

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD
AND
COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE

WASTE STRATEGY IMPLEMENTATION – HOUSEHOLD CHARGING MECHANISMS

The States are asked to decide:-

Whether, after consideration of the joint Policy Letter of the Committee *for the* Environment & Infrastructure and the States' Trading Supervisory Board entitled "Waste Strategy Implementation – Household Charging Mechanisms", dated 10th November 2017, they are of the opinion:-

1. To rescind Resolution 2a) of 10th December 2014 on Article X of Billet d'État XXVI of 2014, to the extent that it directs the preparation of legislation necessary to give effect to proposals:-
 - a) that relate to the period from which the Parish Waste Rate will apply and within which it is payable and the calculation of any penalty of late payment as set out in paragraphs 3.17, 3.20 and 3.21; and
 - b) for the calculation and levying of the Waste Disposal Authority waste charges, as set out in paragraphs 3.32 to 3.61,

of the report dated 22nd September, 2014 of the former Public Services Department.
2. To approve that in relation to the Parish Waste Rate:-
 - a) the rate may be levied on and from the first day of the year to which it relates or the date of the granting of the Royal Court Order authorising the levying of the rate, whichever is later and that once the Order is granted the rate may be levied in respect of any period of the year;
 - b) a fixed penalty charge of £25 per month or interest at 10% per annum (whichever is higher) can be levied in the event of late payment;
 - c) payment must be made within 30 days of an invoice and unpaid debts, including interest, will be recoverable by the Parish Douzaine as a civil debt; and

- d) such transitional arrangements shall be made as are appropriate in relation to the transition from the current refuse rate.
3. To agree that the Waste Disposal Authority charge for households will comprise:-
- a) a charge per residual waste bag to be levied on the sale of official States of Guernsey tags or bags and with a zero rated charge initially for bags or other receptacles used for recyclables; and
 - b) an annual fixed charge per household and per business, the premises of which is admitted into the parish waste collection and transfer service, and to agree that such annual fixed charge is to be:-
 - i) calculated for the year in question to recover the projected total costs to the Waste Disposal Authority and the States of providing waste management services, minus projected income derived from the 'per bag' charge on residual waste, as set out in paragraph 6.14 of the Policy Letter; and
 - ii) divided equally between all persons liable to pay the charge.
4. To approve that in relation to Waste Disposal Authority charges for households:-
- a) the Waste Disposal Authority will have the option of collecting the fixed charge annually, twice yearly or quarterly as it prefers;
 - b) a fixed penalty charge of £25 per month or interest at 10% per annum (whichever is higher) can be levied in the event of late payment; and
 - c) payment must be made within 30 days of an invoice and unpaid debts, including interest, will be recoverable by the Waste Disposal Authority as a civil debt.
5. To agree that the owner(s) of:-
- a) a dwelling or a lodging house; and
 - b) any business, the premises of which is admitted into the parish waste collection and transfer service,

will be the person liable to pay the fixed element of the Waste Disposal Authority charges and the Parish Waste Rate for households, but with a right for the owner of a dwelling house, lodging house or business to recover the

WDA waste charge or Parish Waste Rate levied from the current occupier as a civil debt as set out in paragraphs 6.5 and 6.15 of the Policy Letter.

6. To direct the preparation of such legislation as is necessary to give effect to their above decisions.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

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WASTE STRATEGY IMPLEMENTATION - HOUSEHOLD CHARGING MECHANISMS

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

10th November, 2017

Dear Sir

1 Executive Summary

- 1.1 In 2012, following extensive public consultation, the States of Deliberation approved a new waste strategy¹ which focuses on minimising the amount of waste generated in Guernsey, and then aiming to reuse, recycle or recover as much of the waste that is generated as practical.
- 1.2 During the development of the waste strategy it was recognised that charging for both commercial operators and households would be a key driver in achieving the desired behaviour change to reduce waste and increase the proportion that is reused or recycled.
- 1.3 In 2014², the States approved changes to the way households are charged to recover the cost of household waste services and facilities.
- 1.4 In the February 2017 Policy Letter on implementation of the waste strategy, the States' Trading Supervisory Board (STSB) and the Committee *for the* Environment & Infrastructure (CfE&I) stated that there would be a further Policy Letter setting out the detail of the proposed charging methods and when the new arrangements would be introduced. The proposed charges will recover the costs of parish collection and transfer services; the subsequent processing

¹ Billet d'État IV of 2012

² Billet d'État II of 2014; Billet d'État XXVI of 2014

and export of materials for recycling, recovery or disposal; and the associated infrastructure to deliver those services provided by the Waste Disposal Authority (WDA) as well as other waste management services and initiatives.

- 1.5 Since the original charging proposals were agreed in 2014, some matters of detail have arisen as the delivery of the strategy has progressed. The proposed changes require States approval in order to finalise implementation. This Policy Letter sets out the background to the household waste charges and makes recommendations to finalise the charges ahead of their introduction, anticipated to be in August 2018.

2 Background

- 2.1 The waste strategy, approved in February 2012³, aims to minimise the amount of waste that is generated in Guernsey, reuse and recycle as much as possible, and recover energy from what is left. It represents a significant change to the way in which waste management services and facilities, particularly those for households, are delivered.
- 2.2 A number of subsequent Policy Letters have provided further detail required for implementation, including how households should pay for waste collections and processing in the future.
- 2.3 In addition, in September 2015 the States approved the Parochial Collection of Waste (Guernsey) Law, 2015 (not yet in force) and the Environmental Pollution (Guernsey) (Amendment) Law, 2015⁴. These made the necessary legislative changes to implement the waste strategy approved by the States in February and December, 2014.
- 2.4 It was recognised early in the strategy's development that charging is a key instrument to influence behaviour in relation to waste generated and the proportion reused and recycled. Any charging mechanism introduced should be robust enough to drive change while remaining affordable for households.
- 2.5 The allocation of total programme costs to be recovered from both domestic and commercial customers has been calculated based on respective household and commercial tonnage throughputs. On this basis it is assumed households should cover 70% and commercial customers 30% of the total costs of waste management.

³ Billet d'État IV of 2012

⁴ The Environmental Pollution (Guernsey) (Amendment) Law, 2015 came into force in December 2015 except certain parts including that allowing the States to provide by Ordinance for charges for recovery and disposal of waste collected from households.

- 2.6 While the waste strategy was approved and has been endorsed by previous Assemblies, it is strongly aligned to the current States' strategic commitments.
- 2.7 In November 2016, the States approved a long-term vision for our island, Future – Guernsey: great today, better tomorrow⁵. This set out priority objectives for the States during this political term, one of which was a commitment to prioritising, resourcing and implementing the extant environmental strategies and policies, including the waste strategy.

3 Charging mechanisms for household waste

Current household waste charges

- 3.1 Currently households pay for the collection and disposal of their residual waste through the 'refuse rate' levied by the Parish Douzaines. Bills are calculated based on Tax on Real Property (TRP) values, so households pay differing amounts, depending on the size of their property, for the same service.
- 3.2 The TRP method provides no link between how much waste a household generates and the charge for its collection, processing and disposal. It provides no incentive for households to adopt the behaviours that are priorities of the waste strategy.
- 3.3 For this reason it was previously agreed that the current household waste charges should be amended to reflect the principles of cost recovery and polluter pays as set out in the February and December 2014 Policy Letters⁶ and the Waste Management Plan⁷.

Proposed changes to household waste charges

- 3.4 The principles of a revised charging mechanism for households was approved by the States in February 2014, with further detail approved in December 2014 and estimates of household charges provided in February 2017⁸. It is on this basis of the 2014 policy that the legislation⁹ supporting the waste strategy was drafted. The STSB was also directed by the States in February, 2017 to recover all solid waste management costs of the States through charges to householders, businesses and other users of waste management services.

⁵ Billet d'État XXVIII of 2016; Phase 1 of the Policy and Resource Plan.

⁶ Billet d'État II and XXVI of 2014 (section 5).

⁷ Billet d'État XVI of 2014

⁸ Billet d'État V of 2017

⁹ The Parochial Collection of Waste (Guernsey) Law, 2015 and the Environmental Pollution (Guernsey) (Amendment) Law, 2015

3.5 The States approved the following charges¹⁰ for waste collection, processing and recovery or disposal:-

- The Douzaines will make a direct, fixed charge per household for the collection of recycling, food waste and general “black bag” waste and the transfer of these materials to the processing facilities.
- The WDA will make a direct charge to households for processing waste and the provision of waste management services and waste initiatives. The charge would consist of:-
 - An annual fixed charge per household; and/or
 - A charge per waste bag.

3.6 It was subsequently approved¹¹ that, when either the parish or WDA fixed charge was levied¹², it would be calculated as a flat charge per household, removing the current link to TRP for household refuse rates. The justification set out in the January 2014 and February 2017 Policy Letters was:

- The TRP of a household does not directly relate to the amount of waste the occupants produce, and therefore does not reflect the user pays principle. Some households that look to minimise their waste and maximise reuse and recycling are charged considerably more than households that choose not to do so. Feedback during public consultation in July 2014 considered this unfair.
- A charge based on TRP does not incentivise households to minimise waste or recycle as there is no link between how much they produce and how much they pay.
- The parish service has to be universally available, whether or not it is actually used on any particular collection day by a particular household. The collection and transfer costs to be recovered through the Parish Waste Rate are primarily determined by the number of households/dwellings in a parish, not how much waste is set out by each.

3.7 The proposed WDA ‘per bag’ charge ensures a direct link between waste produced and cost of processing and disposal. These type of charges, commonly known as pay as you throw (PAYT), have been shown to create an

¹⁰ Billet d’État II and XXVI of 2014

¹¹ Billet d’État XXVI of 2014

¹² At the time of the debate on the policy set out in Billet d’État XXVI of 2014, the former WDA wanted the fixed charge to be kept to a minimum and ideally set at zero.

understanding of the link between consumer choices and the cost of dealing with waste¹³. In the February 2017 Policy Letter, the total cost of the new waste charges was estimated to average around £7 per household per week. This figure has not subsequently increased.

- 3.8 As part of preparation of this Policy Letter, it was considered prudent to clarify and seek endorsement of the charging mechanisms in light of the views of the current States Assembly, following the election in 2016 and the potential impact of the charges on households.

4 The cost of services and impact of changes on households

- 4.1 The approved strategy represents a significant evolution in waste management and will contribute to a more sustainable Guernsey, by reducing emissions and pollution, and promoting more responsible use of resources for future generations. The proposed charging arrangements will support and encourage behaviour change, and households will be able to influence how much they pay.
- 4.2 In determining the appropriate split between the fixed and per bag charges, it is key to ensure sufficient income so as not to undermine the recovery of costs in providing essential services and facilities. It is the intention that once the strategy is implemented, the level of the WDA charges would be kept under review.
- 4.3 The Laws setting out the powers for the States to provide for the new parish and WDA charges have been approved and received Royal Assent. It is proposed that the new charging Ordinances will be finalised for approval by the States in 2018 and the remaining parts of the legislation brought into force after that. Those Ordinances will set out the actual levels of the different fixed and per bag charges at the point of implementation. Any subsequent changes to the level of charges would be by Regulation, following consultation by the WDA with the CfE&I.
- 4.4 The purpose of this Policy Letter is to seek this Assembly's approval of the proposed changes to certain details of the charging policy, in particular to the proposed WDA charge, but not the actual levels of charges. These will vary from year to year depending on the overall cost to the parishes, States and the WDA of providing waste management services. Clearly, however, it is important for States Members to have some understanding of the general impact, particularly on households for whom affordability would normally be considered an issue.

¹³ CIWM (2007), Direct and Variable Charging for Household Residual Waste – Overview of Key Issues

- 4.5 The cost of waste management in Guernsey has historically been relatively low, in the context of other household costs, and it has been known for some time that a modern, more sustainable approach will cost significantly more than the existing systems. This has ensured that through the development and subsequent implementation of the strategy a priority has been the need to ensure best value.
- 4.6 The implementation of the waste strategy will result in a step change in household waste bills. The additional cost of dealing with the island's waste will mean a significant increase in most households' bills– even for those households that minimise their waste and recycle.
- 4.7 It is estimated that the average cost to households will increase from approximately £125 in 2017 to approximately £360 a year. This covers all the collection, sorting, on-island processing, export and treatment for all household waste and recycling. It includes the parish charge to cover collection costs, which based on current estimates is expected to be in the region of £85 a year. The remainder of the costs will be through a bag charge for refuse and an annual fixed charge per household, both to be levied by the WDA.
- 4.8 Figure 1 below demonstrates the split between the bag charge and the fixed charge based on the costs of processing household waste. This shows that a low bag charge would need to be offset by a higher annual fixed charge.

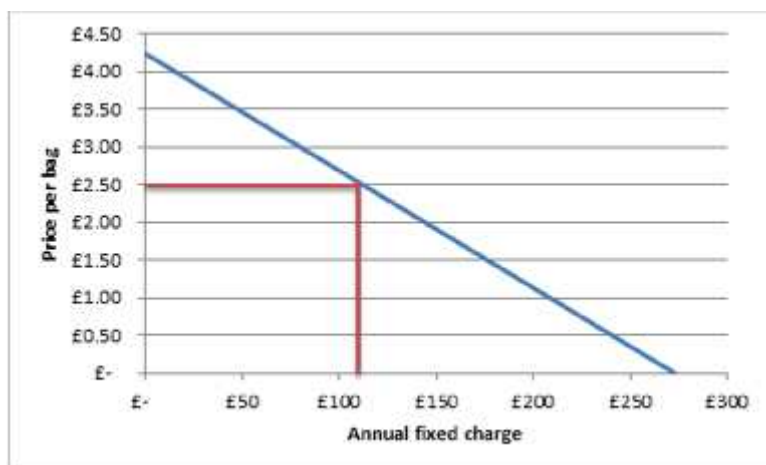


Figure 1: Range of bag charge compared to level of fixed charge from the WDA

- 4.9 By way of illustration, if the bag charge is set at £2.50, based on current financial modelling the annual WDA charge would be in the region of £116 per household. In terms of the overall costs (including parish collection charges), this would represent a roughly even split between the amount to be recovered through fixed charges and the amount recovered through bag charges.

4.10 Under this scenario:-

- A household which produces on average ONE bag of refuse per fortnight will pay around £5.10 per week, or £265 a year.
- A household which produces on average ONE bag of refuse per week will pay around £6.37 per week, or £331 a year.
- A household which produces on average TWO bags of refuse per week will pay around £8.87 per week, or £461 a year.

4.11 All of the above examples include the Parish Waste Rate. They illustrate a range of costs to individual households based on waste behaviour.

4.12 The current average is around 1½-2 bags of black bag refuse a week, but there will be an opportunity for all households to significantly reduce this using a proposed new weekly food waste collection: currently around 40% of household black bag waste is food waste.

4.13 There are additional potential cost benefits to reducing waste, in particular kitchen waste. In the UK, it is estimated that the average household unnecessarily throws away more than £700 of food and drink each year. Locally, a detailed composition analysis in 2015 estimated that Guernsey households produced more than 4,000 tonnes of kitchen waste a year, much of which could have been eaten.

4.14 The local Love Food Hate Waste promotional campaign aims to raise awareness of this waste and the significant potential savings. This will continue to be a mainstay of the strategy communication activity, and islanders who adopt the behaviour change that is encouraged should see significant savings to offset, or indeed exceed, any increase in waste bills.

4.15 Officers from Policy & Resources have provided more detailed analysis of the impact of the new charging structure on households and the assumptions it is based on, and this is included in Appendix 1. In summary the analysis shows several key features.

4.16 Because there is an assumption that the flat rate charges applied by the parish and the WDA will be absorbed by the benefit systems, the financial impact on very low income households is less than other households. However, the introduction of the per bag charge means there is still an increase in costs. The distribution of these costs within the lower income bands will depend on the number of people in each household and their behaviour.

- 4.17 The removal of the TRP based refuse rate ends the cross subsidy which occurs in the current system. At present those in very large properties may be paying significantly more in refuse rates than the true cost of collection and disposal – in some cases more than £1,000 a year. Conversely, those in smaller properties may currently bear significantly less than the true cost of disposing of their waste. When the TRP link is removed those in very large properties will see their waste bills decrease, even though the majority of households will pay more.
- 4.18 Similarly, higher income households, who are more likely to own large properties, are expected to see a slightly lower increase in the amount they pay than middle income households.
- 4.19 The per bag charge for general refuse could have a higher impact on larger households who, generally, are more likely to create more waste. Larger households are distributed across the income range and there are some large low income families in Guernsey. Those in receipt of welfare benefits are assumed to be protected from the fixed charges by the benefit system, but may still face an above average increase in costs.
- 4.20 Based on the analysis, it is estimated 31 households within the existing benefit systems could face an increase in cost of greater than £10 a week, assuming they produce an average amount of waste, choose not to recycle food waste and take no other measures to reduce waste volumes when the new charges are brought in. As highlighted previously, the impact on these households could be mitigated by changing behaviour and these households might benefit from targeted education campaigns to help reduce waste. As illustrated in paragraphs 4.12 and 4.13, all households could reduce their total expenditure, even including the new charges, by reducing the amount spent on waste that is generated unnecessarily.

5 Cost implications for general revenue

- 5.1 As stated above, it is assumed that the supplementary benefit system and the rent rebate system, or the income support system which is due to replace these in 2018 will absorb the cost of fixed charges applied by both the parish and the WDA for households claiming benefits.
- 5.2 In consultation with officers at the Committee *for* Employment and Social Security (CfE&SS), it is estimated that there will be a net cost averaging £1.70 per week for each household that claims the additional expense. It is difficult to estimate how many may actually claim, but assuming that all eligible households are compensated, the cost implication for general revenue is

estimated to be approximately £200,000 per annum. Pro-rata for introduction in August, this implies a cost increase for 2018 of approximately £85,000.

- 5.3 Should the CfE&SS wish to cover the cost of one bag per week for each household, this would add an additional £294,000 to the annual cost of income support and a further £123,000 of unbudgeted cost to 2018.

6 Charging mechanisms

- 6.1 The Parochial Collection of Waste (Guernsey) Law, 2015 and the Environmental Pollution (Guernsey) (Amendment) Law, 2015 and the necessary supporting draft charging Ordinances have been prepared based on the previously approved changes to household waste charges, to reflect the principles of cost recovery and user pays.
- 6.2 Subsequent to consideration of the relevant Policy Letters in 2014, the STSB and the CfE&I have reviewed the detail of the previously approved charging policy and are recommending some changes to certain aspects. Therefore, it is necessary to ask the current Assembly to rescind certain parts of Resolution 2a) of 10th December 2014 on Article X of Billet d'État XXVI of 2014 which relate to those details and approve the amendments. The detail of the proposed charging policy is set out below.

Parish Waste Rates

- 6.3 In relation to the fixed charge to be levied by the Parish Douzaines, the STSB and the CfE&I recommend the following proposals.
- 6.4 The Parish Waste Rate will be calculated on the basis of the contracted costs in any one year of collecting waste from households (and businesses that have been admitted into the parish waste collection system) and transporting it to a facility, plus any administrative and incidental costs, divided equally amongst all households and relevant business premises in a particular parish.
- 6.5 The owner of a dwelling or lodging house and the owner of any small business which operates from premises admitted into the parish waste collection and transfer service will be liable to pay the Parish Waste Rate but with a right to recover the rate from the occupier as a civil debt. There would also be a right for owners of businesses to recover from a new business operating from the premises where the business has moved during the year.
- 6.6 As now, Douzaines will be required to gain authorisation, following approval of the rate by the rate payers, by Order of the Royal Court prior to levying the Parish Waste Rate. This provides a mechanism for independent oversight to ensure that the rate has been levied in accordance with the legislation.

- 6.7 The Parish Waste Rate may be levied from 1 January in the year to which the charge relates or from the date of granting by the Royal Court of an Order whichever is later. The year for which a charge is made will normally coincide with the calendar year and once a Court Order is granted the rate may be levied for any period of the year before the date of the Court Order.
- 6.8 The Parish Douzaines will have the flexibility to collect the Parish Waste Rate on an annual, biannual or quarterly basis as they wish.
- 6.9 The payment terms for the Parish Waste Rate will be 30 days from the date of the invoice issued by the Parish Douzaine. Unpaid debts, including any late payment penalties will be recoverable as a civil debt. If two or more persons are liable their liability will be joint and several. This is a change to policy approved in December 2014, which proposed payment within 28 days. However, 30 days is in line with current provision for other parish taxes under Parochial Taxation legislation.
- 6.10 In the case of unpaid debts, the Parish Douzaines will be able to apply the higher of a fixed charge of £25 for each month or part of a month in which the amount due is not paid, or interest on the amount due at 10% per year calculated from the due date until the date payment is made. This is a change to policy approved in December 2014 which proposed the application of compounded daily interest. The new proposals are recommended to be consistent with existing provisions for penalties in relation to late payment of other parish taxes under Parochial Taxation legislation and the Tax on Real Property legislation.
- 6.11 The Waste rate is only one of the charges parishes levy annually, and the new proposal will be more practical as it will allow late payment penalties to be apportioned on different elements on the same basis.

Waste Disposal Authority fixed and per bag charges

- 6.12 In relation to the fixed charge to be levied by the WDA in respect of dwelling houses, lodging houses and business premises admitted into the parish waste collection and transfer service, the STSB and the CfE&I recommend the following proposals for approval by the States.
- 6.13 There will be provision for the level of charges (calculated in accordance with the mechanism in the next paragraph) with a power for the amount to be amended or substituted if necessary by Regulations of the WDA¹⁴.

¹⁴ See Environmental Pollution (Guernsey) (Amendment) Law 2015, inserted section 32A.

- 6.14 The annual fixed charge is to be calculated to recover the projected total costs to the WDA and the States of providing waste management services, minus projected income from the bag charges on black bag residual waste. This will not include services charged, by gate fee, for waste brought direct to site, usually by commercial users. The costs for the year in question would reflect the cost of providing waste management services for that year after considering any surplus/deficit from previous periods not properly accounted for. However in order to avoid sharp annual increases or decreases, some costs incurred may be spread over a number of years. Similarly, it may be necessary to spend money in one year to avoid increased costs in a future year.
- 6.15 The fixed charge will be payable by the owner of a dwelling house or lodging house or the owner of a small business that had been admitted into the parish waste collection and transfer service but with a right for the owner of a dwelling house or lodging house to recover the charge from the occupier as a civil debt. There would also be a right for owners of business to recover from a new business operating from the premises where the business had moved during the year.
- 6.16 Payment of any fixed charge would be due on such date as the WDA specifies and within 30 days of such a date and the WDA would be able to charge annually, twice yearly or quarterly.
- 6.17 Unpaid debts, including interest, should be recoverable by the WDA as a civil debt. If two or more persons are liable their liability will be joint and several.
- 6.18 For consistency, any late payment penalty to be levied is in accordance with that for the Parish Waste Rate (paragraph 6.10), a fixed charge of £25 for each month or part of a month in which the amount due is not paid, or interest on the amount due at 10% per year calculated from the due date until the date payment is made.

Pay as you throw charge

- 6.19 The States have previously agreed the introduction of a pay as you throw (PAYT) element to the charging mechanism to provide a direct link between the amount of waste households put out for collection and the cost to them. It provides a clear financial incentive to reduce waste and encourages reuse and recycling where possible.
- 6.20 The following options were considered for the PAYT element in the Policy Letter considered by the States in early 2014:
- **Weight-based solutions** were discounted due in part to additional

collection equipment required, complex billing logistics and cost. It was also considered impractical for many households due to space and amenity issues associated with the storage of wheelie bins.

- **Volume-based solutions** (i.e. a per bin charge) based on fixed size refuse receptacles (e.g. a choice of wheelie bin sizes) and/or frequency of collection was also discounted, despite the advantage of simplicity and income certainty. It was felt there was insufficient incentive to reduce waste with this option, and capital requirements for new, standard bins was identified as another disadvantage.
- **Bag/tag solutions** were both considered as options for a charge per 'receptacle'. Both were considered to have the same advantages, but the following disadvantages were identified for tags:
 - Less control over quality of bags used; and
 - If collections are at night, evasion may be easier as tags could be more difficult to see.

6.21 The preferred option presented to the States was a per bag charge that would require householders to purchase and put their waste out in 'official bags'.

6.22 Based on experience of the current kerbside scheme, the ability of waste contractors to ensure the presence of a sticker/tag when collecting household waste is considered less of an issue than originally anticipated. To further minimise any risks, tags could be produced using reflective material or lettering that can easily be detected by torchlight. This would also mitigate against counterfeiting, which has been previously raised as a concern about tags.

6.23 The new waste and recycling collection arrangements will see the separation of food waste from black bag waste and a food waste caddy will be provided to households. It is therefore anticipated that quality of bags will be less of an issue than at present, as there should be less 'putrescible' content to attract vermin.

6.24 As implementation of the strategy has progressed and following discussions with stakeholders, 'sticker' tags are now preferred for the PAYT element for the following reasons:

- It is intended that whatever PAYT system is adopted, the States of Guernsey bags or tags would be available through retailers, who already stock black bags. There is no intention to prevent the sale of these current products for uses other than putting out general refuse, which

would therefore mean introducing new similar product lines requiring significant shelf space.

- Whereas a roll of 30 black bags can currently sell for around £4, official refuse bags costing around £2.50 would need to be sold in much smaller quantities – potentially to include singles. This would add to the shelf space and retailing requirements and bag packaging/merchandising, which would likely incur cost.
- Another vital consideration is the ability for households to control how much they pay – and therefore influence how much waste they produce. In this respect there is no obvious difference between bags or tags, but providing more than one size is important. This would further favour tags, which are easier from a point of sale perspective, compared to having to display multiple types of official – and unofficial – bags, particularly for small retailers.
- The smaller ‘package’ size of tags also makes distribution via small retailers easier.

6.25 Given these potential advantages, it is recommended that charges are levied on 'sticker' tags to affix to bags. This will be monitored following the introduction of the new services and it is recommended that use of official bags, and charges for the same, is retained as an option so that it could be used at a later date by the WDA without reverting to the States should tags present other issues. It is for this reason that it is recommended that the option of charging via tags or WDA bags is retained.

6.26 It is the intention that two designs of tag are available. One will be for a standard sized ‘black bag’, suitable for use with a standard sized household dustbin. The other will be for smaller receptacles for general refuse (up to half the size of the standard), and will cost around half the price of the tag for standard size containers. Retailers will be encouraged to indicate through point of sale material the type of tag that will be required for any specific bag they stock.

Recycling bags

6.27 The States previously approved the inclusion of a charge for each recycling bag set out by a household, but on the condition that this cost would be lower than that for a bag of residual waste. Separate receptacles for food waste were to be provided free of charge.

- 6.28 Following consideration as part of the implementation of the waste strategy, the WDA is now not in favour of charging for recycling bags.
- 6.29 Such charges are now considered unlikely to provide the intended incentives and also involve more complexity and cost, at a time when users are having to adjust to other significant changes both financially and operationally.
- 6.30 In addition, while the provision of kerbside recycling bags does provide a mechanism for levying a charge, charging for other waste streams such as food waste and glass is less straightforward. There would therefore be a lack of consistency applied.
- 6.31 Additionally, the amount of charge proposed in 2014 is such that it would be unlikely to cover anything more than the administrative costs associated with levying the recycling bag charge.
- 6.32 As such the WDA would like recycling bags for household waste to remain free of charge once the full collection system has been implemented. Effectively, all households will then be contributing towards the cost of providing recycling services and processing, through a combination of the fixed WDA charge and the per bag charge for refuse. This should provide a strong incentive for them to make full use of these facilities, which they are paying towards.
- 6.33 Charging for recycling bags does reflect a truer 'user pays' philosophy, including greater emphasis on waste prevention. While such a charge is not recommended now, the legislation has the flexibility for the charges to be made in the future. It is proposed the WDA would impose a zero charge for recycling bags initially but with a power to amend this charge by Regulations to provide for a charge per recycling bag or other receptacle. This would not affect the overall cost for waste services, only how it is paid.
- 6.34 In 2014, the States accepted the principle that the cost of a bag for residual waste should be higher than the cost of a bag for recyclable material. The WDA believes the per bag charge for residual waste should not be a token amount so there is a clear link between the amount of residual waste a person generates and the cost to that individual of dealing with it – the polluter pays principle. This is consistent with the key objectives of the waste strategy – waste prevention, minimisation and recycling, and incentivising behaviour to achieve these objectives.

Household Waste Recycling Centre

- 6.35 The facilities currently proposed for Longue Hougue include a new Household Waste Recycling Centre (HWRC), incorporating a repair and reuse facility. This will combine the functions of both the current, temporary recycling facility at

Longue Hougue, and the civic amenity site at Mont Cuët, in a more modern, fit-for-purpose centre. Both the current facilities will close.

- 6.36 Currently, the recycling facilities at Longue Hougue are provided free of charge. Households can also drop off metal and appliances for recycling at Mont Cuët, free of charge. The latter civic amenity site also accepts general household waste, for which a disposal charge is levied, and mattresses, for which a recycling charge is levied.
- 6.37 As with the kerbside collection service and bring banks, it is intended that recycling facilities currently provided at the Longue Hougue temporary site will remain free for households at the point of use at the new HWRC. The cost of these services will be covered through the other WDA charges, namely the fixed charge and per bag charges for waste.
- 6.38 However, general refuse and other non-recyclable items will also be accepted at the HWRC, for which a charge will be applicable in the same way as at the current Mont Cuët civic amenity. This charge will be set by current regulation making powers (known as gate fees) relating to charges imposed for disposal or recovery of waste brought direct to WDA sites¹⁵.
- 6.39 The charging policy set out in this section 5 has been developed with reference to the States guidance on fees and charges¹⁶ and ongoing review would also be in line with corporate directives.

7 Billing, income collection and debt recovery

- 7.1 In line with the guiding principles of public service reform¹⁷, the WDA is keen that the organisation and delivery of waste services is centred on and designed around those that need and use them. With this in mind, the WDA believes it would be far more user-friendly for householders to be billed by, and make payments to, a single point of contact, rather than being billed separately for collection services and processing costs. If Parish Waste Rate charges and WDA charges were to be billed separately, householders could receive two different bills for waste charges potentially weeks or even months apart: this could lead to confusion and indeed frustration for householders, especially as these charges could be levied quarterly. Joint billing would be simpler and clearer from the service user's point of view, and would have the added benefit of reducing duplication and administration costs.

¹⁵ See section 32(3) of the Environmental Pollution (Guernsey) Law, 2004.

¹⁶ 'Fees and Charges Review and Calculation Guidance'.

¹⁷ <https://gov.gg/change>

- 7.2 Dialogue is ongoing with the Douzaines to explore the possibility of combined billing.
- 7.3 Work is also underway with colleagues in Corporate Customer Services to explore the practicalities involved in billing processes in order to help inform decision making on the most appropriate option for households, for example whether the WDA raise a consolidated invoice and pass income back to the Parishes, or vice versa.
- 7.4 Should there be a requirement for separate bills in the short term, then processes can be aligned with those issued by other States of Guernsey service areas. In this way, the WDA charge can be managed alongside other States' charges and therefore minimise the financial burden on households. The work with Corporate Customer Services will also include using existing corporate resources to collect and monitor payment of the WDA fixed charge.

8 Introduction of the new arrangements

- 8.1 The Parochial Collection of Waste (Guernsey) Law, 2015ⁱ, when brought into force, will impose a statutory duty on householders to put out waste at a time specified by the Douzaines and in accordance with the requirements stipulated by the WDA. The same legislation also makes Douzaines responsible for arranging collections of black bag/residual waste, as under the current system, but also imposes specific new duties to provide for collection of recycling from households. It also provides for the levying of the Parish Waste Rate to cover the collection and transfer only, unlike the current system where the parish refuse rate also covers the cost of disposal. The practical consequence of this is that the changes in relation to the collection elements and the new charges will need to be introduced simultaneously.
- 8.2 Also, the changes in relation to the collection arrangements and the introduction of new charges that split the cost of collection and subsequent processing between Parish and WDA charges represent a significant change to the current system. Transition will therefore be easier with all changes coming online concurrently.
- 8.3 The programme team are working with the parishes to support them in planning for a seamless change to the new arrangements.
- 8.4 Technical development of the Parish LAPIS system – which is used to calculate and produce bills for parish rates and refuse rates – has been commissioned. The updated system will also provide a mechanism of billing households for the WDA fixed charge. [It will accommodate a transition year, during which the parish collection charge will be in part based on the current system and in part the new one.]

- 8.5 Construction of the new Transfer Station at Longue Hougue is underway. The programme timeline provides for commissioning of the new plant and machinery required for the processing of waste to take place in October 2018. This requires waste to be collected under the new arrangements, which therefore dictates the timing of the transition. It is anticipated the changes will be introduced in August 2018.

Communications and education

- 8.6 The new charging and collections arrangements represent significant changes in how the island manages its waste. Communications will play a key role in the effective transition to this new environment, and in ensuring islanders both understand the new arrangements and are able to make maximum use of them. An extensive programme will be delivered, in the same way as was implemented ahead of the successful launch of kerbside recycling in 2014.

9 Introduction of the new arrangements

- 9.1 The necessary primary legislation to allow for the approved policy changes has been approved by the Assembly and received Royal Assent¹⁸. However, parts of the legislation still need finalising and bringing into force – in particular two charging Ordinances providing for the Parish waste rate and the WDA charges.
- 9.2 The Law Officers of the Crown have been consulted on the contents of this Policy Letter.

10 Consultation, Joint Working and Policy Context

- 10.1 In accordance with Rule 4(5), it is confirmed that the propositions relate to the waste policy responsibilities of the CfE&I and the waste disposal duties of the STSB.
- 10.2 In accordance with Rule 4(5) the preparation and agreement of the propositions and content of the Policy Letter has involved joint working between the CfE&I and the STSB. The Committee *for* Employment & Social Security has been consulted in regards the implications of the new charges for their service areas. The Policy & Resources Committee has also been consulted on the propositions and Policy Letter including in relation to their responsibility for relations with the parishes.

¹⁸ The Environmental Pollution (Guernsey) (Amendment) Law, 2015 (in force except for certain parts including the Ordinance making power in relation to WDA charges) and the Parochial Collection of Waste (Guernsey) Law, 2015 (not yet in force).

11 Propositions

The States are asked to decide whether they are of the opinion:-

1. To rescind Resolution 2a) of 10th December 2014 on Article X of Billet d'État XXVI of 2014, to the extent that it directs the preparation of legislation necessary to give effect to proposals:-
 - b) that relate to the period from which the Parish Waste Rate will apply and within which it is payable and the calculation of any penalty of late payment as set out in paragraphs 3.17, 3.20 and 3.21; and
 - b) for the calculation and levying of the Waste Disposal Authority waste charges, as set out in paragraphs 3.32 to 3.61,

of the report dated 22nd September, 2014 of the former Public Services Department.
2. To approve that in relation to the Parish Waste Rate:-
 - b) the rate may be levied on and from the first day of the year to which it relates or the date of the granting of the Royal Court Order authorising the levying of the rate, whichever is later and that once the Order is granted the rate may be levied in respect of any period of the year;
 - b) a fixed penalty charge of £25 per month or interest at 10% per annum (whichever is higher) can be levied in the event of late payment;
 - c) payment must be made within 30 days of an invoice and unpaid debts, including interest, will be recoverable by the Parish Douzaine as a civil debt; and
 - d) such transitional arrangements shall be made as are appropriate in relation to the transition from the current refuse rate.
3. To agree that the Waste Disposal Authority charge for households will comprise:-
 - a) a charge per residual waste bag to be levied on the sale of official States of Guernsey tags or bags and with a zero rated charge initially for bags or other receptacles used for recyclables; and
 - b) an annual fixed charge per household and per business, the premises of which is admitted into the parish waste collection and transfer service, and to agree that such annual fixed charge is to be:-

- i) calculated for the year in question to recover the projected total costs to the Waste Disposal Authority and the States of providing waste management services, minus projected income derived from the 'per bag' charge on residual waste, as set out in paragraph 6.14 of the Policy Letter; and
 - ii) divided equally between all persons liable to pay the charge.
- 4. To approve that in relation to Waste Disposal Authority charges for households:-
 - a) the Waste Disposal Authority will have the option of collecting the fixed charge annually, twice yearly or quarterly as it prefers;
 - b) a fixed penalty charge of £25 per month or interest at 10% per annum (whichever is higher) can be levied in the event of late payment; and
 - c) payment must be made within 30 days of an invoice and unpaid debts, including interest, will be recoverable by the Waste Disposal Authority as a civil debt.
- 5. To agree that the owner(s) of:-
 - a) a dwelling or a lodging house; and
 - b) any business, the premises of which is admitted into the parish waste collection and transfer service,

will be the person liable to pay the fixed element of the Waste Disposal Authority charges and the Parish Waste Rate for households, but with a right for the owner of a dwelling house, lodging house or business to recover the WDA waste charge or Parish Waste Rate levied from the current occupier as a civil debt as set out in paragraphs 6.5 and 6.15 of the Policy Letter.
- 6. To direct the preparation of such legislation as is necessary to give effect to their above decisions.

12 Committee Support for Proposition(s)

- 12.1 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the members of the STSB and the CfE&I.

Yours faithfully,

C N K Parkinson
President, STSB

J C S F Smithies
Vice-President, STSB

S J Falla, MBE
J C Hollis
Non-States Members, STSB

B L Brehaut
President, CfE&I

M H Dorey
Vice-President, CfE&I

S L Langlois
H L de Sausmarez
S T Hansmann Rouxel
Members, CfE&I

Appendix 1: Household impact analysis

To better understand how the new charging structure will impact the community, officers from Policy & Resources have produced an analysis of the net change in the cost to households relative to their income and other circumstances. This is based on household data extracted from the rolling electronic census for the year 2015.

The analysis presented below makes the following assumptions:

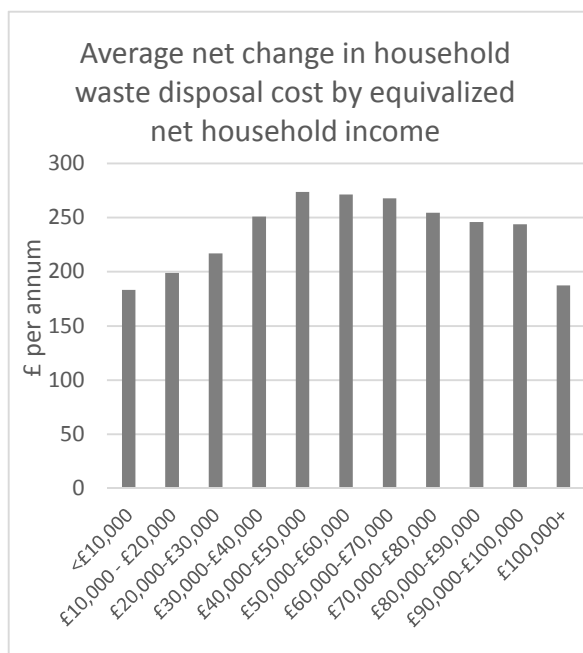
- A charge of £2.50 per bag of general household waste
- No “per bag” charge for recycled waste
- A flat charge levied by the WDA of £116 per household for processing waste and the provision of waste management services
- A flat charge from the Parish Douzaines averaging £85 per annum for the collection of waste
- An average disposal rate of an average of 0.55 bags per person per week (accumulating to an average of 1.4 per household)
- That the welfare systems will absorb the cost of the fixed charges from WDA and the parishes for those currently in receipt of Supplementary benefit or rent rebate and that the outcome will be the same under the new income support system when introduced

The average disposal rate is a necessary over-simplification. In reality, behaviour varies significantly between households. It should also be noted that the intention of the per bag charge is to drive changes in behaviour. This and the implementation of new services to extend the amount of waste which can be recycled could reduce the impact on households over time.

Impact by income profile

The data in the table show the increases based on the actual charges to be levied, compared to the current charges. The assumed protection of households in receipt of means tested welfare benefit (including rent rebate) from the fixed charges, significantly reduces the impact of the changes on these households.

Household net income ¹⁹	Average net change in annual cost	No of households in sample
<£10,000	£183	558
£10,000 - £20,000	£199	2,118
£20,000-£30,000	£217	4,233
£30,000-£40,000	£251	3,991
£40,000-£50,000	£274	3,376
£50,000-£60,000	£271	2,554
£60,000-£70,000	£268	1,764
£70,000-£80,000	£255	1,031
£80,000-£90,000	£246	644
£90,000-£100,000	£244	432
£100,000+	£187	1,508
Grand Total		22,209



¹⁹ Equalised income after the payment of tax and social security contributions and the receipt of benefits. No adjustment is made for housing costs.

Impact by TRP profile

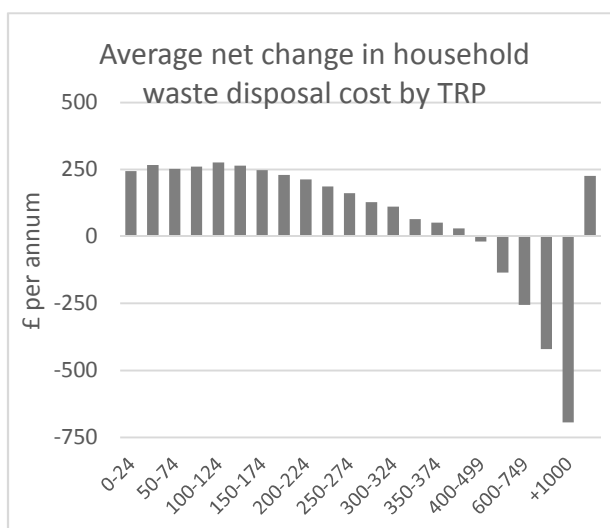
When the impact is considered relative to the TRP of the property a household resides in, the impact of the move away from TRP based charging becomes more apparent. There is little connection between household cost and the amount of waste generated

Under the current scheme, many households with larger properties can pay disproportionately high bills irrespective of efforts to minimise waste and recycle. Similarly, those who make no effort but live in smaller properties may be paying very little.

What it has historically done is cross-subsidise most households' waste bills. This is because a significant minority in large properties pay very much higher than average charges - in some cases more than £1,000. By charging those with larger properties much more than the relative cost of disposal of their own waste, it enables those in smaller properties to pay less than the true cost of disposal, even under the current, relatively inexpensive system.

In general terms there is a link between income and property size, but is not always the case. An often cited exception is elderly islanders occupying large family homes. An equal or greater number of exceptions may be at the lower end of the TRP scale, due to the presence of many high end apartments with relatively low TRP levels. TRP is at best, an in perfect proxy for ability to pay.

TRP band	Average net change in annual cost	No of households in sample
0-24	£244	16
25-49	£267	644
50-74	£253	3,555
75-99	£262	4,179
100-124	£276	3,452
125-149	£265	2,217
150-174	£248	1,461
175-199	£230	920
200-224	£213	642
225-249	£187	480
250-274	£162	293
275-299	£128	232
300-324	£111	141
325-349	£64	116
350-374	£52	103
375-399	£31	83
400-499	£18	154
500-599	£135	72
600-749	£256	55
750-1000	£421	20
+1000	£694	9
<i>No Data</i>	<i>£227</i>	<i>3,365</i>
Grand Total		22,209



An analysis of income and TRP levels indicates there were 1700 households with income in excess of £120,000 in 2014, and nearly one third of these will have paid less than the average refuse rate of £125 this year.

Impact by Household type

If it is assumed everyone on average produces the same amount of waste, the number of people resident in a household and the application of the per bag charge become the most significant differentiating factor.

Smaller households, such as single adults and single pensioners, would have the lowest net increase in costs because they are assumed to produce less waste.

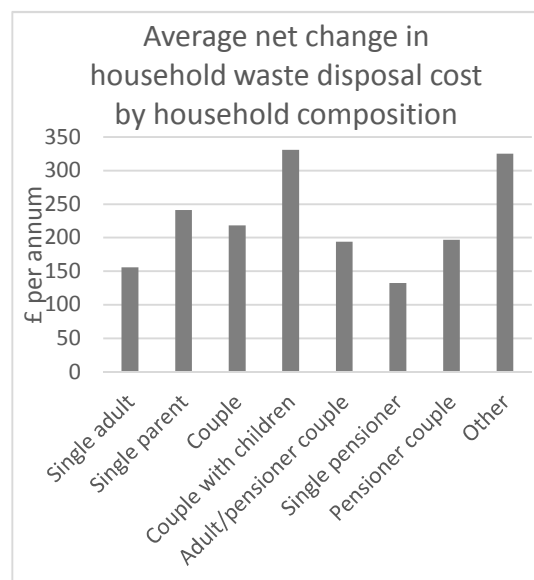
Larger households, such as couples with children, would be assumed to produce more waste and therefore face higher charges.

However the average disposal rate is a necessary over-simplification. In reality, behaviour varies significantly between households. Future waste charges will, in part, depend on individual and household waste behaviour, so it is difficult to predict the impact with certainty. There is no data to compare household occupancy and waste produced, therefore while large families may generally be expected to produce more waste, and pensioner households relatively little, there will be exceptions to this.

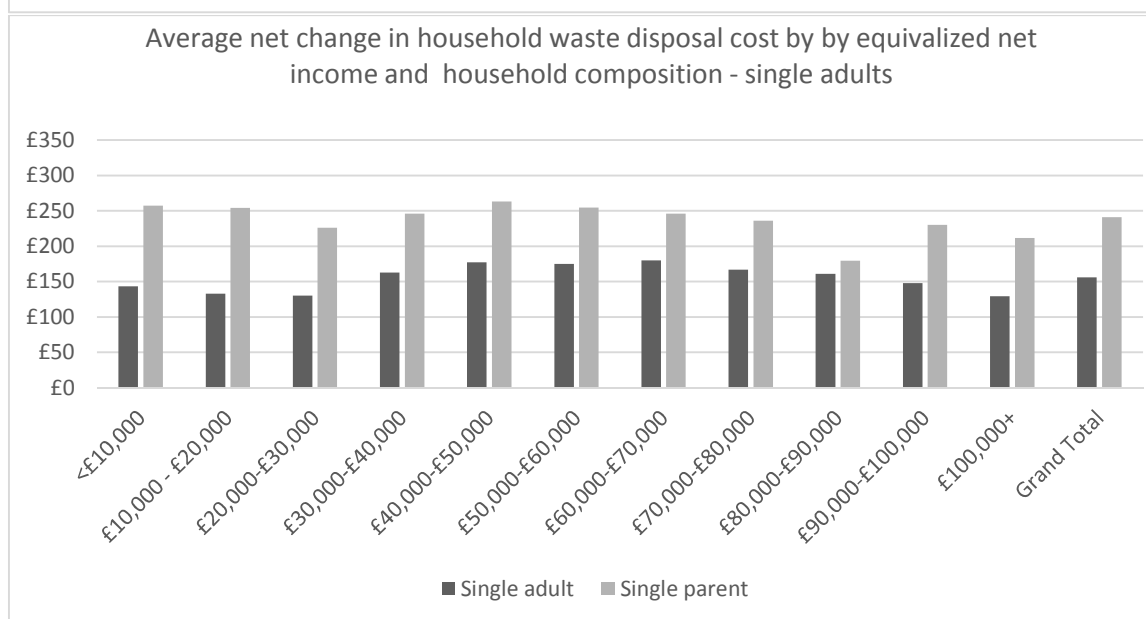
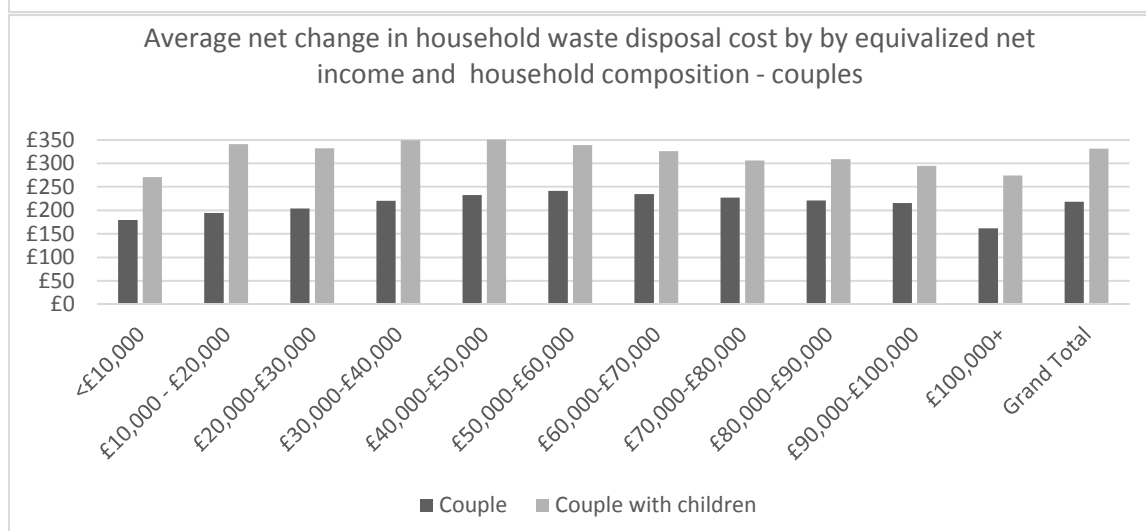
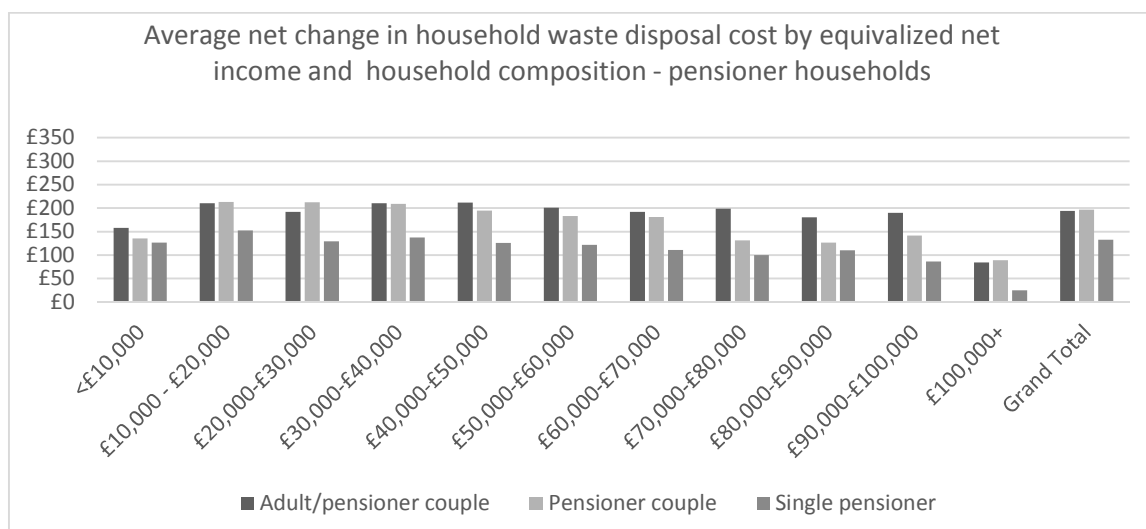
It should also be noted the intention of pay as you throw charging is to drive changes in behaviour. This and the implementation of new services to extend the amount of waste which can be recycled could reduce the impact on households over time.

The graphs presented over leaf provide more detail on the impact of charges on households by both household composition and equivalised net income.

Household composition	Average net change in annual cost	No of households in sample
Single adult	£156	2,973
Single parent	£241	904
Couple	£219	3,559
Couple with children	£331	3,057
Adult/pensioner couple	£194	1,130
Single pensioner	£133	2,570
Pensioner couple	£197	2,324
Other	£325	5,692
Grand Total		22,209



Detailed analysis by household type



THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE
AND
STATES' TRADING SUPERVISORY BOARD

WASTE STRATEGY IMPLEMENTATION - HOUSEHOLD CHARGING MECHANISMS

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

10th November, 2017

Dear Sir,

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the Committee *for the* Environment and Infrastructure and the States' Trading Supervisory Board request that the 'Waste Strategy Implementation – Household Charging Mechanisms' Policy Letter be considered at the States' meeting to be held on 13th December 2017.

The implementation of the waste strategy is on a critical path. In order to conduct commissioning of the new plant at the Waste Transfer Station, currently scheduled for October 2018, waste will need to be collected and delivered to the Transfer Station under the new separate collections. This Policy Letter is the catalyst for the necessary legislation required to introduce the new arrangements. Discussion at the December 2017 States' meeting will provide sufficient time for the remaining legislative programme to be concluded in time to conduct the commissioning tests.

It is also requested that the 'Inert Waste Strategy and a Proposal for a New Facility for Managing Inert Waste' Policy Letter be considered on the same date of the 13th December 2017. The reasons why the requested date is important, will be outlined in a separate letter. By considering both Policy Letters (in the order of the Waste Charges Policy Letter followed by the Inert Waste Policy Letter) the proposed amendments to the draft Waste Management Plan at appendix 2 of the latter can be finalised.

Yours faithfully,

Deputy C N K Parkinson
President
States' Trading Supervisory Board

JC S F Smithies
Vice President

S J Falla MBE
J C Hollis
Non-States Members

Deputy B L Brehaut
President
Committee *for the* Environment & Infrastructure

Deputy M H Dorey
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