

## **Activity Planning -2012-2022 Ten Year Plan Safeguarding the Environment - Solid Waste**

### **The main matters that the Council is being asked to consider are....**

- Balancing the priority between cost minimisation and waste minimisation whilst fulfilling the territorial authority responsibilities of the Waste Minimisation Act 2008; and
- Three different options for the delivery of the Solid Waste activity.
  - Option 1: maintain current delivery method with some efficiency gains
  - Option 2: joint services procurement
  - Option 3: local determination approach

### **1. Council direction**

The direction provided to staff by the Council in December 2010 was that to:

- Retain existing levels of service
- Consider options for reducing levels of service, reducing costs of provision, funding mechanisms
- Consider shared service options.

### **2. What the activity does**

The Solid Waste activity involves promoting waste reduction, collecting waste and recyclables from households, and the safe disposal of hazardous substances.

The Council operates seven refuse transfer stations and is also engaged in the process of overseeing the rehabilitation of closed landfills within the District. This activity also provides for public rubbish bins throughout the District (for example in parks and reserves and town centres).

### **3. What the legislations says**

The Council is obliged to adopt a waste management plan that makes provision for the management of waste produced within the District. Management may include the collection, reduction, reuse, recycling, recovery, treatment and disposal of waste. The Council is not obliged to provide services directly, but is obliged to ensure such services are provided within the District. However, there are significant benefits in being the main service provider in that it places Council in a strong position to influence and have effect on waste minimisation within the district.

The Waste Minimisation Act 2008 (WMA) represents an update of waste legislation to emphasise and promote waste minimisation. The purpose of the Act is to "encourage waste minimisation and a decrease in waste disposal in order to protect the environment from harm; and provide environmental, social, economic and cultural benefits."

Part 4 of the Waste Minimisation Act sets out responsibilities of territorial authorities in relation to waste management and minimisation;

*"A territorial authority must promote effective and efficient waste management and minimisation within its district."*

The Act further requires the local Councils to review their existing waste management plans and develop and adopt a waste management and minimisation plan (WMMP) by 1 July 2012, which requires a special consultative procedure.

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There is a clear expectation that councils are to optimise and advance waste minimisation opportunities through the levy provisions of the Act, and in accordance with their WMMP.

### 4. Proposed activity objective

The proposed activity objective for the Solid Waste activity is:

*To manage the District's solid waste in a way that protects both public health and the natural environment.*

NB: this is different to the objective stated in the 2009-2019 Ten Year Plan, which was "Ensure that all rubbish is properly disposed of to protect the public and environment through kerbside rubbish collection and recycling."

### 5. How this activity currently would contribute to the Council Outcomes

The activity will contribute to the achievement of the Council Outcomes as follows:

Council Outcome	The Solid Waste activity...
A prosperous district	<ul style="list-style-type: none"> <li>• Ensures waste is managed in an environmentally responsible efficient and effective way which protects the natural assets that are so important to the prosperity of the District. The business, tourism and retail sectors are all supported both through effective direct service provision, and services for visitors such as drop-off sites and public place recycling.</li> <li>• The provision of re-use facilities at transfer stations has the potential to provide the community with access to low cost second hand items while providing employment.</li> </ul>
A liveable district	<ul style="list-style-type: none"> <li>• Provides effective waste management services, thereby contributing to a safe and healthy living environment.</li> <li>• Encourages community responsibility through waste minimisation education.</li> </ul>
A clean and green district	<ul style="list-style-type: none"> <li>• Helps protect our unique environment and natural ecosystems by enabling good waste management and minimisation, by ensuring disposal of waste in ways that minimises harm, and managing closed landfills.</li> </ul>

The Coromandel Peninsula Blueprint places expectations on the Solid Waste Activity to protect the natural environment and areas of significant biodiversity value. The Activity is expected to develop a waste minimisation strategy to reduce waste disposal to landfill while still ensuring good solid waste service provision for the protection and convenience of the community.

### 6. Things to be aware of

- The Waste Minimisation Act encourages a greater emphasis on promoting effective and efficient management and minimisation of waste. Waste levy monies are required to be used specifically for waste minimisation initiatives and have reporting requirements that must be fulfilled. Accordingly, Council will

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need to develop specific waste minimisation projects to be funded by the waste levy fund.

- The operation and maintenance of the refuse transfer stations and the recycling and refuse kerbside collections are contracted out. This contract is due to be retendered in 2013/14. The option of procuring these solid waste services jointly with Hauraki District Council and Matamata-Piako District Council is currently under consideration.
- The 'over the counter' cost attached to the blue bags, does not cover the total cost of the bag disposal to landfill. The approximate cost of the disposal of each bag is \$5.23. Increasing the user-pays portion of the bag cost to better reflect the true cost of the service is a viable waste minimisation option to consider. This should be done incrementally and with awareness of the risk of private contractor competition. An increase from \$2.04 to \$2.20 would be the next recommended increase if this is pursued.

### 7. A word from our community....

- The 2010 community prioritisation survey shows that this activity is the top priority activity, as determined by the community, when compared to the other activities of the Council. It is ranked 1st out of the 27 activities surveyed.
- In the 2010 communitrack survey, overall 81% of residents and non-resident ratepayers were satisfied with rubbish collection, including 46% who were very satisfied.

The recent Waste Services Review (Feb 2011) provided substantial information about customer preferences, and a summary is provided here.

- Although many customers would like the services to be extended or maintained, some customers also comment that they believe the existing service is too expensive and/or they would not wish to pay additional charges for additional services. This poses the challenge of ensuring and demonstrating that solid waste management services are good value for money. This applies to existing services but also to any new or extended services that may be introduced.
- Some customers would prefer a different format of collection for residual waste and recyclables – e.g. wheeled bins rather than bags. However the majority prefer the status quo – 53% for residual waste collections and 57% for recycling, compared to 33% and 29% respectively for wheeled bins.
- Some customers have expressed a preference for additional services (such as food waste or garden waste collections) to be introduced against those that would not. However it should be noted that customers who do not believe that additional services such as these should be provided generally manage these wastes at home or already access a private services. Therefore this does not appear to be disagreement that the wastes should be managed, but more specifically about how they are managed and the cost of managing them.

### 8. Strengths, weakness, opportunities and threats

Strength	This means...
Generally customers support the way services are provided at present.	The Council is generally providing the most appropriate service to customers as is possible.
Customers generally agree about the priorities for new or extended services.	Should the Council introduce new services, it is clear what the priorities would be
Customers generally agree that they wish services to be maintained as present.	The Council has support to continue providing services even in marginal areas where population is low.

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<b>Strength</b>	<b>This means...</b>
All waste in the District passes through a Council facility before leaving the District.	The Council has a very good understanding of how much waste the District has and where it comes from. This makes future service planning more effective.
The District already has a reasonably good diversion rate from landfill (around 40%).	Existing services are reasonably effective at diverting re-usable, recyclable or other material from landfill disposal, reducing disposal fees and environmental harm.
<b>Weakness</b>	<b>This means...</b>
The existing service format has some minor negative aspects such as the vulnerability of bags to bird strike, and some litter as a result recycling collections.	Unless a better way to provide the services can be identified, Council will need to educate the public and contractors as to how these negative outcomes can be reduced as much as possible.
There is a compelling need to collect waste from the key visitor areas early in the week.	This means collections cannot realistically be spread over 5 days. This potentially increases the cost of providing collection services or means a joint procurement for collection services with another council is necessary (so that collection can take place over 5 days across both authorities).
The District has high visitor and temporary resident numbers.	Designing effective services is difficult as demand oscillates dramatically. Many customers are non-resident and so communication and education for solid waste management is difficult.
Peak visitor numbers put significant pressure on service provision.	The contractor has had difficulty coping with the peak volumes. This leads to missed collections and ratepayer complaints.
<b>Opportunity</b>	<b>This means...</b>
There is an opportunity to realise operational efficiencies by bringing forward the proposed Mercury Bay South Greenwaste Dump project (from 2018/2019 in the 2009-2019 TYP) and expanding this to include after-hours drop-off facilities and a staging/transfer point for contractor collections. A suitable potential Council owned site for this purposes is located on Purangi Rd.	The proposed Mercury Bay South facility would provide a local disposal facility for greenwaste, official bags and recyclables. This would potentially reduce volumes at kerbside and make peak period collections more efficient. The combined contractor staging point would reduce turnaround times for collections and again increase efficiencies.  Also, this would mean that the requirement to progress the Whitianga Transfer Station project may be postponed depending on consent issues currently under review. (This project was sitting in 2017/2018 of the 2009-2019 TYP)
An analysis of waste services suggests that there is significant opportunity to divert more waste from landfill at the transfer stations.	The Council will investigate proposals to improve solid waste management at the transfer stations.
Other Districts nearby are keen to work in partnership with TCDC on solid waste management.	We are able to save by collaborating on key projects such as the recent Waste Assessment. There may be potential to collaborate on other projects and even service provision in the future. Council will consider recommendations as to how this opportunity can be maximised.

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Strength	This means...
There is an opportunity to work more closely with the community to recover value from the waste stream and possibly generate further local employment.	This is largely dependent on how future contracts and service provision are structured. If structured right community groups such as the Seagull Centre Trust could have an more important role to play.
Threats (Issues & Risks)	This means...
Services are largely provided through a single contractor.	The Council is vulnerable should this company suffer any financial or operational difficulties.
The Council does not own their own disposal facility, and only a few facilities are easily accessible from the District.	The Council is vulnerable to price variations in the disposal industry, and a large proportion of solid waste management expenditure cannot be reduced unless by diverting more waste from landfill. Access to the landfill currently in use is reasonably certain as the facility has a new extended resource consent.
Forecasts are based on a \$10 per tonne waste levy.	There is provision in the Waste Minimisation Act for the levy to be increased. If this occurs, the Council's disposal cost will increase accordingly.

### 9. Proposed Levels of Service options

The current levels of service associated with the Solid Waste activity are:

- 1) Refuse transfer stations are accessible and maintained
- 2) Refuse and recycling collection services are provided and recycling actively promoted.

Actively promoting recycling does come at a cost as the recyclable revenues and cost savings of landfill fees would not likely cover the total costs of recycling services. This however needs to be balanced against environmental values and future landfill access and/or provision costs. More work is required on this to better understand the balancing of the various benefits. The current level of service in regards to recycling and waste minimisation would be considered as adequate on a national perspective, but the WMA provides an expectation for an increasing focus on advancing waste minimisation opportunities. It is likely that levy charges at landfill will increase in the near to medium future to further incentivise this approach.

The WMMP must set out (amongst other matters) objectives and policies for achieving effective and efficient waste management and minimisation. Staff are therefore seeking a discussion with the Council regarding their preferred approach to waste minimisation to assist in the development of the WMMP.

#### Option A) maintain existing levels of service, and therefore existing approach to waste minimisation

This reflects a currently 'adequate' approach to waste minimisation, but the WMA provides an increasing expectation that territorial authorities make additional gains in waste minimisation.

##### Collection Services

- Kerbside paid bag collection
- Kerbside free recyclable collection

##### Refuse Transfer Stations

- Paid greenwaste disposal

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- Paid residual waste disposal
- Free recyclables drop off.

### **Option B) a proactive approach to waste minimisation**

Within a proactive approach to waste minimisation opportunities exist to increase collection services, behaviour change initiatives and upgrade facilities and services at Refuse Transfer Stations to achieve gains in waste minimisation.

#### Collection Services:

- Provide foodwaste collections
- Provide greenwaste collections
- Increase recyclable ranges collected
- Increase localised recycling drop-off facilities

#### Behaviour Change Initiatives:

- Increased public education services (ie; workshops on composting etc)
- Offer subsidised discounts for purchases of compost bins, worm farms etc.

#### Refuse Transfer Stations:

- Increase resource recovery activity from residual waste stream (ie; construction and demolition waste etc)
- Increase reuse activity and facilities (ie; Seagull Centre type facilities)
- Increase recyclable ranges
- Upgrade RTS appearances to befit a renewed focus on waste minimisation and resource recovery

Of the above opportunities the Refuse Transfer Station measures represent the greatest potential gains in waste minimisation initiatives. All of the above activities have beneficial spinoff effects in encouraging a greater waste awareness and behaviour change in the community.

#### Waste Minimisation Levy Fund

The waste minimisation levy fund is a logical funding source for the above initiatives. Territorial authorities receive a share of approximately half of the total levy money based on the population of their district. The Council currently receives \$80,000 per year from the population based portion of the waste levy fund. The other half of fund monies referred to as the "contestable portion" is able to be applied to for specific waste minimisation initiatives and is a potential additional funding source.

## **10. How is this activity managed?**

Currently, the operation and maintenance of the refuse transfer stations and the recycling and refuse kerbside collections are contracted out. This contract is due to be retendered in 2013/14. The option of procuring these solid waste services jointly with Hauraki District Council and Matamata-Piako District Council is currently under consideration.

How this activity will be managed in the future is dependant on which of the options presented below the Council and Community prefers.

There are three different options for the delivery of the Solid Waste activity, noted here for the Council's consideration. These are:

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Option 1: maintain current delivery method with some efficiency gains

Option 2: joint services procurement

Option 3: local determination approach

Information regarding these options is set out on the following pages.

### **Option 1 - Maintain current delivery method with some efficiency gains**

Under this option customer levels of service remain as they are currently.

#### *Benefits of this option are*

- This aligns with Council's strategic direction in that existing levels of service are retained.
- This option would meet community expectations and presumably would continue to result in high levels of customer satisfaction. A recent customer survey targeting solid waste management issues showed that the majority of customers are happy with services as they are.
- Services could continue to be provided using the same contractor and with the same contractual arrangement as present.
- No capex or significant operational expenditure would arise beyond that already funded.
- This option meets statutory obligations in that the Council is ensuring that solid waste management services are provided. However it could be argued that the Council would fail to sufficiently acknowledge the increasing pressure to shift to a more holistic waste management approach, based on the waste hierarchy.

#### *The risks and uncertainties associated with this option are*

- A recent expert review of solid waste services identified several issues with the current provision, and this option does not take these matters into account. For instance, kerbside collections could better accommodate variations in demand such as the peak summer period. There is also significant potential to improve the functioning of the transfer stations, addressing waste management, health and safety, and environmental issues.
- This option is unlikely to address these issues; nor is it likely to result in any great improvements in solid waste management such as diverting more waste from landfill, or recycling more.
- As set out in the SWOT analysis, there is risk to the Council that uncontrollable cost increases could be experienced in the future.
- Council must retender the current contracts by mid 2013. There is a risk if a joint procurement is not entered into that current arrangements would not be able to be maintained or costs could escalate – as TCDC uses the same contractor as Hauraki DC, this enables the contractor to spread the collections over 5 days across the two districts. This allows TCDC to be collected early in the week while controlling costs. If TCDC and Hauraki end up with different contractors this arrangement would not be able to continue.

#### *Indicative Cost*

- There would be no increase or decrease to the current forecasted budgets, although there is some uncertainty over whether the current arrangements could continue past the expiry date of the current contract (June 2013).
- There is also the opportunity to achieve some cost savings/revenue increases through reviewing the level of user charges and re-negotiating landfill disposal charges. Initial estimates suggest the potential to reduce the rates burden in the

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order of 5%.

### **Option 2 - Joint services procurement**

*Under this option...*

- Refuse collections would remain as user-pays services.
- Recycling collections would be expanded. For instance, a food waste collection could be introduced, and a user-pays garden waste collection could also be provided. Additional drop-off facilities would be provided, and a materials recovery facility (MRF) may be constructed.
- The key to this option is that services would be jointly procured or at least coordinated with neighbouring authorities – Hauraki, and Matamata-Piako.

*Benefits of this option are*

- This aligns with Council's strategic direction in that opportunities for shared service options, opportunity for reducing costs of provision, and retaining (or improving) levels of service could be achieved.
- A recent expert review of solid waste services identified several issues with the current provision. Kerbside collections could better accommodate variations in demand such as the peak summer period. There is significant potential to improve the functioning of the transfer stations, addressing waste management, health and safety, and environmental issues. While this option is unlikely to improve the ability of the kerbside collections to accommodate local variation, seasonal demand may be better managed and transfer stations would be improved.
- Improved management of refuse transfer stations would provide for more recovery.
- Kerbside collection services would benefit from the opportunity to balance resources over a larger area, and refuse and recycling collections would improve. Food waste and garden waste collections would also be provided.
- This option is likely to improve solid waste management overall by diverting more waste from landfill, and recycling more.
- A significant difference is that, with the economies of scale achieved by working over three Districts, a material recovery facility may become a more feasible option.
- This option meets statutory obligations in that the Council is ensuring that solid waste management services are provided. Many additional services would be introduced, which would support regional and national goals to reduce waste to landfill and manage in a way that follows the waste hierarchy.
- The interest in making the partnership with Hauraki and Matamata-Piako more formal is largely based on expected cost savings while also improving services.

*The risks and uncertainties associated with this option are*

- There may be a small impact on customers that use refuse transfer stations, as these may become more generic and less responsive to the needs of individual communities.
- Kerbside collection services also would become more consistent across the District and between Districts, resulting in less opportunity to accommodate individual needs. While collection services would benefit from the opportunity to balance resources over a larger area; distances travelled to complete collections are likely to increase.
- The interest in making the partnership with Hauraki and Matamata-Piako more formal is largely based on expected cost savings. However as a result, there is

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naturally less ability to accommodate local needs. The extent to which service needs across the three Districts can be balanced needs to be considered carefully – neither Hauraki nor Matamata-Piako experiences the summer visitor peaks that TCDC do.

- This option is likely to be less flexible and so unforeseen future demand would be more difficult to accommodate.
- Procuring in partnership successfully requires a close working relationship between the three councils – this exists at present but could change in future making this a difficult system to manage.

### *Indicative Cost*

- In addition to potential savings identified in Option 1, there may be the potential to achieve savings through reduction in the quantity of material sent to landfill, and additional income from recycling. These savings however are likely to be offset by increased costs necessary to achieve the reduction in disposal (for example increased staff provision and opening hours at transfer stations to separate material). Further work is being undertaken on quantifying these costs including possible capital costs for plant.

### **Option 3 - Local determination**

#### *Under this option...*

- Refuse collections would remain as user-pays services.
- Recycling collections would be expanded.
- A food waste collection could be introduced, and a user-pays garden waste collection could also be provided.
- Additional drop-off facilities would be provided.
- The existing refuse transfer stations would be expanded and improved to act as local hubs for waste management, providing education and reuse centres, meeting local needs, and increasing the efficiency of collections.

#### *Benefits of this option are*

- This aligns with Council's strategic direction in that reducing costs of provision while retaining (or improving) levels of service could be achieved.
- A recent expert review of solid waste services identified several issues with the current provision. Kerbside collections could better accommodate variations in demand such as the peak summer period. There is significant potential to improve the functioning of the transfer stations, addressing waste management, health and safety, and environmental issues. This option addresses both issues.
- Management of refuse transfer stations would provide for more recovery as outlined in Option 2, with the added benefits of being able to meet local community needs. Refuse transfer stations are seen as being local 'hubs' for waste management and minimisation activities, with reuse centres (operated in partnership with local community enterprises where appropriate), education and community facilities at larger refuse transfer stations, and recyclables sorting facilities.
- Improvements to the refuse and recycling collections would be as set out in Option 2, with food waste and garden waste collections also provided along similar lines. In this option, as TCDC are determining service configurations alone, the potential to accommodate local needs is maximised.
- This option is likely to improve solid waste management overall by diverting more waste from landfill, or recycling more.
- This option meets statutory obligations in that the Council is providing solid waste

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management services. Many additional services would be introduced, which would support regional and national goals to reduce waste to landfill and manage in a way that follows the waste hierarchy.

*The risks and uncertainties associated with this option are*

- Procuring these services outside of a joint procurement may possibly lead to a less competitive process and higher costs.
- One option is to operate the services in-house through a CCO or Business Unit. This would give greater local control but would mean Council would carry all the risk associated with service delivery. In addition there are uncertainties around establishing an effective in-house organisation capable of delivering to the required standards.

*Indicative Cost*

- In addition to potential savings identified in Option 1, there may be the potential to achieve savings through reduction in the quantity of material sent to landfill, and additional income from recycling. These savings however are likely to be offset by increased costs necessary to achieve the reduction in disposal (for example increased staff at transfer stations to separate material).

### 11. What do we currently spend on this activity?

As a proportion of Council's annual budget for the 2011/2012 year, the Solid Waste activity represents approximately 5.91% of total spend.

<b>2011/2012 Draft Annual Plan</b>	
Operating Expenditure (excluding internal interest cost)	\$5.73m
Capital Expenditure	\$0.23m
<b>Total budgeted spend for Solid Waste for 2011/2012</b>	<b>\$5.97m</b>
Total Budgeted spend for Council for 2011/2012	\$100.97m
Total percentage of budget spent on Solid Waste	5.91%
<b>2009-2019 Ten Year Plan</b>	
Operating Expenditure (excluding internal interest cost)	\$71.31m
Capital Expenditure	\$6.10m
<b>Total budgeted spend for Solid Waste for 10 years</b>	<b>\$77.40m</b>
Total Budgeted spend for Council for 10 years	\$1,295.64m
Total percentage of budget spent on Solid Waste	5.97%

### 12. How this activity is funded, and why?

The Solid Waste activity is currently funded as follows:

*Funding rationale summary as outlined in the 2009-2019 Ten Year Plan*

The collection and disposal of community litter is seen to benefit the residents of the entire District. The rehabilitation of closed landfills is also seen to benefit the community as a whole in that the work-undertaken assists in the clean up of the environment and as such, cannot benefit current users of the landfills, as there is none.

Operating expenditure is funded District wide as it is most practical and efficient to do so. Capital expenditure is predominately funded locally, however, some elements, such as renewals are funded District wide.

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*The funding mechanisms used to fund operating expenditure are:*

Item	General Rates	UAGC	Targeted Rates	Fees & Charges	Grants & Subsidies
litter/landfills	✓				
collection services and recycling facilities			Fixed charge by area of benefit - 40-59%	40-59%	

*The funding mechanisms used to fund capital expenditure are:*

Develop. &/or Financial Contribution	Borrowing	Asset Sales	UAGC	Depreciation	General Rates	Targeted Rates	Fees & Charges	Grants & Subsidies	Lump Sum Contribution
✓	✓	✓		✓	✓	✓	✓		✓

Staff recommend no change to the current funding approach for the Solid Waste Activity apart from considering an increase in prepaid bag charges.

### 13. Staff recommendation

With regards to the Solid Waste activity staff recommend:

- Maintaining existing levels of service unless further waste minimisation initiatives reduce the cost of provision
- Joint services procurement with further waste minimisation initiatives included if they reduce the cost of provision
- The Mercury Bay south capital facility timing is brought forward to realise operational efficiencies with the Whitianga Transfer Station capital project pushed out, and
- No change to the current funding approach for the Solid Waste activity with the exception of an increase of prepaid bag charges.