex-GST \$145.45/tonne, incl GST \$160.00/tonne.**
2. **Type 1 Inert Waste (per tonne)
Concrete and Masonry (not suitable as rough road base as contains reinforcement, etc)
- Minimum Fee \$10.00, ex-GST \$131.18/tonne, incl GST \$145/tonne**
3. **Industrial Waste (Non-biodegradable) per tonne - Minimum Fee \$20.00, ex-GST \$222.72/tonne, incl GST \$245/tonne.**

Councillor Reasons:

General Commercial Waste

As elected representatives, we have a duty to ensure fair and justified pricing for our community's services. The proposed 20% increase in commercial waste fees from \$150 to \$180 per tonne is disproportionate and potentially counterproductive. I propose amending this increase to 7%, raising the fee to \$160 per tonne, for the following reasons:

1. **No Service Improvements:** There are no planned enhancements to waste disposal services to warrant such a significant price hike.
2. **Fairness and Consistency:** This increase should align with other waste category increases (e.g., general domestic waste at 7%) to maintain equity across sectors.
3. **Comparison to Inflation:** The RBA's trimmed mean inflation rate is 4.4%. Our proposed 7% increase is already 2.6% above this benchmark.

I have thoroughly enjoyed my discussion with Paul Camins on these waste disposal fee amendments. We are in furious agreement that encouraging businesses to recycle as much as possible is a worthy goal to pursue. While I share the administration's goal of encouraging recycling, I believe that a steep price increase may not achieve the desired outcome.

Perverse Incentives: As explored in "Freakonomics," dramatic price increases can create unintended consequences. In this case, it might incentivize businesses to seek alternative, potentially harmful disposal methods rather than promoting recycling. This has been seen in childcare, where charging parents increased fees for late collection of their children resulted in increased rates of late collection due to altered consumer perceptions in response to market signals.

The Laffer Curve Applied to Waste Management: Beyond a certain point, increasing taxes will result in diminishing revenues for government ([referred to as the Laffer Curve](#)). I believe the Laffer curve can be applied to the situation of waste management fees where increasing fees will result in diminished recycling and/or other unintended consequences. We may see: (a) increased illegal dumping; (b) businesses seeking disposal options outside our jurisdiction; (c) a decrease in overall revenue as fewer businesses use our facilities. These outcomes would be detrimental to both our environmental goals and our revenue targets.

Customer-Centric Approach: We must remember that the businesses and individuals disposing of waste are our clients and customers. Our default position should be to assume that these entities are striving to do the right thing, rather than preemptively penalizing them with punitive fees.

By approaching waste management from a customer service perspective, we can: a) Foster positive relationships with local businesses b) Encourage open communication about waste management challenges c) Create an environment where businesses feel supported in their recycling efforts, rather than targeted.

Dramatically increasing fees before a customer even reaches the weighbridge sends a message of distrust and may damage our relationship with the business community. Instead, we should work collaboratively with our waste disposal customers, offering guidance, support, and incentives for improved recycling practices.

A balanced approach of a 7% increase, consistent with other waste category increases, still outpaces inflation while avoiding the shock of a 20% hike. This measured approach is more likely to encourage gradual behavior change without triggering negative responses.

While we absolutely should encourage recycling, we must do so through a combination of reasonable pricing, education, and improved recycling infrastructure. A moderate price increase, coupled with targeted recycling initiatives and business outreach programs, is more likely to achieve our environmental goals without risking unintended consequences

Type 1 Inert Waste and Industrial Waste

As elected representatives, we have a duty to ensure fair and justified pricing for our community's services. The proposed increases for industrial waste disposal (20%) and concrete/masonry with reinforcement disposal (33%) are disproportionate and unjustified.

Key points:

Absence of justification: A case for implementing these substantial increases has not been made.

No service improvements: There are no planned enhancements to waste disposal services to warrant such significant price hikes.

Inconsistent pricing: Other waste categories, including general domestic waste and rural refuse passes are only increasing by 7%. Some categories, like concrete suitable for road base and various tyre types, aren't increasing at all.

Comparison to inflation: The RBA's year on year trimmed mean inflation rate is 4.4%. This proposed 7% increase for these categories is already 2.6% above this benchmark.

Fairness and consistency: Selectively targeting specific waste types with extreme increases, without clear justification, is unfair to those industries and businesses affected.

We often speak out against price gouging in our community. Yet, if we approve these unjustified increases, we risk engaging in the very practice we condemn. This selective targeting of industrial waste and reinforced concrete/masonry disposal feels eerily similar to the price gouging we so often criticize in the private sector.

By amending these increases to 7% - in line with other waste category increases - we demonstrate consistency, fairness, and responsible governance. This increase still outpaces inflation, allowing for some additional revenue, while avoiding the appearance of exploiting specific sectors of our community.

Let's hold ourselves to the same standards we expect from the private sector.

Officer Comment

The proposed fees and charges were discussed at the Waste Management Working Group meeting on 21 May 2024.

As the Hanrahan landfill site nears its final design shape, the placement of waste has become increasingly complex because we are working close to the final surface, with greater resources needed to manage it safely and effectively. There have been significant improvements to internal roads to ensure safe accessibility during the staged closure of the site.

Expenses related to the escalating demands outlined above have been exacerbated by the rising costs in fuel, infrastructure, and staffing faced by all organisations.

The waste management budget is a closed account (does not draw from rates income and is funded by users of the facility) and this year resulted in a deficit of approximately \$240,000 (representing 7% of income).

The Waste Management Reserve funds are required to support the closure of the Hanrahan Road facility and development of future waste infrastructure.

Based on the summary of products received during the 2023/2024 financial year, the foregone costs due to the proposed fee reductions in each category are as follows. Note that we would hope these tonnages will be reduced as the waste is diverted to other cheaper streams:

Waste Received as:	Tonnes received 23/24	% of waste stream	Fee difference per tonne between committee recommendation and this amendment	Total fee difference between committee recommendation and this amendment if same quantity received in 24/25
General Commercial Waste	9,409	31.3	\$20	\$188,180
Concrete and Masonry (not suitable as rough road base as contains reinforcement, etc)	405	1.3	\$35	\$14,175
Industrial Waste (Non-biodegradable)	94.3	0.3	\$30	\$2,829
TOTAL				\$205,184

Meanwhile, the City of Albany has implemented a number of programs to divert materials from landfill, including initiatives such as the Household Hazardous Waste program and collection of TVs, computers, printers, mobile phones, printer cartridges, and oil from domestic sources, auto-batteries, scrap steel, and, more recently the Paintback scheme, which accepts commercial paint waste, B-Cycle for batteries, mattresses, and tyres.

Industry stewardship schemes for these materials are limited and, even when in place, there are often costs associated with collection, storage and transport.

Local governments have been pressured to carry a high proportion of the costs and resources associated with such programs. One example is the recycling of mattresses, which take up a lot of space and are problematic in landfill.

The current cost is \$60/mattress for transport and recycling – this doesn't account for the cost of storage and City of Albany staff handling.

From 1 July 2024 the State government has also implemented a ban on e-waste to landfill which will require increased monitoring and resources from the City of Albany to manage.

In recent years, the City of Albany has asked much of households to improve their waste sorting and reduction of waste to landfill, including the introduction of FOGO and decrease in bin size and frequency of collection.

An audit conducted in December 2023 at the Hanrahan Road Waste Facility revealed a significant problem: a considerable amount of recyclable materials are still being landfilled. Specifically, recyclable cardboard made up more than 10% of the total waste delivered to the landfill.

This not only wastes valuable resources but also accelerates the filling of the landfill, which is approaching its capacity.

Specifically, the audit found of 98 loads delivered by skip direct to the tip face:

- 80% contained metal (scrap metal & packaging metal)
- 61% contained recyclable cardboard
- 64% contained solid wood
- 38% contained bricks and rubble
- 21% contained e-waste (see above regarding new state government regulations)
- 20% contained hazardous waste (not permitted)
- 10% contained glass packaging
- 19% contained garden organics
- 5% contained mattresses

Historically, the low cost of waste disposal has led to lax sorting practices by some commercial operators, resulting in recyclable materials being buried with general waste—a practice that is both environmentally and economically unsustainable.

Despite the City of Albany's efforts to promote the free acceptance of scrap steel, offer discounted prices for bricks and masonry, and recommend that cardboard be taken to a nearby and cheaper commercial drop-off point, there has been little change in the waste composition delivered by commercial providers.

We will continue to explore and implement initiatives to decrease landfill waste and recover resources, including planned improvements when the Hanrahan Road Waste Facility transitions to a transfer station.

However, as a regional centre, we face challenges due to a lack of economy of scale.

The increased charges aim to reflect the true cost of processing different types of waste, especially those requiring more intensive handling or posing greater environmental risks. This approach is intended to encourage commercial waste companies to adopt better sorting practices, thereby reducing the volume of recyclable materials being unnecessarily landfilled.

Council's role is to set these fees, and if the rate increases are deemed too steep, it may consider reducing them.