

Attachment A
Thames-Coromandel District Council
13/12/22

Comprehensive Report: Solid Waste Services – Fees and Charges

1 Background

The purpose of this report is to gain Council approval to publicly consult on two options for the Solid Waste Fees and Charges for the 2023/24 financial year, as part of the 2023/24 Annual Plan consultation process.

Councils current Solid Waste Fees and Charges are based on current waste services contract awarded to Smart Environmental Limited in 2013, which expires on 31 August 2023.

Following a robust procurement and tender evaluation process Waste Management NZ Ltd (WM) was recently awarded the new 10-year waste services contract, effective from 1 September 2023. This contract is based on a new operating model which includes residential kerbside bin collections for food waste and refuse. This has necessitated a review of the rating model for solid waste services.

This report provides Council a full briefing of the two rating model options based on the existing and new solid waste contract and associated costs for the 2023/24 financial year (FY).

1.1 Rating Model Options

Councils Solid Waste Fees and Charges for the 2023/24 FY will need to reflect the existing contract costs for the first two months of the FY (July, August) as well as the new contract costs, for the remaining 10 months of the FY (September 23 – June 24).

The new Solid Waste Fees and Charges models cover the full cost of services including the implementation of the following:

- A new residential kerbside food waste service from 1 September 2023
- A wheelie bin for residential kerbside refuse collections, replacing the bag service
- Expansion and continuity of the Refuse Transfer Station (RTS) sites operating hours

There are two nationally accepted Solid Waste Fees and Charges models, and are as follows:

- Option 1: Fully Ratepayer Funded. This option is a set fee per ward for all kerbside services for properties within the area of service and includes a proportion of costs for district refuse transfer stations and solid waste operations.
- Option 2: Pay as You Throw (PAYT). This option encompasses both a set rates fee per ward to cover operational costs of kerbside collection, RTS services and recycling processing, as well as a pre-paid tag that customers would purchase at local retailers,

to attach to their rubbish wheelie bin when placed kerbside, which covers the collection and disposal of refuse.

The findings from the Annual Plan consultation will be reported back to Council in June 2023 and Council's preferred direction will be sought at that time and implemented with district rate payers in the 23/24 Financial year.

2 Discussion

2.2 Levels of Service

2.2.1 Residential Kerbside Refuse collections

The new solid waste contract will implement a fortnightly residential kerbside refuse collection using a 140 Litre wheelie bin.

The 140L refuse wheelie bins will be supplied to properties within the service area by the new contractor prior to commencement of the contract.

Council will incur an upfront capital cost and the bin ownership will immediately pass to Council upon delivery of the bins and subsequent payment. Eligible property owners will not be required to purchase the new refuse (x1) bin from Council. These costs will be recovered through the rating model.

2.2.2 Residential Kerbside Recycling Collections

The kerbside recycling collections will continue to be conducted fortnightly, and this includes a 240L wheelie bin for all recyclables and two (02) 45l glass crates per property.

2.2.3 Food Waste Collections

A new foodwaste collection service will be implemented as part of the kerbside services from 1 September 2023, using a 25L bin/caddy with a weekly frequency.

Council will incur an upfront capital cost and the bin ownership will immediately pass to Council upon delivery of the bins and subsequent payment. Eligible property owners will not be required to purchase the new (x1) bin/caddy from Council. These costs will be recovered through the rating model.

2.2.4 Management of recyclables

From Quarter 1 2024 all recycling materials collected from the district will be bulk hauled to Tirohia, sorted, and then sent to various destinations locally and internationally. There may be an interim period between the new contract commencing, and the Tirohia site being constructed where this material gets taken to another nearby recycling location for processing temporarily.

2.2.5 Refuse Transfer Stations (new operating hours)

Council's seven refuse transfer stations located at Thames, Coromandel, Matarangi, Whitianga, Tairua, Pauanui and Whangamatā will continue to be resourced and managed by the Solid Waste services contractor. As part of the new contract, the RTS opening hours will be standardised across the district as follows:

- Daylight saving hours: Monday to Sunday from 8.30am to 5.30pm (including public holidays)
- Non-daylight-saving hours: Monday to Sunday from 8.30am to 4.30pm (including public holidays)

All RTS's will remain closed on Christmas Day, New Year's Day, Good Friday and until 1.00pm on ANZAC Day.

2.2.6 Mobile refuse compactors

Council owns and operates five mobile compactors. Servicing of these mobile compactors i.e., removal of refuse from the compactors and transporting it off-site, is included in the new contract.

2.2.7 Peak Period Services

Under the new contract the peak period service for the Eastern seaboard and Coromandel North includes the increased services of twice weekly collection for refuse and glass, and a weekly service for recycling. Coromandel Town & Te Kouma also have their collections increase for all materials to once-a-week over peak period as well.

2.2.8 Bulk haulage of materials

The new contract includes bulk haulage of refuse to landfill (currently Tirohia, owned by Waste Management NZ Limited) as well as recycling materials to Tirohia Energy Park.

2.3 Fees and Budgets

Based on all the above services, the following draft rating model options are proposed:

Option 1: Fully Rate Payer funded. This option is a set fee per ward for all kerbside services for properties within the area of service.

Rating Ward	Differential calculation	2022/23 Rate Inc GST	23/24 Ratepayer Funded Model	Increase from 22/23
Thames Ward	Ratio 1.0000	\$194.33	\$491.30	\$296.97
Coromandel-Colville Ward	Ratio 1.0000	\$194.33	\$491.30	\$296.97
Mercury Bay Ward	Ratio 1.0962	\$213.02	\$538.57	\$325.54
Tairua/Pauanui Ward	Ratio 1.1731	\$227.97	\$576.35	\$348.38
Whangamatā Ward	Ratio 1.1731	\$227.97	\$576.35	\$348.38

Option 2: Pay as You Throw (PAYT). This option encompasses both a set rates fee per ward to cover operational costs of kerbside collection, RTS services and recycling processing, as well as a pre-paid tag that customers would purchase at local retailers, to attach to their rubbish wheelie bin, when placed kerbside, which covers their collection and disposal of refuse.

The cost per PAYT tag is likely to be \$7.50 including GST per 140 litre bin empty and is in addition to the PAYT rates below.

Rating Ward	Differential calculation	2022/23 Rate Inc GST	23/24 PAYT Model Inc GST	Increase from 22/23
Thames Ward	Ratio 1.0000	\$194.33	\$363.33	\$169.00
Coromandel-Colville Ward	Ratio 1.0000	\$194.33	\$363.33	\$169.00
Mercury Bay Ward	Ratio 1.0962	\$213.02	\$398.28	\$185.26
Tairua/Pauanui Ward	Ratio 1.1731	\$227.97	\$426.22	\$198.26
Whangamatā Ward	Ratio 1.1731	\$227.97	\$426.22	\$198.26

The increase in rates for both options are significant, and these are due to the move from a bag-based refuse disposal system to a bin-based system, introduction of a food waste collection service and mandatory government fees

Refuse Transfer Stations Solid Waste Fees

External consultants Morrison Low Limited has undertaken a review of solid waste fees and charges and recommended the following fees and charges for FY23/24.

Where no weigh bridge available:	Units	2022/23	2023/24 FY	Increase
Un-compacted waste	Per cubic metre	\$85.00	\$93.00	\$8.00
Compacted waste	Per cubic metre	\$247.00	\$270.00	\$23.00
Green waste	Per cubic metre	\$59.00	\$59.00	\$0.00
Where weigh bridge available:	Units	2022/23	2023/24 FY	Increase
Waste	Per tonne	\$260.00	\$284.00	\$24.00
Green waste	Per tonne	\$164.00	\$164.00	\$0.00
Other materials per item	Units	2022/23	2023/24 FY	Increase
Unofficial refuse bags	Per bag	\$5.00	\$5.00	\$0.00
Small carrier bag of rubbish	Per bag	\$2.00	\$2.00	\$0.00
Designated recyclables	Per m3	No charge	No charge	No charge
Tyres car - without rim	Per tyre	\$7.50	\$7.50	\$0.00
Tyres car - with rim	Per tyre	\$12.50	\$12.50	\$0.00
Tyres 4x4 - without rim	Per tyre	\$17.50	\$17.50	\$0.00
Tyres 4x4 - with rim	Per tyre	\$22.50	\$22.50	\$0.00
Tyres truck - without rim	Per tyre	\$20.00	\$20.00	\$0.00
Tyres truck - with rim	Per tyre	\$25.00	\$25.00	\$0.00
Tyres tractor	Per tyre	\$60.00	\$60.00	\$0.00
LPG bottles	Per bottle	\$6.50	\$6.50	\$0.00
Car bodies - stripped	Per car	\$25.00	\$27.31	\$2.31
Car bodies - unstripped	Per car	\$75.00	\$81.92	\$6.92
Whiteware	Per item	\$10.00	\$11.00	\$1.00

When deciding on a rating model for Solid waste services in our district it is important to consider the following aspects:

- Private commercial operators in the area
- A high level of absentee rate payers not utilising the service year-round and subsequently
- The annual costs of the Contractor, and Council overheads such as owning and operating refuse transfer stations, mobile compactors etc must be covered
- A PAYT system may result in overfull & heavy bins with customers wanting to 'get their monies worth' per tag.
- A PAYT system means users must buy tags from a retail outlet
- A fully funded model provides consistency for users to budget their solid waste expenditure
- Rating systems used by other nearby Councils.
- Rating systems used by other Councils with similarly high numbers of absentee rate payers.

To ensure appropriate alignment of contract costs with any changes to the waste industry, legislation, contract scope and Council's service delivery requirements, staff propose to periodically re-baseline the contract at end of Years 1, 3, 5, 7 and 9 of the contract.

Recommended way forward

Based on the two modelling options, Council staff recommend the PAYT system for now. The new solid waste contract involves a significant change to residential kerbside refuse collections, and the implementation of standardised extended RTS operating hours.

Therefore, the entire solid waste rating model will be reviewed once again as part of the FY2024/2034 LTP process, as Council will have better operational information about the new contract at that time.

3 Significance and engagement

Using the criteria set out in Council's Significance and Engagement Policy 2020, the decision on the Solid Waste Fees and Charges, is considered to be significant. For this reason, a public consultation process that gives effect to section 82 of the Local Government Act 2002 (the Act) is recommended.