#### SOUTH WAIRARAPA DISTRICT COUNCIL

**14 DECEMBER 2016** 

#### **AGENDA ITEM C7**

## SECTION 17A SOLID WASTE SERVICE DELIVERY

#### **Purpose of Report**

To inform Councillors of the service delivery options for the Solid Waste services presently delivered by Council.

#### Recommendations

Officers recommend that the Council:

- 1. Receive the information.
- 2. That the Council (in collaboration with Masterton District Council and Carterton District Council) proceeds with tendering of the Solid Waste Service's contract.
- 3. That the service levels relating to kerbside collection be discussed and confirmed prior to letting of the new tender.

#### 1. Executive Summary

The purpose of this paper is to seek a decision on the service delivery options for the Solid Waste services presently delivered by Council.

Please note that this report and the supporting information will be considered by Masterton District Council and has been authored largely by David Hopman, Manager Assets and Operations, Masterton District Council. It is expected that Carterton District Council will consider the matter during the current meeting cycle.

#### 2. Background

Following amendment to the legislation in 2014, Council is required to conduct reviews of service delivery under section 17A of the Local Government Act 2002.

A service delivery review is a process of determining whether the existing means for delivering a service remains the most efficient, effective and appropriate means for delivering that service. There are two statutory trigger points when a review must be undertaken:

- 1. When considering significant changes to service levels (i.e. starting a new service, or significantly increasing or decreasing a level of service).
- 2. Within two years of expiration of a contract or other binding agreement to deliver a service.

It should be noted that the LGA has a transitional provision that requires that all services must be reviewed by 8 August 2017. In all cases a review of service delivery has a maximum statutory life of six years from the last review under section 17A.

#### 3. Discussion

#### 3.1 Analysis of options

Eleven options have been considered for this review as outlined in Section 17A of the LGA:

Option	Description
1	Governance, funding and delivery by each Council separately
2	Governance and funding by each Council separately with delivery by a Council Controlled Organisation (CCO) wholly owned by each Council separately
3	Governance and funding by each Council separately with delivery by a Council Controlled Organisation partly owned by the three local authorities
4	Governance and funding by each Council separately with delivery by Masterton District Council or other territorial authority
5	Governance and funding by each Council separately with delivery by a person or agency not listed above
6	Governance and funding by joint committee or other shared governance with delivery by Masterton District Council or other territorial authority
7	Governance and funding by joint committee or other shared governance with delivery by a Council Controlled Organisation wholly owned by Masterton District Council
8	Governance and funding by joint committee or other shared governance with delivery by a Council Controlled Organisation (CCO) partly owned by Masterton District Council and partly owned by other parties
9	Governance and funding by joint committee or other shared governance with delivery by another local authority
10	Governance and funding by joint committee or other shared governance with delivery by a person or agency not listed above
11	Governance, funding and delivery by private sector

#### 3.2 Options investigated in detail

All options were investigated with the following options investigated in detail after discounting others.

- A Maintain Status Quo
- B Bring service In-house
- C Stop the provision of the service leave to private business

Details of the options analysis are contained in the Solid Waste Services Delivery Review Report (see Appendix 1).

#### 4. Recommendations

After consideration around risks, their consequences and probability and ease of implementation maintaining the Status Quo (subject to potential changes in the level of service) is the recommended option given:

- Five years satisfactory experience with the model for the three councils.
- The perceived risk is considered to be least.
- The ability to retain management of the waste stream and associated initiatives.
- The ability to prescribe levels of service that the communities require and prepared to fund.
- That residents could be provided with a wider range of services. The Communication Strategy would be consistently delivered, resulting in a community that is more aware of options and engaged in the waste management process. Collection services would not be provided as of right to rural dwellings (these may or may not have access to urban service).
- Modelling shows that this option has a significant impact on the amount of waste diverted; reduces the future demand for landfill significantly and reduces reliance on recycling drop-off points; and increases the future demand for recycling and organic waste services and processing. Improvements to recycling processing facilities may be required.

#### 5. Proposal

It is proposed that the 3 Councils prepare shared services tender for solid waste services with the procurement objective being: Minimising waste to landfill while ensuring cost effective rubbish and recycling services for ratepayers and minimising financial risks to the Councils.

The base tender will be for current levels of service but will include potential changes as contract add-in options of:

- Wheelie bins for recycling
- Wheelie bins for rubbish
- Food waste collection
- Resource Recovery centre
- Extended rural services

#### 6. Appendices

Appendix 1 – Solid Waste Services Delivery Review Report

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# Appendix 1 – Solid Waste Services Delivery Review Report

# Solid Waste Service Delivery Review









#### **CONTENTS**

1.	Solid Waste Service Delivery Review – Overview	3
1.1	Purpose	3
1.2	Background	3
1.3	Present arrangements	5
1.4	Previous reviews	5
1.5	Performance	5
1.6	Cost	
2.	Decision to review	
3.	Analysis of options	
4.	Discussion	
5.	Further Assessment)	
6.	Risk Assessment(Qualitative)	
7.	Conclusion	
8.	Recommendations	
9.	Timing Of Actions	
10.	Appendices	
•	Appendix A: Working Party Terms of Reference	
•	Appendix B: Councils of the Wellington Region Waste Management Minimisation	
	Plan 2011-2017 – Action Plan for the Carterton, Masterton and South Wairarapa	

- District Councils (Revised for the new Plan attached, still under revision)
   Appendix C: CCO Reporting to the three Councils 2005 MWH
- Appendix D: Solid Waste Financials for all three Wairarapa Councils
- Appendix E: Waste Assessment Draft EUNOMIA April 2016 (not attached)

#### 11. References

#### 1. Solid Waste Service Delivery Review - Overview

#### 1.1 Purpose

This review evaluates options for governance, funding and delivery for waste management services of the three Wairarapa Councils: Masterton (MDC), Carterton (CDC) and South Wairarapa (SWDC) as required by section 17A of the Local Government Act 2002.

#### 1.2 Background

Local authorities are required to manage waste under the Local Government and Waste Minimisation Acts:

- a territorial authority must promote effective and efficient waste management and minimisation within its district<sup>1</sup>; and
- solid waste collection and disposal is a core council service<sup>2</sup>

Shared waste management services include kerbside collection, recycling and waste minimisation education programs. Waste management services are delivered by a competitively tendered competitive contract for all three Districts. This contract was let in 2010 to Earthcare Environmental Ltd. The types of solid waste services provided by each Council via this contract include:

Carterton District Council	Weekly kerbside refuse and recycling collection, and promotion of waste minimisation recycling.
	Management and operational services for the Transfer Station, recycling depot and the weekly kerb-side collection. Street litter bin servicing is undertaken by own forces outside of Earthcare Environmental Ltd contract
Masterton	Weekly kerb-side recycling and kerb-side rubbish collection, transfer
District Council	station operations, gate fee collection, composting and recycling.
	Management and operational services for the Transfer Station, recycling depots and the weekly kerbside collection. Street services. <sup>3</sup> Street litter bin services are provided separately
South Wairarapa District Council	Weekly kerb-side refuse, recycling collection and management and operational services for the Transfer Station,
District Council	Litter bin servicing is undertaken via a separate contract with City Care
	Services.

The three Wairarapa councils operate 10 public waste management facilities:

South Wairarapa District Council

- Martinborough
- Greytown
- Featherston
- Pirinoa
- Hinakura
- Ngawi

<sup>&</sup>lt;sup>1</sup> Refer section 42 of the Waste Minimisation Act

<sup>&</sup>lt;sup>2</sup> Refer section 11A c of the Local Government Act 2002

<sup>&</sup>lt;sup>3</sup> Solid Waste Asset Management Plan 2014-2044 (2014), Masterton District Council, page 13

#### **Carterton District Council**

Dalefield Rd

#### Masterton District Council

- Nursery Road
- Riversdale
- Castlepoint

All facilities are located on top of or adjacent to closed landfills.

The three Wairarapa District Council's involvement in Solid Waste Management is supported by the Local Government Act 2002, Waste Minimisation Act 2008, Local Government (Rating) Act 2002 and Health Act 1956. The Councils' have both general and specific discretionary powers under these acts.

#### **Community Outcomes**

Each Council has a key community outcome that Solid Waste Management contributes to, namely:

#### **Carterton District** Masterton District South Wairarapa District Council Council Council · A Healthy District -· A sustainable, healthy Sustainable South having essential environment - looking Wairarapa - having a infrastructure that after our green spaces sustainably managed supports the health of and waterways, and District where economic development and the Carterton reducing our landfill community environmental A Knowledgable management go hand in A district that values Community - promoting hand and protects its natural recyling environment · A Strong Resilient ·A district that promotes Economy - providing a sustainable reliable, safe and cost infrastructure and effective collection and services. disposal service.

#### Waste Management Wairarapa Strategy and Governance

Waste Management Wairarapa (a joint informal committee of three Wairarapa Councils) produced a Wairarapa Waste Plan in September 2000 and further updated it in February 2005. The Wairarapa Waste Plan continues to be the base document for ongoing combined work of the three Councils. The Waste Management Wairarapa Strategy was superseded by the Waste Management and Minimisation Plan in 2008.

#### Waste Management and Minimisation Plan 2011-2017

The Councils of the Wellington region<sup>4</sup> developed a Waste Management and Minimisation Plan (WMMP) which is a requirement of the Waste Minimisation Act 2008. The purpose of the WMMP is to<sup>5</sup>:

- describe a collective vision to achieve long-term goals;
- set strategies, objectives, policies, activities and monitoring requirements; and
- describe funding mechanisms and legal requirements.

The overall vision of the WMMP is to provide residents and ratepayers with highly effective, efficient and safe waste management and minimisation services in order to protect the environment from harm, and provide environmental, social, economic, and cultural benefits.<sup>6</sup>

<sup>&</sup>lt;sup>4</sup> Carterton District Council, Hutt City Council, Kapiti Coast District Council, Masterton District Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council, Wellington City Council

 $<sup>^{5}</sup>$  Waste Management and Minimisation Plan (2012), Combined Councils of the Wellington Region, page 11

<sup>&</sup>lt;sup>6</sup> Waste Management and Minimisation Plan (2012), Combined Councils of the Wellington Region, page 23

As part of the WMMP, each council of the Wellington region developed individual council action plans that outline a programme for achieving the vision, goals, objectives and outcomes of the wider plan (see Appendix B for Action Plan for Masterton, Carterton and South Wairarapa District Councils). This plan and individual actions are currently under review and is expected to be completed early in 2017.

#### 1.3 Present Arrangements

#### 1.3.1 Service Delivery

Solid Waste services are governed and funded separately by each of the three Wairarapa Councils with combined funding arrangements. The funding structure for solid waste is a combination of a contribution of user pays for waste and rates for recycling.



Waste is currently freighted and disposed at the Bonny Glen landfill site in Marton that is owned by several waste management companies. This disposal arrangement remains in place until 2018.

The Wairarapa Councils collectively contract service delivery to Earthcare Environmental for a period of five years with two one year rights of renewal. Earthcare Environmental were contracted to provide the following solid waste services: kerbside recycling, kerbside rubbish collection, street litter bin collection, transfer station operations, gate fee collection, composting and recycling services.

#### 1.3.2 Governance

There is currently no governance structure in place although the entity known as Waste Management Wairarapa (WMW) did provide a governance function during the early to late 2000's.

WMW was an 'ad-hoc' committee of the three councils meaning:

- It had no formal constitution;
- It had no decision-making powers nor any other powers;
- It had no budget or authority to commit funds.

At that time, given the nature of its role and the issues it had been dealing with, this was considered to be unsatisfactory. Apart from having 'no teeth' it means that every significant WMW decision that required action had to be re-litigated and agreed to by the three Councils.

WMW effectively disbanded in 2007 and no governance structure grouping has been in place since.

#### 1.4 Previous Review/s

No formal review has been undertaken on Waste Management service delivery matters by any of the three Wairarapa Councils. Governance matters as above were addressed earlier.

#### 1.5 Performance

The effectiveness of solid waste delivery is reflected in performance measures developed by each Council, satisfaction surveys, feedback from the community, and any plans or strategies that are adopted and implemented.

#### Satisfaction Surveys

All three Wairarapa Councils participate in a Communitrak satisfaction survey undertaken by the National Research Bureau (NRB). The Communitrak survey provides a means of measuring Council's effectiveness in representing the wishes and viewpoints of its residents. The survey provides a comparison for Council on major issues and on performance relative to peer groups. The section below provides a summary of the latest survey results for solid waste for each of the three Wairarapa Councils:

#### Carterton District Council

Every three years the CDC participates in the Communitrak satisfaction survey. The most recent survey was conducted in 2014.

The 2014 survey results showed 90% overall satisfaction with refuse collection services, with 5% dissatisfaction. Those who reported dissatisfaction gave the following reasons: cost of bags, bags too expensive, and residents felt they were 'paying twice'.

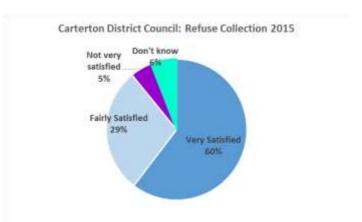
89% of Carterton residents report satisfaction with kerbside recycling. The 10% of Carterton residents that reported dissatisfaction were for reasons such as poor service from contractors (3%), contractors left a lot behind (3%), collection times too late (2%), and that they don't take everything (2%).<sup>7</sup>

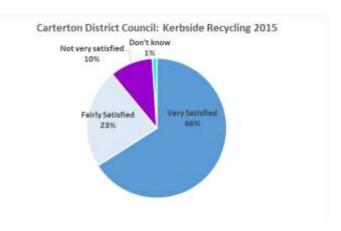
The 2008, 2011, and 2014 surveys have reflected an increase from 85% to 89%.

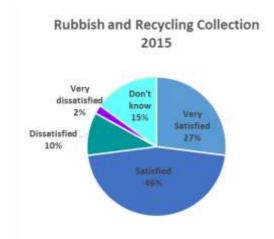


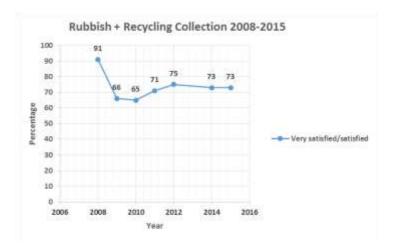
Since 2001, the MDC has participated in the

Communitrak satisfaction survey undertaken by the National Research Bureau (NRB). Results for rubbish and recycling collection, and refuse disposal has been positive and satisfaction levels maintained.

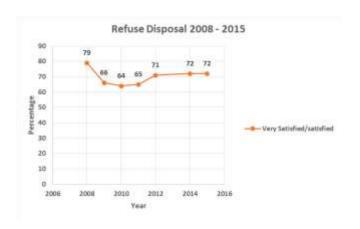


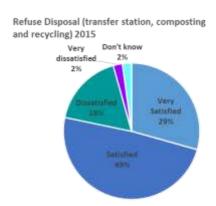






The 2015 survey results showed 73% satisfaction with solid waste collection services. This is the same result from the previous survey in 2014 (73%). The result is above the baseline of 71% achieved in 2010/11, but 6% below the peer group average (79%). Over the last five years, overall satisfaction levels for rubbish and recycling collection has continued to increase.

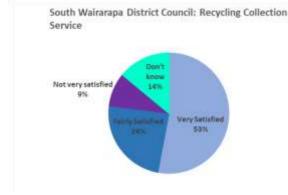




For refuse disposal, the 2015 survey shows 72% satisfaction with refuse disposal services. This is the same result from the previous survey in 2014 (72%). The result is above the baseline of 65% achieved in 2010/11, but 6% below the peer group average (78%). Over the last five years, overall satisfaction levels for refuse disposal have continued to increase.

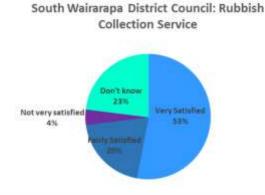
#### South Wairarapa District Council

Every three years the SWDC participates in the Communitrak satisfaction survey. The most recent survey was conducted in 2013. In terms of solid waste, the survey looks at the recycling collection service and the rubbish collection service. Overall, satisfaction levels for both recycling and rubbish collection has increased since the last survey was held in 2010.



The rubbish collection service received an overall satisfaction level of 73% in 2013, which is an increase of 11% from the 2010 survey. Out of the 4% of residents who reported dissatisfaction, they gave reasons similar to those who reported dissatisfaction with the

The 2013 survey results reflect 77% satisfaction with the recycling collection service which is 24% increase compared to the 2010 survey (53%). The 9% of residents dissatisfied with the recycling collection service gave reasons such as rubbish blows around/needs bins with lids (3%), selective about what they take/should recycle more items (2%) and collection service could improve (2%).



recycling collection. For example, rubbish blows around/needs bins with lids (1%).

Long Term Plan – Performance Measures

Carterton District Council - The CDC break waste management down into three measurable components:

How performance is measured	Comment
Expenditure is within approved	The performance measure is based on waste management being
budget	managed at the best possible cost for the required level of service,
	with the measuring system being regular financial reporting to the
	Council. The target is set at 100%. Expenditure was within the
	approved budget in 2014, but the target was not met in 2015. The
	operating expenditure exceeded the budget set in the Annual Plan.
Urban residents are satisfied with	The Communitrak NRB satisfaction survey measures satisfaction
refuse collection and with	levels for refuse collection and kerbside recycling every three
kerbside recycling	years. The last two surveys have met the target of 85%.
Compliance with resource	Performance is based on adverse effects of waste on the
consent conditions including	environment being minimised, with a target of 100% compliance
compliance monitoring	with resource consent conditions. This measure has not been
	achieved in the last two financial years.

Masterton District Council - The provision of solid waste management facilities and solutions across MDC is measured by the indicators listed below:

How performance is measured	Comment
Percentage of residents satisfied	The Communitrak NRB satisfaction survey provides the data that
with the urban and rural	reflects satisfaction levels with both urban and rural transfer
transfer stations, recycling and	stations. The 5-10 year target for this measure is to maintain
composting facilities	satisfaction levels with the baseline being 65% satisfaction and the
	peer group average 74%. Over the last five financial years,
	satisfaction levels were maintained apart from 2010/11.
Proportion of advertised hours	The target set is 100%. This target has not been achieved for three
that the transfer stations and	of the last five financial years due to one or two staff opening
recycling centre is open to the	delays over the year at the rural transfer stations.
public	
Percentage of residents satisfied	The Communitrak NRB satisfaction survey provides the data to
with solid waste collection	show satisfaction levels with solid waste collection services. The 5-
services	10 year target for this measure is to maintain satisfaction levels
	with the baseline being 71% and the peer group average 83%. Over
	the last five financial years, satisfaction levels were maintained.8
Number of call backs due to	The 5-10 year target set is for no more than one call back per 200
non-collection of official rubbish	urban households. This target has been achieved for the last five
bags in each weekly collection	financial years.
Tonnage of waste delivered for	The 5-10 year target set is for annual reductions of waste taken to
transfer is reduced annually	the transfer station. The baseline that was set in 2010/11 was a
	5.1% reduction based on the previous year. The MDC has not yet
	achieved this for the last five financial years.
The Solid Waste Management	This plan is scheduled for review and public consultation in
Plan for Wairarapa is reviewed	2016/17.

 $<sup>^{\</sup>rm 8}$  The MDC did not participate in the survey during 2012/13

How the rural and urban transfer, composting and recycling operate in a safe and environmentally sensitive manner are measured as outlined below:

How performance is measured	Comment
Urban and rural transfer	100% compliance is the 2010/11 baseline and 5-10 year target.
stations, recycling, composting	Over the last five financial years, there has not been 100%
facilities and landfills operate	compliance.
within approved resource	
consent conditions	

MDC has included an assessment of the standard of solid waste services, upgrade urban and rural transfer stations, composting facilities and landfills:

How performance is measured	Comment
Complete a six yearly	The 5-10 year targets stipulate that the assessments are on time
assessment of solid waste	and compliant with the Local Government Act 2002. An
service provision in the district	assessment was completed in 2011. The next assessment is
	scheduled for 2016.

South Wairarapa District Council - The SWDC has two key performance indicators for solid waste:

How performance is measured	Comment
Number of communities with	The service level for the performance indicators is that recycling
recycling centres	stations are accessible and maintained. The baseline is 6 recycling
	centres. The 2014/15 Annual Report confirms that there is 6
	recycling centres.
Volume of waste disposed out of	The baseline for the volume of waste is 1995 tonne (2008) with an
district	annual 2.5% decrease. The last two financial years have shown an
	increase in waste as opposed to a decrease.
% of ratepayers and residents	The Communitrak NRB satisfaction survey provides the data to
satisfied with the level of service	show satisfaction levels with solid waste collection services.
	The 2013 survey shows an increase in satisfaction levels for both
	recycling and rubbish collection since the previous survey (2010).

#### Community Views and Preferences

Most performance indicators across the three Councils were generally met although indicators for reducing residual tonnage for both Masterton and South Wairarapa District Councils were not.

The 2015 Communitrak survey has shown overall satisfaction with solid waste services for all districts and therefore support the status quo.

#### 1.6 Costs and Funding

Funding impact and prospective operating statements, projected expenditure are found in Appendix D for each Council.

For the 2015/16 financial year, the three Wairarapa Councils reported the following expenditure for solid waste services (ref: Draft Annual Reports 15/16)

Council	Total Expenditure
Carterton District Council	733,431
Masterton District Council	3,638,148

Long Term Plans

Long Term Plan Extracts within this activity are appended as Appendix 3.

All Councils have indicated in their Long Term Plans, funding at appropriate levels to sustain the current levels of service.

#### 2. Decision to Review

#### 2.1.1 Why is the review required?

Following changes to Section 17A of the Local Government Act 2002, local authorities are required to review the cost effectiveness of current arrangements for providing local infrastructure, services and regulatory functions. Reviews are to be undertaken when service levels are significantly changed, before current contracts expire, and not more than six years after the last review. Section 17A also requires all initial reviews to be completed by August 2017.

- **2.1.2** There are however statutory circumstances when a review is not necessary and they are;
  - Does the cost of undertaking a review outweigh the benefits? It is considered that review costs being modest in scale will be significantly outweighed by the benefits
  - All three Councils support a review of Solid Waste services being undertaken. The contract for delivery of solid waste services is due to expire in July 2017
  - Is there a contract or arrangement that cannot be replaced within two years? This suggests that the review should have been completed earlier to enable sufficient time to properly consider all alternatives before the current arrangements conclude contractually in June 2017. Whilst the time frame is now very tight, an early decision on the mode of delivery or not if taken before December 2016, should leave sufficient time to implement the approved arrangements and levels of service that will apply. If that cannot be achieved the existing contract will need to be rolled over.

#### 2.1.3 Place in Review Programme

The Solid Waste Service Delivery Review is one of the first to be undertaken as per the review programme. The need to review solid waste services is triggered by the upcoming expiration of the current contract.

#### 3. Analysis of Options

Eleven options have been considered for this review as outlined in Section 17A of the LGA:

Option	Description
1	Governance, funding and delivery by each Council separately
2	Governance and funding by each Council separately with delivery by a Council Controlled
	Organisation (CCO) wholly owned by each Council separately
3	Governance and funding by each Council separately with delivery by a Council Controlled
	Organisation partly owned by the three local authorities
4	Governance and funding by each Council separately with delivery by Masterton District
	Council or other territorial authority
5	Governance and funding by each Council separately with delivery by a person or agency not
	listed above
6	Governance and funding by joint committee or other shared governance with delivery by
	Masterton District Council or other territorial authority
7	Governance and funding by joint committee or other shared governance with delivery by a
	Council Controlled Organisation wholly owned by Masterton District Council
8	Governance and funding by joint committee or other shared governance with delivery by a

	Council Controlled Organisation (CCO) partly owned by Masterton District Council and partly
	owned by other parties
9	Governance and funding by joint committee or other shared governance with delivery by
	another local authority
10	Governance and funding by joint committee or other shared governance with delivery by a
	person or agency not listed above
11	Governance, funding and delivery by private sector

The following sections provide a breakdown of each of the 11 options considered for the provision of solid waste service provision going forward.

Similar delivery models covering the CCO and in-house options have been grouped with comments. Further detailed comments for the private sector delivery models are includes in section 3.3.

#### 3.1 CCO Models - Options 2, 3, 7 & 8

OPTION	DESCRIPTION
Option 2 - Governance and funding	Option 2 would involve the Masterton, Carterton and South
by each Council separately with	Wairarapa District Councils each providing governance and
delivery by a Council Controlled	funding arrangements for solid waste services to be delivered by
Organisation (CCO) wholly owned	their own respective CCO. This is <b>not</b> the status quo option.
by each Council separately	
Option 3 - Governance and funding	Option 3 would involve separate governance and funding
by each Council separately with	arrangements by the Masterton, Carterton and South Wairarapa
delivery by a Council Controlled	District Councils and collectively owning a CCO. This is <b>not</b> the
Organisation partly owned by the	status quo option.
three local authorities	
Option 7 - Governance and funding	Option 7 would involve having a joint committee or shared
by joint committee or other shared	governance body responsible for governance and funding
governance with delivery by a	arrangements with solid waste service delivery led by a Masterton
<b>Council Controlled Organisation</b>	District Council owned CCO. This is <b>not</b> the status quo option.
wholly owned by Masterton	
District Council	
Option 8: Governance and funding	Option 8 would involve having a joint committee or shared
by joint committee or other shared	governance body responsible for governance and funding
governance with delivery by a	arrangements with solid waste service delivery by a CCO owned
Council Controlled Organisation	by Masterton District Council. The CCO would be partly owned by
(CCO) partly owned by Masterton	other shareholders, but not necessarily Carterton and South
District Council and partly owned	Wairarapa District Councils. This is <b>not</b> the status quo option.
by other parties	

CCO related models are not a cost effective option for solid waste provision in the Wairarapa to the size of each district and the significant costs associated with establishing and operating a CCO. The costs will outweigh the viability of a CCO model even if the three Councils were to share funding arrangements or investing with other parties.

In terms of Option two, a model focused on individual delivery arrangements via a CCO wholly owned by each Council separately is not taking a collective approach to waste management or taking into account the significant costs that each Council would need to cover.

The concept of Option three would be similar to the water model employed by the Wellington region. Wellington Water is a CCO that is owned by the Hutt, Porirua, Upper Hutt and Wellington Councils as well as the Greater Wellington Regional Council. Wellington Water manages the drinking water, wastewater and stormwater services. This CCO employs 166 staff and manages expenditure of approximately \$175 million

annually to maintain and develop water assets worth \$5.1 billion. The difference between Option three and the Wellington Water model is that the Wairarapa has a smaller district with less budget and population.

Option seven is not a feasible model due to the costs associated with establishing and operating a CCO. In addition to this, having a CCO owned by the Masterton District Council undertaking solid waste service delivery for the Wairarapa region may not receive full support from the Carterton and South Wairarapa District Councils.

Establishing a CCO is a complex option, time consuming and significant in cost. In terms of Option eight, complexities can increase if there are a number of parties involved in the part ownership of a CCO. Having a CCO owned by the Masterton District Council undertaking solid waste service delivery for the Wairarapa region may not receive support from the Carterton and South Wairarapa District Councils.

Further to this, MDC, SWDC and CDC via the previous governance committee known as Waste Management Wairarapa, in 2005 considered the CCO model as it was broadly in terms of Option eight and after detailed external reporting decided not to proceed. This report recommended the status quo as it was at that time. This external reporting is attached as Appendix C.

None of these options are the status quo model.

Other points to consider include:

- Auckland City as part of its amalgamation process has implemented a number of CCO for service delivery. A CCO for waste was also investigated but was not implemented. This decision based on an analysis of the low Council assets value, the fact that no landfills were owned by the Council and the nature of the services involved. The Wairarapa has even less asset value than Auckland with no landfill. Note that this was one of the reasons that a CCO model was not considered further in 2005.
- CCOs may be appropriate if large assets (>\$100m) with substantial operating budgets (>\$10m) deliver routine services. Is not appropriate due to the relatively low level of operational costs and small asset base associated with the three Councils.
- The CCO model by its very nature is not designed to deliver public good; rather it is a quasi -business model set up to deliver to defined services and objectives to a price.
- A CCO operates at "arm's length" from Council(s), is accountable to a board of directors which may include elected member representation.

Alternatively Joint Council Committees work best for local authorities that share boundaries; are in proximity to each other and with similar geographical, social and economic characteristics.

In addition, committees shared between Council and other persons or agencies work best when both share similar social values, ethics and organisational objectives.

<sup>&</sup>lt;sup>9</sup> Wellington Water Annual Report 2014-15, page 5 <a href="http://wellingtonwater.co.nz/about-us/publications-and-links/wellington-water-annual-reports/">http://wellingtonwater.co.nz/about-us/publications-and-links/wellington-water-annual-reports/</a>

#### 3.2 In-House Service Delivery Models - Options 1, 4, 6 & 9

OPTION	DESCRIPTION
Option 1 - Governance, funding and	Option 1 would involve the Masterton, Carterton and South
delivery by each Council separately	Wairarapa District Councils each providing governance, funding
	and service delivery of Solid Waste respectively.
Option 4 - Governance and funding	Option 4 would involve having separate governance and funding
by each Council separately with	arrangements with one of the Councils, namely Masterton District
delivery by Masterton District	Council, delivering solid waste services in-house.
Council or other territorial	
authority	
Option 6 - Governance and funding	Option 6 would involve having a joint committee or shared
by joint committee or other shared	governance body responsible for governance and funding
governance with delivery by	arrangements with one of the three Wairarapa district Councils,
Masterton District Council or other	namely Masterton District Council, delivering in-house solid waste
territorial authority	services.
Option 9 - Governance and funding	Option 9 would involve having a joint committee or shared
by joint committee or other shared	governance body responsible for governance and funding
governance with delivery by	arrangements with solid waste service delivery undertaken by
another local authority	either Carterton or South Wairarapa District Council.

Under options one, four, six and nine, service delivery arrangements would change from solid waste services being outsourced and delivered by an external contractor to bringing these services 'in-house'.

To bring Solid Waste services in-house, the three Wairarapa Councils would have to acquire plant, infrastructure, a labour resource and buy in operational expertise. Internal delivery of kerbside and transfer station management services in order to capture economy of scale benefits in regard of resource utilisation ought to be capitalised and delivered by one of the three Councils or jointly, not each Council, to provide best opportunity to achieve competitiveness with the private sector.

In addition, there are funding implications under option one. It is not considered cost effective for all three Wairarapa Councils to separately fund and deliver individual Solid Waste services, (as explained earlier). This option does not align with any future amalgamation of the three Wairarapa Councils.

Option one (and subsets) contradict aspects of the Action Plan for Masterton, Carterton and South Wairarapa District Councils in the Wairarapa Waste Management and Minimisation Plan 2011-2017, namely taking a collective approach to Waste Management (Action WAI 1), and taking into account costs when assessing the benefit of a collective approach (Action WAI 2). An option that has separate governance, funding and service delivery by each Council is not taking a collective approach to Waste Management or taking into account the associated costs that each Council would need to fund and recover from its ratepayers..

None of these options are the status quo option.

#### 3.3 Private Sector Delivery Models - Option 5, 10 & 11

Detailed comments on these options are:

### 3.3.0 Option 5 - Governance and funding by each Council separately with delivery by a person or agency not listed above

#### 3.3.1 Description

Masterton, Carterton, and South Wairarapa District Councils currently apply a 'shared service' approach for Solid Waste. All three Councils have an individual contract with Earthcare Environmental. <u>This is currently the status quo option.</u>

#### 3.3.2 Feasibility

The feasibility for this option is the least complicated and is the current model employed by all three Councils.

The current contract is due to expire in July 2017 therefore if option five is adopted as the most cost effective and preferential model going forward, the Councils will need to instigate a tender process for the service delivery contract. Cost effectiveness of course will not be able to be demonstrated until the public tender process is completed.

Based on the status quo model and potential amalgamation of local governance within the Wairarapa, it is a practical and cost effective option in terms of a 'shared' service model. A collective approach to waste management also aligns with the wider Wairarapa Waste Management and Minimisation Plan 2011-2017.

The current model effectively continues to provide the three Councils with a degree of control of the waste stream and the ability to strongly influence waste minimisation initiatives within and outside of the formal contract.

In addition as reported in the Waste Assessment Draft *Eunomia April 2016 Ref CS4 Page 107/108* a range of indicators favour this model providing best opportunity and alignment to national initiatives.

#### 3.3.4 Assessment of the effectiveness of this option

The kerbside service for our ratepayers has been provided by the three Councils since the late 1990's by external contractors.

In 2009 Masterton and Carterton District Councils after a period of time with local contractors decided to go to the market with a new contract effectively bundling up a range of contractual outputs and in July 2010 Earthcare Environmental commenced kerbside collection and transfer station operations for the two Councils.

South Wairarapa District Council the following year was able to join the contract and enjoy the benefits and changes to kerbside refuse and recyclable collection methodology that its neighbouring Councils already had.

Since then the kerbside service has continued and whilst some discussion has taken place across the three Councils around changes in service levels, the contract deliverables largely have remained unchanged.

The service by most would be deemed to have been effective in almost all respects.

#### 3.3.5 Cost of this option

Current costs to each Council are expected to slightly increase as the market place has changed since the contract was originally signed in 2010 and cost escalation has occurred. To maintain and improve for example the levels of recycling and diversion, given the downward demand for some recyclable items such as glass and some plastics, for example, may result in contract price increases

#### 3.3.6 Overall assessment of cost effectiveness

Option five or the status quo is cost effective in terms of using a 'shared service' model approach of using the same service provider and jointly funding the contract.

#### 3.5.7 Enhancements to status quo option

This is the status quo option however it is envisaged that enhancements will be discussed with the three Councils prior to tender's for the service being re- called so that these can be incorporated into the new tender documents.

## 3.4.0 Option 10 - Governance and funding by joint committee or other shared governance with delivery by a person or agency not listed above

#### 3.4.1 Description

Option 10 would involve a joint committee providing the governance and funding arrangements, with an external contractor delivering the solid waste services. This is **not** the status quo option.

#### 3.4.2 Feasibility

This option is feasible and does not deviate significantly from the status quo model. The status quo model already involves a shared service model in terms of funding arrangements however each Councils funding and service rating policies differ e.g. in the areas of general and targeted rates

Option 10 aligns with the Action Plan for Masterton, Carterton and South Wairarapa District Councils in the current Wairarapa Waste Management and Minimisation Plan 2011-2017, namely taking a collective approach to Waste Management, and taking into account costs when assessing the benefit of a collective approach.

#### 3.4.4 Assessment of the cost effectiveness of this option

Joint Council Committees work best for local authorities sharing boundaries; in proximity and with similar geographical, social and economic characteristics.

Committees shared between Council and other persons or agencies work well when both share similar social values, ethics and organizational objectives. This of course cannot be guaranteed and wholly depends on the representational make- up of the committee.

#### 3.4.5 Cost of this option

Not expected to have to cover any more than meeting fees and expenses and staff servicing costs. Meetings probably would be two monthly at best.

#### 3.4.6 Overall assessment of cost effectiveness

It is not clear exactly what a governance joint committee might want to achieve. There is potential for the group to investigate future service delivery options, waste stream stewardship, future disposal options and where the Council's might sit in regard to the service as a whole. In particular if over time the kerb-side service costs exceed revenue income, this may force Council's to consider who is best placed to provide the service.

It is not considered that the committee would have any operational management role; this would remain as it has always done with Council staff from each Council and the Contractor.

#### 3.5.0 Option 11 - Governance, funding and delivery by private sector

#### 3.5.1 Description

This option would involve governance, funding and delivery by the private sector with Council influence via a regulatory regime e.g. Kapiti and Horowhenua District Councils model with a solid waste bylaw in place.

This not the status quo option

#### 3.5.2 Feasibility

Whilst feasible, stopping of the Council managed service is not necessarily consistent with the intent of the WRWMMP, however provided that the local goals are achieved how they are achieved is over to the Council(s).

#### 3.5.3 Assessment of the cost effectiveness of this option

It is expected that Council rates general and targeted would be eliminated for households but private user pays charges may increase over time for households hence a probable net cost increase to household units.

#### 3.5.4 Effectiveness of this option

This option is feasible to consider but will have risks to the Council regarding ensuring levels of service are maintained.

#### 4. Discussion

There have been eleven (11) options identified for the Masterton, Carterton and South Wairarapa District Councils.

Note that the CCO options and variations have not be considered further simply because the relatively low scale of the activity and the associated set up costs are not justifiable as has been demonstrated in earlier reporting:

The service delivery options for the Masterton, Carterton and South Wairarapa District Councils that should be considered further are as follows:

- Option 5 Governance and funding by each Council separately with delivery by a person or agency not listed above e.g. contract via a competitive open tendering process.
- Option 10 as above (Option 5) but with a governance layer in place
- Options 1, 4, 6 and 9 In house delivery Models
- Option 11 Private Sector Delivery

#### 5. Further Assessment

#### 5.1 Option 5 Status Quo (and subset Option 10)

The advantages and disadvantages, and any risks associated with this option although it is the status quo option are as follows:

Advantages	Disadvantages
Five years satisfactory experience with the	Being a rate funded service, the Council still
model for the three Councils.	retains ultimate responsibility and
	accountability for the service to its ratepayers.
	Responsibility and remedial action for service
	failure cannot be simply transferred to
	another provider.
The in- built ability to retain management of	The Councils are required to rate for the
the waste stream and associated initiatives.	service based on contractual and other costs
	incurring some additional overhead cost.
The ability to prescribe levels of service that	There might be a perception that Council that
the communities require and prepared to fund.	by adopting the status quo, the Council has
	not full considered all other options.
That resident's would be provided a standard	Unless some governance over view is in place
range of services. A Communication Strategy	there is little scope to negotiate changes to
would be consistently delivered, resulting in a	levels of service. The Council must continue to
community that is more aware of options and	maintain associated infrastructural assets and
engaged in the waste management process.	in some cases capitalise new or replacement
Collection services would not be provided as of	asset e.g. Recycling Depots and Transfer
right to rural dwellings, (these may or may not	Stations.
have access to urban service.)	
Modeling shows that this option has a	
significant impact on the amount of waste diverted; reduces the future demand for	
landfill significantly and reduces reliance on	
recycling drop-off points; and increases the	
future demand for recycling and organic waste	
services and processing. Improvements to	
recycling processing facility/ies may be	
required.	
The Council is not exposed to income	
variations and uncertainties associated with	
the on- selling of diverted material.	
There is the least level of risk with this option	
being known and familiar to the parties and	
therefore easier for all three Councils to adopt	
as one given the current governance	
arrangements.	

The matter of a governance layer becomes a matter of discretion and preference noting that such layer will require additional funding and moreover a mandated purpose and set of functional guidelines making sure that it not just a committee with a potential for becoming involved in operational matters.

#### 5.2 Options 1, 4, 6 and 9 - In-House Service Delivery Models

These options variously describe one or all Council separately delivering kerb-side services using "in house resources". The discussion also assumes that residual waste would continue to be exported to an external site for the foreseeable future and that on sale of recyclable items would continue to provide an income stream to the Council(s).

It is considered from an economy of scale and management perspective that option four or six, depending on the appetite for governance overview, would be the preferred models. Options one and nine are therefore excluded from further consideration.

The advantages and disadvantages, and risks associated with this general option (four or six) include:

include:	1
Advantages	Disadvantages
Complete control of the service and the	Capital costs for plant acquisition are not
management of associated infrastructure.	known with any degree of confidence but
	could be expected to be in the range \$2-3M for
	the trucking and freight component required.
Within the confines of operating budgets some	Labour acquisition plus appropriate
ability to offer variable levels of service,	operational management expertise might be
depending on each Councils requirements.	difficult to source.
Capital costs for plant and other assets would	It could be anticipated that there would also
be easily financed by way of currently	difficulty due to the challenging nature of the
favourable loan funding.	industry and service in maintaining staffing
-	levels; a relatively high turnover of frontline
	labour could be expected adding to
	management and recruitment costs and
	temporary decline in service levels.
There is no need to maintain contractual over-	The variability of the recyclable market being
view of an external party.	governed by external entities and
, ,	international market demand. This means that
	a consistent level of income cannot be
	guaranteed and any downturn in commodity
	prices will effectively increase the cost of the
	service.
The Council(s) are not exposed to any risk	Successful engagement with recyclable market
arising from contractual failure.	outlets will require on- going management
-	attention and focus to ensure that best prices
	are obtained for diverted material. This is seen
	as a potential risk.
The Council are seen to be providing job	Potential challenge by the private sector being
opportunities in house. Overall though the	an uncontested decision and not subject to the
local economy is only expected to benefit by	industry market forces. This seen as a risk
that less than that amount of revenue that	particularly is if the waste and recyclable
would be generated as profit by a private	stream is intercepted and diminished by a
contractor.	private entity e.g. a private entity may set up a
	competitive service which could negatively
	impact on the in house service. NOTE to some
	extent, a small quantity of the waste-stream is
	already in private hands (rural based
	customers mainly) with waste being exported
	directly out of the district.
	The Council must continue to maintain
	associated infrastructural assets and in some

cases capitalise new or replacement asset e.g. recycling depots and transfer stations.
Any operational cost losses would be a direct
charge to the community and ratepayers and would have to be recouped by an increase in
rates.

#### 5.3 Option 11 - Governance, funding and delivery by private sector

This option means that the Councils in effect withdraw from the provision of the kerbside service and transfer facilities altogether. The private sector instead would provide kerbside and other services.

The WRWMMP 2017-2022 (draft) in addition to general legislative requirements earlier referred to in respect of Actions WAI10 to WAI24 confers obligations upon the Councils that need to be met.

Functional requirements and obligations included within the plan are collections, waste minimisation and infrastructure.

However the ways and means by which these outcomes are delivered are up to the Councils. The private sector can and does deliver services in other locations with Kapiti and Horowhenua District Councils being relatively local examples.

These Councils have developed a local bylaw which regulates kerb-side collection and recycling requirements. It is noted in the WRWMMP (Draft) that these Councils within their local outputs will review and optimise their particular arrangements within the term of the new Draft Plan.

The advantages, disadvantages and risks of this option include:

Advantages	Disadvantages
A reduction in rates to ratepayers by the	Less than optimal recycling achieved unless the
removal of the collection targeted rate or	regulatory document and enforcement measures
equivalent.	are adhered to.
Additional levels of service offered by private	Possible enforcement costs and legal challenges by
collectors.	large private interests to the Council's Solid Waste
	Bylaw. Note that KDC has been already challenged
	by a major player in relation to the bylaw recycling requirements.
The adoption of a bylaw that regulates the	Private provision tends to increase disposal
activities of the private operators.	volumes/tonnage (e.g. through larger and a variety
	of waste containers) or reduced recycling (e.g.
	through reduced levels of service.)
Minimal staff involvement in day to day and	An acknowledgement that the waste-stream is now
other operational matters associated with	privately owned/shared amongst a number of
this option.	players and that Council has no further mandate or
	influence in this area in the foreseeable future.
No need to carry inventory in-house e.g.	That over time the private sector may
refuse bags. Refuse bags and MGB's are	unreasonably increase costs to householders
generally available from the private operators	beyond which would be considered reasonable by
or retail outlets.	the Council(s).
Little or no asset management responsibility	Future change to these arrangements may prove
for infrastructure. These assets would either	very difficult if, for example the Council decided to
be leased out or on-sold to the private sector.	take the services back in house.

#### 6. Risk Assessment (Qualitative)

The following seeks to identify likely risk and associated impacts associated with the three preferred options.

#### Table 1 - Types of Issues/Risks

Type	Description
Strategic	Related strategic mission and objectives.
Financial	Related to economic impact (costs, revenues, budgets).
Regulatory	Related to legal and contractual obligations. Political legislative
(Compliance)	impacts.
Management	Related to decision making, resources, policies, etc.
Operational	Related to delivery, support or management services.
(Technical)	

Table 2 - Qualitative Measure of Consequences of Likelihood

Level	Descriptor	Description	
Α	Almost certain	Is expected to occur in most circumstances.	More than once per year
В	Likely	Will probably occur in most circumstances.	1 in 1 - 3 years
С	Possible	Might occur at some time.	1 in 3 - 5 years
D	Unlikely	Could occur at some time.	1 in 5 - 10 years
Е	Rare	May occur in exceptional circumstances.	1 in 10 years

Table 3 - Qualitative Measure of Consequences of Impact

Level	Description	Example detail description
1	Insignificant	Kerb side items missed
2	Minor	
3	Moderate	Transfer Facilities not available - late or non-opening
4	Major	
5	Catastrophic	Contract Failure e.g. Financial

#### **OPTION 5 AND SUBSET OPTION 10 MODEL (STATUS QUO)**

RISK TYPE	DETAIL	IMPACT	LIKELIHOOD	HOW MANAGED
Strategic	Retains ultimate responsibility and accountability for the service for a fixed period of time carrying corporate cost. Might not align with the WWMP or other objectives.	2	A	Develop and deliver a robust procurement document and maintain and enhance contract management systems. Ensure Regional objectives are addressed.
Financial	Continuing fixed economic impacts of costs, revenues and budgets to ratepayers and infrastructure management obligations.  Loss of market share.	2	A	Make continuous provision for annual cost, escalations and develop AMP for assets. Prepare for loss in market share, early contract termination.
Regulatory	Contract failure. Non-compliance.	5	С	Maintain contractual obligations. Include probity assessment pre tender finalisation.
Operational & Management	Decline in service levels	3	С	Overview using regular KPI reporting embodied in the contract. Ensure adequate customer service systems are in place.

#### **OPTIONS 4, 6 IN HOUSE DELIVERY MODEL**

RISK TYPE	DETAIL	IMPACT	LIKELIHOOD	HOW MANAGED
Strategic	Possible misalignment with LG and pte sector objectives e.g. Is this a core LA activity?	3	A	Pre-consult with pte sector industry representatives to manage any challenge.
	Loss of market share if competitor enters the market resulting in underutilisation of capital resources.	4	В	Maintain competitive pricing and variable levels of service (options for ratepayers)
Financial	Capital Investment for plant and support structures not known at this time.	3	A	More analysis required before finalising the decision.
	Return on recyclable items is variable subject to market requirements and adverse variations will significantly impact on the Councils funding model	4	A	Arrange for early term contracts for diverted material. Develop and maintain marketing relationships with the industry players.
Regulatory				
Operational & Management	Lack of recyclable market connections. Could result in	3	С	As above

Develop spare labour pool and/or pay above minimum wage rates.

#### **OPTION 11 GOVERNANCE, FUNDING AND DELIVERY PRIVATE SECTOR**

RISK TYPE	DETAIL	IMPACT	LIKELIHOOD	HOW MANAGED
Strategic	Potential for WWMP diversion objectives may not be met	3	С	Regular monitoring of private operators activity.
Financial	Ratepayer service costs subject to market forces. Council has little influence on service costs	2	В	
	Potential Loss of waste levy	1	А	Neutral Cost Impact therefore no management input required.
Regulatory	Solid Waste Bylaw may be contested by the pte sector			Full consultation with the industry prior to adoption.
	A Regional Bylaw may overlap a local bylaw	2	В	Defer introduction of local bylaw.
Operational & Management	Council has no further service delivery mandate and the waste stream is effectively privately owned	2	A	Only manage the bylaw and its implementation.

#### 7. Conclusion

From the 11 options presented, the most effective options for the Masterton, Carterton and South Wairarapa District Councils are as follows in order of preference:

Option 5 - Governance and funding by each Council separately with delivery by a person or agency not listed above e.g. contract via a competitive open tendering process.

Option 10 as per Option 5 but with a governance layer in place

Options 4 and 6 - In house delivery Models

Option 11 - Private Sector Delivery

#### 8. Recommendations

After consideration around risks, their consequences and probability, likely costs applicable to each option and ease of implementation, our recommendations are as follows.

Of all the options considered Option 5 is the recommended option because:

- There is five years satisfactory experience with the model for the three Councils
- The perceived risk is considered to be the least
- There remains the ability to retain management of the waste stream and associated initiatives
- The Council can easily prescribe levels of service that the communities require and prepared to fund
- The residents can be provided with a wider range of services. A Communication
   Strategy would be consistently delivered, resulting in a community that is more aware of
   options and engaged in the waste management process. Collection services would not
   be provided as of right to rural dwellings, (these may or may not have access to urban
   service.)
- Modeling shows that this option has a significant impact on the amount of waste diverted; reduces the future demand for landfill significantly and reduces reliance on recycling drop-off points and increases the future demand for recycling and organic waste services and processing. Improvements to recycling processing facility/ies may be required.

#### 9. Timing of Actions

- Governance group for second review in November 2016
- Report to individual Councils in December 2016 for consideration and decision
- Consideration of levels of service for each Council, February 2017
- Develop and update the tender document using the current as a default with optional Level of Service (LOS) enhancements as determined by each Council February to April 2017

W H Sloan

PROJECTS AND PROGRAMME MANAGER SOUTH WAIRARAPA DISTRICT COUNCIL

5 December 2016

#### 10. Appendices

#### **Appendix A: Working Party Terms of Reference**

Terms of Reference for Joint Committee on the Wellington Region Waste Management and Minimisation Plan

#### Membership:

Each Territorial Authority in the Wellington Region will be entitled to appoint one member to the Joint Committee.

The Joint Committee is not deemed to be discharged following each triennial election.

#### Quorum:

4

#### Chair:

The Chair will be elected by the Joint Committee.

A new Chair must be elected at least once every triennium following local body elections.

#### Frequency of meetings:

The Joint Committee will meet on an as required basis.

#### **Hosting of meetings:**

Meetings will be hosted on a rotational basis by territorial authorities across the region. The Committee shall establish a roster for the hosting of meetings.

#### **General purpose:**

To oversee the implementation of the "Wellington Region Waste Management and Minimisation Plan 2011-2017" (the Plan) and future Wellington Region Waste Management and Minimisation Plans.

#### **Administrative support:**

Officers responsible for the implementation of the Plan will provide reports and advice to the Committee as required.

Secretariat support for meetings will be provided by the host Council.

#### **Terms of Reference:**

The Joint Committee will have responsibility and authority to:

- 1. Accept and consider advice and reports on the implementation of the Wellington Region Waste Management and Minimisation Plan 2011-2017 (the Plan).
- 2. Take decisions on the implementation of aspects of the Plan where the matter for decision is not an operational matter that falls under officers'

delegated responsibilities and where the matter is provided for in the Plan and/or budget has been made available by territorial authorities for that matter.

- 3. Monitor and review the management and implementation of the Plan.
- 4. Report back to territorial authorities of the Wellington region on any aspect of the implementation of the Plan, including: recommendations for funding projects of the Plan, recommendations for the management of the Plan; and reports on the effectiveness of the Plan.
- 5. Report back to the territorial authorities with any recommended amendments to the Plan.

#### **Delegated Authority**

The Joint Committee on the Wellington Region Waste Management and Minimisation Plan will have delegated authority to carry out activities within its terms of reference.

Appendix B: Councils of the Wellington Region Waste Management Minimisation Plan 2017-2022 (Draft still under consideration)

Action Plan for Masterton, Carterton and South Wairarapa District Councils Masterton, Carterton and South Wairarapa District Councils have an existing sub-regional joint Waste Management Plan (Waste Management Wairarapa). The Councils are not proposing any new actions other than those outlined in the Regional Action Plan.

Progress to Date: Partial (Blue) No (Red) Yes (Green)

Action	Description	_	entation/ //Timefra		Funding Source	Position on the Waste Hierarchy	
reference		1 - 2 Years	3 - 5 Years	5+ Years			
REGULATION							
WAI1	Require new multi-unit residential and commercial buildings to include space for appropriate recycling facilities.	_	ed – incluc plan – Ong ng		Rates/ Waste Levy	Recycling	
WAI2	Address recycling facilities within the building and subdivision consent process	_	ed – includ plan – Ong ng		Rates/ Waste Levy	Recycling	
WAI3	Continue to include guidelines for safe collection, storage and disposal (where appropriate) of hazardous and difficult wastes, including hazardous household wastes in landfills and transfer station management plans.		g – Part of ition role	waste	User Pay	Treatment, disposal	

Action reference	Description		entation, //Timefra 3 - 5 Years		Funding Source	Position on the Waste Hierarchy
DATA	'					
WAI4	Reduce construction and demolition waste and cleanfill to landfill  Establish a Wairarapa measurement programme to quantify the amount of construction and demolition waste.	Co- ordinate with regional actions			Rates/ Waste Levy	Reduction
WAI5	Record the amount of material diverted to recycling each year.	Complet annual re	ed – On-ge eport	oing	Rates/ Waste Levy	Recycling
WAI6	Establish a monitoring and recording programme to document the amount of hazardous chemicals collected.	Complet annual re	ed – On-go eport	oing	Rates/ Waste Levy	Treatment, disposal
WAI7	Investigate current recovery and recycling rates for a list of priority wastes, and increase these rates.	Part of waste minimisa on role	ati		Rates/ Waste levy	Recovery, recycling
COMMUNICATIO		1	<u> </u>		ı	I
WAI8	Encourage the community, through education and promotion, to adopt sustainable waste minimisation practices  • Establish Wairarapa Waste Management Environmental Awards for industrial, commercial and household categories.  • Regularly publicise recent achievements and future initiatives in waste management in the Wairarapa  • Liaise with the Ministry for the Environment, the Department of Conservation and Greater Wellington Regional Council to ensure a consistent approach to education and promotion.	minimisa	e as part o ation role i with regio	and Co-	Rates / Waste Levy	Reduction, re-use, recycling, treatment

Action reference	Description		entation/ //Timefra 3 - 5 Years		Funding Source	Position on the Waste Hierarchy
	<ul> <li>Encourage the market for reusable goods, recycled goods and composting products.</li> <li>Promote sharing of information to encourage reduced use of hazardous materials.</li> <li>Promote industrial and commercial waste reduction mechanisms by:         <ul> <li>Promoting waste audits of businesses</li> <li>Promoting Cleaner Production</li> </ul> </li> <li>Facilitate education and the dissemination of information to individual households on best practice minimisation and recycling processes.</li> <li>Facilitate the provision of information to the public on how they can reduce the amount of waste being disposed of include encouraging the processing and use of diverted resources locally.</li> </ul>					
WAI9	Encourage reduced use of hazardous materials Promote knowledge and awareness of alternatives to hazardous materials in the home and at work.		e as part of ation role	waste	Rates/ Waste Levy	Reduction
COLLECTIONS						
WAI10	Provide for effective collection and delivery mechanisms of recycled material and residual waste  • Facilitate the collection of urban household residual waste at least once per fortnight.	service o	ed – Share contract in o be d in year 1	d	User pays, targeted rates	Reduction, reuse, recycling, disposal

		Implem	entation/			
Action	Description	_	//Timefra		Funding	Position on the Waste
reference		1 - 2	3 - 5	5+	Source	Hierarchy
		Years	Years	Years		,
	<ul> <li>Provide a timetabled collection of kerbside recyclable materials to all urban households in the region.</li> <li>Review of waste management contracts, including assessing the benefits of collectively tendering out the services.</li> <li>Provide clear and consistent signs at landfills and transfer stations to show compost, re-use and recycling facilities.</li> <li>Encourage individual</li> </ul>					
WAI11	councils to adopt in- house waste minimisation programmes and "green" purchasing policies.	Complete	od 00 co	-	Harris	Denveling
WAI12	Encourage good waste management practices in rural areas and holiday communities  Provide extra collection services in holiday areas to meet demand.  Facilitate the provision of information on management of hazardous chemicals in rural areas.  Facilitate the collection, transportation and disposal where appropriate of rural hazardous wastes.  Undertake regular reviews of the level of service provided for waste management in rural areas and rural residential settlements.	review o	ed - On-go f level of s rual plans	ervice	User pays, targeted rates/ waste levy	Recycling, disposal
WAI12	Encourage waste minimisation through collection and disposal charges  • Encourage the councils to put in place systems that will achieve full		g review of vith annua		User pays, rates	Reduction, recycling, recovery

Action reference	Description		entation/ /Timefra 3 - 5 Years		Funding Source	Position on the Waste Hierarchy
	cost recovery of waste management operations.  • Encourage waste minimisation practices through collection and disposal charges which reflect the full cost of treatment and disposal.  • Ensure charges for disposal of hazardous or difficult wastes reflect the nature of the waste.  • Have differential charges for green waste.  • Encourage a consistent charging policy for waste Disposal across the Wairarapa.					
WAI13	Provide for effective kerbside recycling	Complete - Shared service contract place. To be reviewed in year 1	in		Targeted rates	Recycling
WAI14	Encourage periodic collection of unwanted hazardous chemicals in the Wairarapa. Coordinate collection with Agricovery.	Continue minimisa	as part of tion role	<sup>f</sup> waste	Rates/ Waste Levy	Treatment, disposal
INFRASTRUCTUR						
WAI15	Provide for green waste separation and recycling facilities at all transfer stations.	Complete	ed – Share in place	d service	User pays, rates/ Waste levy	Reuse, recycling, recovery
WAI16	Support and promote private and community resource recovery and reuse facilities throughout the Wairarapa. (New Action)	Continue minimisa	as part of tion role	waste	User pays, rates/ Waste levy	Reuse, recycling, recovery
WAI17	Investigate regional resource recovery facility options. (New Action)	Investiga as part of waste minimisa on role	f ti		User pays, rates/ Waste levy	Reuse, recycling, recovery
WAI18	Ensure that recycling facilities are available within a 20 minute drive to at least 95% of the community.	Complete contract	ed – Share in place	d service	Rates/ Waste Levy	Recycling

Action reference WAI19	Promote the benefits of home composting and vermiculture including schools promotion  Provide drop-off facilities for green waste at all transfer stations and landfills in the Wairarapa  Investigate end markets for compost and vermiculture products.  Monitor the organic waste stream	Impleme Delivery/ 1 - 2 Years Continue minimisat	Timefra 3 - 5 Years as part of	me 5+ Years	Funding Source Rates/ Waste Levy	Position on the Waste Hierarchy Recovery
LEADERSHIP AND	<ul> <li>Investigate options for achieving increased diversion of commercial organic waste.</li> </ul>					
_	-				5/	AU
WAI20	Take a collective approach to waste management, where appropriate, including the following:  Reviewing end markets for recyclable materials, compost and re-useable goods.  Hazardous waste collection, storage and disposal.  Residual disposal options.  Bylaws (solid waste).	On-going service wi	th annua	l plans	Rates/ waste Levy	All aspects of the waste hierarchy Re-use, Recycling, Treatment, Disposal.
WAI21	Take into account costs when assessing the benefit of a collective approach.	On-going service wi			Rates/ waste Levy	All aspects of the waste hierarchy
WAI22	Employ dedicated Waste Minimisation staff	Provide resource in year 1			Rates/ waste levy	All aspects of the waste hierarchy
WAI23	Investigate partnering with community groups and businesses and with local authorities outside the Wairarapa.	Investigat as part of waste minimisat on role			Rates/ Waste Levy	All aspects of the waste hierarchy
WAI24	Encourage the active participation of tangata whenua in waste management issues in the Wairarapa	Include as part of waste minimisat			Rates/ Waste Levy	All aspects of the waste hierarchy

Action reference	Description	Implementation/ Delivery/Timeframe  1 - 2 3 - 5 5+ Years Years Years				Funding Source	Position on the Waste Hierarchy
	<ul> <li>Facilitate consultation         with iwi on solid waste         management matters in         the Wairarapa region.</li> <li>Encourage iwi         participation in decision         making on waste         management issues in         the Wairarapa.</li> </ul>	on role					
WAI25	Investigate and support applications for contestable waste levy funding from MfE for both Council and community waste reduction and minimisation initiatives. (New action)	Continue as part of waste minimisation role				Rates/ Waste Levy	Reduction, re-use, recycling, treatment
WAI26	Encourage Central Government to take a consistent national approach to Waste Policy  • Support central government in implementing a consistent statutory and regulatory framework in the waste management area.  • Encourage central government to facilitate the development of a national approach to identifying the benefits and costs of waste management initiatives.  • Encourage central government to facilitate national e-waste and product stewardship schemes. (New action)	Continue as part of waste minimisation role				Rates/ Waste Levy	Reduction, recycling
WAI27	Encourage the regional and territorial councils to develop consistent policies and approaches to the matter of clean spoil within their respective statutory plans.	Continue as part of waste minimisation role				Rates/ Waste Levy	Reduction, disposal
WAI28	Promote the adoption of the Ministry for the Environment's Cleanfill Guidelines for all cleanfill sites.	Continue as part of waste minimisation role			waste	Rates/ Waste Levy	Reduction, disposal
WAI29	Encourage and support event recycling and "zero waste	Include a	is			Rates/ Waste	Recycling

Action reference	Description	Implementation/ Delivery/Timeframe  1 - 2		Funding Source	Position on the Waste Hierarchy	
	events". (New action)	waste minimisa on role	nti		Levy	
WAI30	Ensure the residual disposal needs of the Wairarapa community are provided for now and in the future	Continue as part of long term planning process		User Pay	Disposal	
WAI31	Produce, comply with and regularly revise management plans for council transfer stations and landfills.	Continue as part of regulatory compliance requirements		User Pay	Disposal	

# Waste Management Wairarapa Governance

A report for the CEO's of Carterton, Masterton and South Wairarapa Councils on the governance structure of Waste Management Wairarapa.

October 2005



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## **Contents**

Exec	utive Summary	1
1.	Introduction	0
2.	The 2003 ABMS Report	1
3.	CCO Implications	3
4.	Alternative Governance Options	9
Meet	ings	10
<b>App</b> Loca	endix 1 al Government Act 2002, Schedule 8: Statement of Intent	12

## Glossary

CAPEX	Capital Expenditure
CCO	Council Controlled Organisation
CDC	Carterton District Council
LGA	Local Government Act
LTCCP	Long-term Council Community Plan
MDC	Masterton District Council
OPEX	Operating Expenditure
SCP	Special Consultative Procedure
SWDC	South Wairarapa District Council
WMW	Waste Management Wairarapa

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# **Executive Summary Current WMW Structure**

The accomplishments of WMW over the past 10 years or so are impressive. But there is general agreement amongst the three councils that the current governance structure is an impediment to further progress and there is a desire to 'de-politicise' waste management decision-making.

As a result of a previous report in 2003 there has been a view that a Council Controlled Organisation (CCO) might be the most appropriate future governance structure for WMW. However, it is fair to say that there is no particular commitment to a CCO model of governance at either a political or operational level. The common objective of the three councils is simply to identify and introduce a governance model that will deliver effective waste management solutions for the Wairarapa - at a reasonable cost.

## **CCO** Rationale

The waste management situation in the Wairarapa has changed significantly in the last two years. The decision not to establish a regional landfill has effectively removed the primary argument for a CCO.

#### **CCO Function**

Additionally, there doesn't appear to be much useful function for a CCO - at the moment anyway.

- Specific policy and planning matters that form a possible barrier to further regional collaboration need to be addressed by each local authority individually in the context of respective political and operating environments.
- With regard to the harmonisation of service delivery across the three districts, with the exception of a possible joint refuse collection arrangement between Carterton and Masterton, there is a general reluctance to initiate any combined services at the moment. The general feeling was that this alignment of service will "evolve".

#### **CCO Cost/Procedure**

Our view is that the costs and procedural implications of establishing a CCO are completely unwarranted - especially given the comments above about rationale and function.

## **Recommended Governance Structure**

We believe that the most appropriate governance structure for WMW is a joint-committee of the three councils with specific functions, powers and delegations. This would clarify its purpose and improve the efficiency of decision-making resulting in improved waste management outcomes for the region.

We also recommend the appointment of an officers working party made up of the three WMW officer representatives. Its role would be to:

- Advise the joint-committee;
- Implement decisions of the joint-committee;
- Report progress to the joint committee.

## Recommendations

#### 1. THAT THIS REPORT BE RECEIVED

Status Draft Page 1

Project Z1235900 Number –

Our Ref – Solid Waste - Service Delivery Report - Final for SWDC



- 2. THAT WMW BE CONSTITUTED AS A JOINT-COMMITTEE OF THE THREE COUNCILS.
- 3. THAT A DRAFT SCOPE AND POWERS FOR THE JOINT COMMITTEE BE PREPARED FOR CONSIDERATION BASED AROUND:
  - TWO REPRESENTATIVES FROM EACH COUNCIL;
  - FOUR MEETINGS PER YEAR;
  - THE MAIN FOCUS OF THE JOINT-COMMITTEE BEING TO:
    - IDENTIFY A PROGRAMME OF WORK TO PROGRESS THE RESOLUTION OF POLICY, PLANNING AND SERVICE DELIVERY ISSUES BETWEEN THE THREE COUNCILS SO AS TO IMPROVE SOLID WASTE SERVICES AND OUTCOMES FOR THE WAIRARAPA COMMUNITY
    - IMPLEMENT THE WAIRARAPA SOLID WASTE MANAGEMENT PLAN;
- 4. THAT AN OFFICERS WORKING PARTY BE APPOINTED, CHAIRED BY THE PRESENT EXECUTIVE OFFICER OF WMW.
- 5. THAT DRAFT TERMS OF REFERENCE BE PREPARED FOR THE OFFICERS WORKING PARTY.

Z1235900

#### Introduction

## **Background**

WMW was formed in the early 1990's to better co-ordinate waste management services in the Wairarapa and in particular to address the need for a new landfill. It is an ad-hoc committee of the three territorial councils in the Wairarapa – Carterton, Masterton and South-Wairarapa.

Whilst there is no formal agreement recording the 'scope and powers' of WMW, according to the 2003 ABMS report on possible governance structures, its role is:

"....to advise on policy and development needs for solid waste management in the Wairarapa and identify solutions for the regions residual waste stream when the capacity of existing landfills has been exhausted."

This latter requirement (securing a landfill) has now been superceded because of a recent agreement between the three councils to 'export' all residual waste to a facility at Bonny Glen, near Marton. This is a long-term arrangement. It takes effect from October 2006 and means that existing landfills owned and operated by the three councils will be closed.

## **Dimensions**

The general dimensions of waste management services in the Wairarapa are shown in the table below:

Source: Wairarapa Waste Management Plan and respective council annual plans.

	Carterton	Masterton	South Wairarapa
Service - Bag Collection - Transfer Station/s - Kerbside Recycling - Drop-off Recycling - Green Waste Drop-off - Hazardous Waste	Yes 1 Yes Yes Yes Limited	Yes 4 Yes Yes Yes Limited	Yes 5 Yes Yes Yes No
Total Waste Tonnage (2003)	4,971	29,873	3,500
<b>OPEX</b> (2005/06)	464k	\$1.56m	\$728k
<b>CAPEX</b> (2005/06)	Nil	\$1.03m	\$208k

## ABMS Review

As noted above, in 2003 ABMS was commissioned to review possible governance structures for WMW. Several options were reviewed, including:

a) A properly constituted joint committee of the three councils;

- b) A partnership;
- c) A 'council-controlled organisation'. This option had two sub-options:
  - Company structure
  - Trust structure

The recommendation from that report was that a CCO be established in the form of an unlisted company.

## This Review

The purpose of this review is:

- a) To review the CCO recommendation to confirm that it is still valid; and
- b) Assuming that it is, outline an implementation strategy to establish a CCO. This will include analysis of :
  - Service level agreements;
  - The necessary steps each council is required to take;
  - The likely timeline;
  - The estimated cost; and
  - Likely implications and issues and how these should be managed.

## Methodology

In undertaking this review we have:

- a) Reviewed the WMW Solid Waste Management Plan;
- b) Reviewed the annual plans for each council;
- c) Reviewed the minutes of the last four WMW meetings:
- d) Met with the Mayor and CEO of each local authority, separately;
- e) Met with the Executive Officer of WMW (Bill Sloan) and the engineering advisor to WMW (Ian Rowden); and
- f) Met with WMW at its monthly meeting.

We have also explored regional waste management governance arrangements between Invercargill City and Southland and Gore Districts.

## The 2003 ABMS Report

## **Background**

The ABMS report concluded a CCO was the preferred governance model for WMW. It was anticipated that its functions would include:

a) Developing policies for solid waste management for the Wairarapa region;

- b) Being responsible for planning for solid waste management for the Wairarapa region, including future landfills;
- Being responsible for promotion, education and information dissemination on good practice of solid waste management to the extent agreed by individual territorial authorities;
- d) Being responsible for management of the solid waste stream from the refuse transfer station or earlier by agreement with individual territorial authorities;
- e) Managing the contract delivery of waste management services;
- f) Being responsible for aftercare of existing landfills if agreed by CCO and individual local authorities; and
- g) Undertaking such other functions or services as may be agreed with all shareholding local authorities.

## Our View

It is quite clear that the waste management situation in the Wairarapa has changed significantly in the last two years. The three councils have decided to export all residual waste on a long-term basis to the Bonny Glen landfill near Marton. In our view, this decision has substantially diminished the primary argument for a CCO.

Had the idea of purchasing and developing a publicly owned landfill proceeded then the business risks and issues around waste management in the Wairarapa would have been significantly greater than they are now and a more formal and independent governance structure might have been appropriate. However, this is not the case and without even considering the costs and complexities of establishing a CCO, on the basis of 'function' we believe that a CCO is not warranted.

This view was confirmed after our discussions with various elected members, officials and WMW. From our discussions it was quite clear that everyone agrees there is benefit in the councils working collaboratively but there is no particular commitment to a CCO model of governance. The common objective is simply to identify and introduce a governance model that will deliver effective waste management solutions for the Wairarapa - at a reasonable cost.

It was also clear from our discussions that:

- The current governance structure is an impediment to progress;
- There is a desire to 'de-politicise' waste management decision-making;
- There are contractual, pricing and funding issues in each of the local authorities that will take time to work through.

## **CCO Implications**

## **Background**

The objective of this review is:

- a) To review the 2003 CCO recommendation to confirm that it is still valid; and
- b) Assuming that it is, outline an implementation strategy to establish a CCO. This will include analysis of:
  - Service level agreements:
  - The necessary steps each council is required to take;
  - The likely timeline:
  - The estimated cost; and
  - Likely implications and issues and how these should be managed.

As noted in Section 2, our conclusion is that a CCO is not a valid proposition. The Wairarapa waste management situation has changed significantly since the ABMS report was carried out and whilst there is (and will continue to be) an ongoing need for regional co-operation we are not persuaded that a CCO is either necessary or appropriate.

However, for the purposes of providing a more complete picture we have outlined below the likely process, cost and general issues that lie ahead if a decision was made to proceed with that idea.

## Service Level Agreements

At the WMW meeting on 23 September 2005 there was discussion about what specific functions a CCO (or other structure) might be responsible for. The following table outlines the suggested functions/services. A comment is made alongside each.

General Functions	MWH Comment
Policy Development	<ul> <li>Waste Management Plan up to date so no major work required.</li> </ul>
	- There are policy differences between the local authorities (eg pricing, funding) and these need to be worked through carefully by each local authority. It is not appropriate for an outside organisation (a CCO) to be doing this.
	<ul> <li>There will undoubtedly be some general policy work across all three councils arising from the WMP that could be undertaken be a CCO although this might be premature at the moment.</li> </ul>
Planning for Delivery of Services	There are service delivery differences between the three councils — in terms of waste collection arrangements, waste collection commitments, hours of operation at transfer station etc. There is a desire to align some of these over time to achieve a more consistent level of service and to achieve economies.

	of scale. Some of these issues (eg contractual arrangements) will take time to resolve and can only be dealt with by the affected council.
	<ul> <li>There will undoubtedly be general service delivery issues across all three councils that could be advanced via a CCO, but, like the policy issues referred to above, these matters would be better addressed after specific issues have been resolved in each local authority.</li> </ul>
Promotion & Education	This is a function that is relatively easy to align. Simply requires joint funding and co-ordination.
Specific Functions	WMW Comments at Meeting
Waste minimisation programmes	Agreed that this will 'evolve'.
Kerbside recycling	Agree that this will 'evolve'.
Resource recovery centre	Advocacy only. (May involve a regional facility later).
Refuse collections	Possible collaboration – especially CDC/MDC. This could be arranged via a CCO but what is the advantage over a simple agreement between the councils to have one combined collection contract or two aligned contracts?
Landfill aftercare	Up to each local authority. A CCO might contract to manage 'aftercare' work but responsibility will remain with the individual councils. Again, a CCO governance structure is not necessary to achieve a common

In terms of the possible functions of a CCO, based on the above comments there doesn't appear to be much advantage in creating an independent organisation and there doesn't appear to be that much for an independent organisation to do.

- Specific policy and planning matters need to be addressed by each local authority in the context of their own political and operating environment. And this is probably a pre-requisite to any general policy and planning work across the three councils.
- With regard to the harmonisation of service delivery across the three districts, with the exception of a possible joint refuse collection arrangement between Carterton and Masterton, there is a general reluctance to agree to any combined services at the moment. The general feeling was that this alignment of service will "evolve".

Our view is that this is perfectly reasonable position for the three councils to have. Waste management is a critical local government function and a cautious approach to changes in operating arrangements is entirely appropriate. Whilst it might be a relatively small activity in financial terms (compared to roading or water services for example) it has an impact on every citizen in the community. Changing the behaviour of the public toward waste is a matter that needs careful planning and communication.

Given the apparent lack of function for a CCO at the moment it is premature to address specific 'level of service' issues. There would be value though in the three councils specifically identifying and agreeing all the policy, planning and service delivery issues that need to be addressed to provide an improved level of service to the Wairarapa community and then agreeing a programme of work to advance these matters.

## Necessary Steps, Likely Timeline & Estimated Cost

In Section 2 we identified that the decision to abandon the idea of a regional landfill and to export all waste from the Wairarapa had effectively removed the primary argument for a CCO.

In the previous section (3.2 above) we concluded that the lack of residual function for a CCO plus the need for individual councils to address various policy, planning and service delivery issues meant that it was premature to consider level of service issues.

Despite this, it might still be of interest to comment on 'necessary steps, timeline and cost' issues relating to the establishment of a CCO.

In the ABMS report, an 'Implementation Strategy' for a CCO was identified. This involved the six steps in the second column of the table below. We have provided some comment about each step in the third column and a rough estimate of cost is provided in the fourth column.

Cost estimates are based on possible external costs only. They do not include the internal costs of the three councils (which will be significant in terms of time and effort)

	ABMS Implementation Strategy	MWH Comment	Est \$000
1	A general resolution from each council endorsing the establishment of a CCO.		
2	Development of an 'establishment plan' and a 'shareholders agreement' with proposals for:  Representation; Capitalisation; Constitution; Statement of intent; Functions and services to be delivered; Mediation (in the event of dispute between shareholders); Provisions for winding up.	<ul> <li>This is essentially the preparation of appropriate documentation.</li> <li>Likely to be difficult to put together given known differences between councils and the lack of clear function of a CCO.</li> <li>Would require an external party to prepare a draft and would need to be reviewed by legal representative for each council.</li> </ul>	\$40 - \$60

3	Development of a 'statement of proposal' for the 'special consultative procedure'.	<ul> <li>There would need to be one agreed 'statement of proposal' for the three councils. LGA 2002 has very specific information requirements including a description of 'the issue' and analysis of;</li> <li>The reasonably practicable options considered to address the issue;</li> <li>An analysis of each of the options in terms of: <ul> <li>Present and future social economic, environmental and cultural wellbeing;</li> <li>The extent to which community outcomes would be promoted or achieved;</li> <li>The impact of each option on the local authority's capacity to meet statutory obligations – now and in the future;</li> <li>Any other matters that are relevant – this might include risk, rate impact and other general matters.</li> </ul> </li> <li>Notes: <ul> <li>This analysis would need to respond to each of these matters, for each council.</li> <li>The above Statement of Proposal will be reasonably complex to construct and quite comprehensive.</li> <li>Given the earlier comments in this report it will not be a very compelling proposal for public consultation.</li> </ul> </li> <li>A summary of the 'statement of proposal' must be prepared and circulated widely.</li> <li>There must be consultation with all parties that might be affected by or have an interest in the matter.</li> </ul>	\$20 - \$40
4	Appointment of a joint-committee to hear and consider submissions.	Someone will need to analyse submissions received and prepare appropriate reports. The councils may prefer that this be done by a neutral third party.	\$5 - \$10
5	Formation of a company (assuming adoption of the proposal).	Mainly legal cost.	\$5 - \$10
6	Negotiation of service level agreements between the company and the local authorities setting out: - Services to be provided - Cost of services; - Service reporting - Quality management.	Mainly legal cost.	\$5 - \$10

	TOTAL ESTIMATED COST	\$75 - \$130
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## **Process Requirements**

The following LGA 2002 provisions are also relevant to the establishment of a CCO.

- **s.56:** "Consultation required before council-controlled organisation established'. Requires an SCP process before a CCO can be established.
- **s.88**: "Use of special consultative procedure in relation to change of mode of delivery of significant activity". Requires that an SCP process is used whenever there is a proposal to change the mode of delivery of any significant activity. This <u>may</u> catch the current proposal depending on the nature of the activities to be transferred.
- **s.97:** "Certain decisions only to be taken if provided for in long-term council community plan". Requires that any proposal which involves:
- A significant change in level of service; and/or
- A decision to transfer, construct, replace or abandon a strategic asset; and/or
- A decision that will directly or indirectly, significantly affect the capacity of the local authority
  or the cost of an activity identified in the long-term council community plan;
- .... must be explicitly made via an LTCCP process.

Depending on the functions of the CCO this section <u>might</u> be relevant. All three councils are currently preparing draft LTCCP's for the 10-year period starting 1 July 2006. It is likely that they will be issued for consultation in the first quarter of 2006 which means that if s.97 does apply, work stages 1 – 3 in the table above must be substantially completed by December 2005 or the first quarter of 2006 at the latest. This would seem to be an ambitious target. Alternative options include:

- All three councils initiate amendments to their LTCCP's after adoption (ie post 30 June 2006); or
- Defer the process till the 2009 LTCCP.

(Note: The former option (LTCCP amendment) will involve considerable expense over and above the estimated costs shown above - in terms of each council identifying the impact of changes to their respective LTCCP's and the requirement to have an LTCCP amendment audited.)

In the event that s.97 does not apply the councils can initiate an SCP process at any time. However, there are obvious efficiencies in incorporating it as part of an annual plan or LTCCP process.

## Director's Policy

In the event that the CCO proposal proceeds each council will need to draft and adopt a policy on the appointment of directors (s.57 LGA 2002: 'Appointment of directors'). This policy must set out:

- The skills and experience required of directors;
- The appointment process for directors; and
- The remuneration of directors.

## Other Relevant Statutory Requirements

Other relevant statutory requirements include:

## s.59: Principal objectives of CCO

- Achieve the objectives of the shareholders as per the Statement of Intent;
- Be a 'good employer' as per LGA 2002, Schedule 7, clause 36;
- Exhibit a sense of social and environmental responsibility.

## s.62: Prohibition on guarantees

The councils cannot provide any guarantee, indemnity, security.

#### s.64: Statement of intent

The Statement of Intent content must comply with LGA 2002, Schedule 8, clause 9. (Schedule 8 is attached as App 1.)

## s.65: Performance monitoring

A local authority that is a shareholder of a CCO must regularly undertake performance monitoring.

## s.66: Annual Report

The CCO must formally report to the shareholders annually within 3 months of the close of the financial year.

## s.69: Financial statements and auditor's report

The Annual Report must include audited financial statements. The auditor is the Auditor General.

## CCO Costs

## Set Up

In terms of overall cost, we have estimated above a possible set up cost (excluding council time) of between \$75,000 – \$130,000. Probably a mid-range point of \$100k is a reasonable estimate.

## Ongoing

In terms of ongoing operating cost, given the requirement for separate financial statements, a manager, business systems, audit etc – even if the CCO had relatively minor role, there were no directors fees and it was substantially serviced by one of the councils, the additional direct cost is likely to be at least \$20 - \$30k pa. It could be a lot higher.

The question the councils need to ask is: 'what additional value is obtained from this investment?' Certainly, this is the question the community will ask if the proposal was to proceed to consultation.

## Representation

Representation will depend on the role, function and shareholding of a CCO. This may or may not be a problem.

## **Alternative Governance Options**

## **Background**

In previous sections we have concluded that:

- a) The decision to abandon the idea of a regional landfill has effectively removed the primary argument for a CCO;
- b) The process to establish a CCO is complex (especially because it involves three councils), time consuming and relatively expensive;
- c) There is a lack of useful function for a CCO at the moment; and
- d) There are a range of policy and service delivery matters that need to be addressed before a CCO could function effectively anyway.

However, it has also been noted that the current governance structure is an impediment to progress and there is a desire to 'de-politicise' waste management decision-making. In the absence of a CCO, how is this best achieved?

The ABMS report in 2003 concluded that there were two main governance options – CCO and joint-committee. Previous sections to this report have addressed the CCO proposal. Whilst it is outside the scope of our Brief we offer the following comments.

## Future Role of WMW

Before considering alternative governance options it is important to consider what the future role of WMW might be. At it's meeting on 23 September 2005, we asked the Committee what were the strategic issues confronting WMW – in other words what were the major challenges ahead now that the Bonny Glen decision had been made. The responses were generally around three themes:

- **Economies of scale:** The idea that there is financial advantage in alignment between the three councils across policy, planning and service delivery.
- **Advocacy**: The role of WMW in promoting more sustainable waste management practices.
- **Alignment:** The desire to achieve a more consistent waste management service across the Wairarapa region.

## Current WMW Structure

Our understanding is that WMW is simply an 'ad-hoc' committee of the three councils. By 'ad-hoc' we mean:

- It has no formal constitution;
- It has no decision-making powers nor any other powers;
- It has no budget or authority to commit funds.

Given the nature of its role and the issues it has been dealing with, this is not a very satisfactory situation. Apart from having 'no teeth' it means that every significant WMW decision that requires action has to be re-litigated and agreed to by the three councils. Understandably, this causes considerable delay and frustration for everyone.

## Joint Committee

WMW could be formally constituted as a joint-committee of the three councils, given a specific role, appropriate delegations and a budget. This would mean it at least has power to make decisions up to a certain level without reference back to the three councils.

Given the nature and anticipated future role of WMW (see above) we don't see that a joint-committee structure poses any significant limitations and it is an entirely logical governance arrangement. The only statutory limitations on a joint-committee are:

- a) The power to make a rate;
- b) The power to make a bylaw;
- c) The power to borrow money, or purchase or dispose of assets other than in accordance with a long-term council community plan;
- d) The power to adopt a long-term council community plan, annual plan or annual report;
- e) The power to appoint a chief executive;
- f) The power to adopt policies required to be adopted or consulted on under LGA 2002 or developed for the purposes of the Local Governance Statement; and
- g) The power to warrant enforcement officers.

#### Representation

With regard to representation on a joint-committee, this is a political matter for agreement between the local authorities. Assuming the functions of a joint-committee are focused around policy and service delivery planning and that delegations are reasonably modest, the existing arrangement of two representatives from each councils seems appropriate.

## **Meetings**

With regard method of operation there are any number of options for a joint-committee. The appropriate model is for the three councils to agree but will depend on the 'scope and powers' of the joint-committee and whether the councils have a desire to 'micromanage' the activity or whether they want to govern at a higher policy level.

There could be monthly meetings of all parties as is the case now. However, a more appropriate option might be for the joint-committee to establish high level policy and programme targets and then monitor progress on a regular basis – say three or four times a year. The former model (effectively the status quo) is highly democratic but prone to being weighed down by politics and/or talk. The latter option is more efficient and action oriented but requires a higher level of trust and governance.

Our view is that given the nature of the issues to be addressed, the skills of the elected members and the experience of the officers the latter option is entirely feasible and would be an appropriate solution.

As a matter of interest, the three territorial authorities in Southland (Invercargill City, Southland District and Gore District) collaborate on regional waste management in a similar way to the three councils in the Wairarapa. The governance arrangement is that a joint-committee meets "a couple of times a year" to ensure there is co-ordination and service consistency but that each council looks after its domestic waste management operations. Apparently this is a very satisfactory arrangement. There are a number of joint initiatives between the three Southland councils such as the recent production of a promotional video on waste minimisation.

#### Support

We have suggested above that a joint-committee of the three councils be established to ensure progress is made toward the achievement of <u>regional</u> waste outcomes. However, we believe that this is only part of the solution. The engineering officers of the three councils need to have a specific regional role as well.

Their primary role as officers of the three councils wouldn't change – what is added is a new regional perspective when working on joint-committee issues. If this is not specifically acknowledged there is a possibility that regional objectives won't receive the attention they require and this will compromise the work of the joint-committee.

Two suggestions are made to address this:

- The job descriptions of the relevant officers be altered to reflect their regional waste management responsibilities;
- An officers working party be established. The role of the working party would be to:
  - Advise the joint-committee
  - Implement decisions of the joint-committee; and
  - Report progress to the joint-committee.

It may be that the joint working party needs to meet from time to time and it should be chaired by the existing 'Executive Officer'.

## Local Government Act 2002, Schedule 8

Schedule 8

Local Government Act 2002

2002 No 84

ss 64(1) and (4), 65(2)

#### Schedule 8 Statements of intent

#### 1 Purpose of statement of intent

The purpose of a statement of intent is to-

- state publicly the activities and intentions of a councilcontrolled organisation for the year and the objectives to which those activities will contribute; and
- provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

## 2 Statements of intent for council-controlled organisations

The board of a council-controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year.

Compare: 1974 No 66 s 594S

## 3 Completion of statements of intent

The board must-

- (a) consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and
- deliver the completed statement of intent to the shareholders on or before 30 June each year.

Compare: 1974 No 66 s 594U

## 4 Modifications of statements of intent by board

The board may, by written notice, modify a statement of intent at any time if the board has first—

- given written notice to the shareholders of the proposed modification; and
- considered any comments made on the proposed modification by the shareholders or by any of them within—
  - 1 month after the date on which the notice under paragraph (a) was given; or
  - (ii) any shorter period that the shareholders may agree.

Compare: 1974 No 66 s 594V(1)

#### 5 Modifications of statements of intent by resolution of shareholders

- (1) Despite any other provision of the Act or of the constitution of any council-controlled organisation, the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in clause 9(1)(a) to (i), and any board to whom notice of the resolution is given must comply with the resolution.
- (2) Before giving notice of the resolution to the board, the shareholders must consult the board concerned as to the matters to be referred to in the notice.

Compare: 1974 No 66 s 594V(2)

#### 6 Statement of intent required if exemption granted under section 7 revoked

If an exemption granted under section 7 is revoked, the council-controlled organisation must,—

- if there is more than 6 months remaining in the financial year, prepare a statement of intent for that financial year; or
- (b) if there is not more than 6 months remaining in the financial year, prepare a statement of intent for the following financial year.

#### 7 Obligation to make statements of intent available

A completed statement of intent and each modification that is adopted to a statement of intent must be made available to the public by the board within 1 month after the date on which it is delivered to the shareholders or adopted, as the case may be.

Compare: 1974 No 66 s 594W

#### 8 Savings of certain transactions

A failure by a council-controlled organisation to comply with any provision of this schedule or with any provision in a statement of intent does not affect the validity or enforceability of any deed, agreement, right, or obligation entered into, obtained, or incurred by that organisation.

Compare: 1974 No 66 s 594Y

#### 9 Contents of statements of intent

- (1) A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by clause 3(b) to be delivered and each of the immediately following 2 financial years, the following information:
  - (a) the objectives of the group; and
  - (b) a statement of the board's approach to governance of the group; and
  - the nature and scope of the activities to be undertaken by the group; and
  - (d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and
  - (e) the accounting policies of the group; and
  - the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
  - (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
  - (h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and
  - the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and
  - (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and
  - (k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and
  - any other matters that are agreed by the shareholders and the board.

- (2) If a council-controlled organisation has undertaken to obtain or has obtained compensation from its shareholders in respect of any activity, this undertaking or the amount of compensation obtained must be recorded in—
  - the annual report of the council-controlled organisation;
     and
  - (b) the annual report of the local authority.
- (3) Any financial information, including (but not limited to) forecast financial information, must be prepared in accordance with generally accepted accounting practice.

Compare: 1974 No 66 s 594T

## Appendix D: Solid Waste Costs/Expenditure

The following relevant extracts are from each Council's current Annual Plan and Long Term Plan (2015- 2025)

## 1. CARTERTON DISTRICT COUNCIL

## 16/17 Annual Plan



1/39		Associal Phase	i im
30 here 2010		NY Aven 1917	
4			
			1.7
	Sources of Concesting Familing	-	1740000
283,887	General rates, UAGC, rates perwittes	255,346	344,65
149,786	Tangetted rates	-107,681	316,45
	Searce, exhalding and distalkany	2000	75.50
346,000	Fine and charges	258,000	346,08
100	Internal charges and overheads recovered	1124	(100)
64,290	Local authorities had bee, time, infringement bees and offer	44,200	10,14
813,875	Total operating funding	900,947	805.75
	Applications of Operating Funding	100000	750000
714,000	Payments to staff and suppliers.	721,468	640,65
10000	Rimetrus costs	315(4)	1.57
62,834	internal charges and overheady applied	35,000	86,72
- 11	Differ squeeting funding applications		200
706,910	Total applications of operating funding	815,071	747,09
36240	Surplics/Selflett) of operating funding	54,876	25,08
	American County Families		
	Grants, zuhridfen end denefinnt	3.8	
	Development and Newscraft contributions	17.0	0.5
9.	Increase/(decreased in debt	1.4	1.4
- 4	Gress proceeds from sale of assets	3.8	3.5
100	(amp york care) flock ent-	1.9	1.00
- 3	Total sources of capital funding	7.5	1.5
	Assituations of Control Funding		
- 4	Capital expandriurs—ment additional demand:	1.0	7.5
44.44	Capital expenditure - improve land of service	(.0)	3,7
31,000	Capital especiations—replace monting a mets		
113.257	Increase/Speciescol in courses	14,876	15,66
	Increase/Edicyston) of Investments.		
31,743	Total application of capital funding	54,876	10.08
042400	Surplus/(deficit) of capital funding	(84,09)	(06.68
	Funding balance		

## LTP 15- 25

# CARTERTON DISTRICT COUNCIL PROSPECTIVE WASTE MANAGEMENT FUNDING IMPACT STATEMENT FOR THE YEARS ENDING 30 JUNE 2016–2025



Annual Flam		LTP.	City	(理	128	LTP.	LTF	mar STP	UP		CIN.
5 June 2015		30 Ame 2016	30 June 2017	30 June 2018	30 June 2019 5	30 June 2020	30 June 2021	30 Sune 2022	30 June 2023	30 June 2024	30 June 20
							-		-		
	Sources of Operating Funding										
346,046	Géneral rates, GAGC, rates penalties	383,867	344,658	358,433	362,027	372,073	377,010	374,959	365,968	402,789	411.6
150,294	Targeted rates	145,786	149,457	154719	154,648	156,439	161,358	262,340	165,325	171,009	1753
	Subsidies and grants for operating purposes			- C.F.						and the	
238,000	Fees and charges	240,000	246,200	152,390	259,211	266,728	274,730	263,246	292,593	302,542	313
1.0	Internal charges and overheads recovered	100			104		70.		1.0		
64,000	Local authorities fuel tox, fines, infringement fees and other	64,000	65,600	67,304	49,123	73,127	79,261	75,511	78,025	80.678	83.
716,340	Total operating funding	833,673	805,715	832,851	345,000	300,307	886,356	804,057	921,911	957,698	983,
	Applications of Operating Funding										
669,754	Payments to staff and suppliers	234306	680,458	698,304	717,106	717,839	759.911	783,403	809.179	836,613	866.
	Finance costs	-	- 4		- 4		- 4				
87,397	Internal charges and overheads applied	52,524	86,373	95,502	90,549	94,035	101,180	190,550	10,791	3.07,838	105
	Other operating funding applications		- 4		4		- 4		- +	-	
757,151	Total applications of operating funding	236,010	767,031	711,809	007,955	331,374	861,091	879,962	107,960	944,450	971,
41,189	Surplus/(deficit) of operating funding	36,743	10,566	39,044	37,054	34,691	35,288	36,016	18.952	13,247	12
	Sources of Capital Pareling										
- 10	Subsidies and grants for capital expenditure	100	1.0	367	109	-	1.0	[#]	10401	[#]	
	Development and financial contributions	100	1.00	W.	2.4				(4)		
	Increase/(decrease) in debt.	100	1.00	W (20)	2.9				(4)		
1.00	Gross proceeds from sale of assets		1.4				1.6		(4)	(4)	
	tump sum contributions		- 54				1.6			(8)	
	Other dedicated capital funding		- 4	X	- 4					(0)	
3	Total sources of capital funding	1 2	- 3		- 2		- 13	[2]	0.60	(2)	
	Applications of Capital Funding										
1.0	Capital expenditure - meet additional demand	-	1.4		2.4	23	1.5		13,77	121	
-	Capital expenditure - improve level of service	00.50	- 4	200	. 4				0.47		
	Capital expenditure - replace existing assets	\$0,006		1000	-0.00	100,000	1-785.1	100000	1000	1000	
	Increase/Odecrease) In reserves	(13,257)	10,683	39,044	117,054	34,493	25,267	15,096	13,952	13,247	17,
41,189	Increase/(decrease) of Investments		51112	100000	100	7.66	1000	News	1771(45)	170,160	_0.799
41,389	Total application of capital funding	36,743	58,683	39,044	97,054	34,493	25,267	16,296	15,952	11.247	12
(41,189)	Surplus/(deficit) of capital funding	(36,743)	(38,663)	(33,044)	(37,054)	(34,493)	[25,267]	(36,096)	(13,952)	(13,347)	(12
	Funding bulance	1	111						100	100	

## 2. SOUTH WAIRARAPA DISTRICT COUNCIL

LTP 15- 25

## SOUTH WAIRARAPA DISTRICT COUNCIL'S LONG TERM PLAN 2015/2025

## 8. SOLID WASTE MANAGEMENT PROSPECTIVE OPERATING STATEMENT FOR THE YEARS ENDING 30 JUNE 2015 - 30 JUNE 2025

	200	4					_				
	JUNE JOS Amount	35 JUNE 30 99	30 JUNE 3077		JUNE JUNE JOSE	33 140 E 2020	30 JUHE 3021	30 JUNE 3022	30033 30033	30 3088 3034	
								E 506			
OPERATING INCOME					A 10						
Fees and charges	87	124	28	0.2	137	34.1	W6	151	156	162	167
Other charges	108	90	93	96	99	103	106	110	113	117	2
Otherincome	12	25	26	27	28	26	29	30	31	33	34
Total Operating Income	207	239	247	255	263	272	282	291	301	311	322
OPERATING COSTS											
Collections	445	533	585	604	626	646	558	681	72	738	764
Transfer stations	949	813	899	926	960	989	1020	1050	1076	3,714	1153
Total Operating Costs	1394	1,346	1,484	1,531	1,586	1,635	1,688	1,741	1,788	1,851	1,917
Note: Total operating costs include: Depreation	24	24	28	29	29	30	31	25	21	22	23
Net Cost of Service	(1,187)	(1,107)	(1,237)	(1,276)	(1,323)	(1,363)	(1,407)	(1,450)	(1,488)	(1,540)	(1,595
CAPITAL EXPENDITURE											
Development work		25	+5	26	2.5	28	(2)			120	
Resource consents	5	100	* 1		1.0				*3		
Transfer Station Upgrade (General)	54	2	2	2	2	2	2	- 2	2	2	- 3
Total Capital Expenditure	59	27	2	28	2	30	2	2	2	2	2
Public Debt											
Loan repayments	173	2.5	7.0	375	0.2	20	3(5)	221	710	(2)	(2)
Sinking fund contributions			+				-				
Total Debt Requirements	455		19	400		- 1	¥0			20	(2)
Total Capital & Debt	59	27	2	28	2	30	2	2	2	2	-
Funding Required	1,246	1,134	1,239	1,304	1,325	1,393	1,409	1,452	1,490	1,542	1,597
Funded By:											
Rates income											
General rates	884	637	726	708	690	1324	1357	1,395	1424	1466	151
Target rates	263	434	482	543	599		4	2000	110-000	1	
Total Rates Income	1,447	1071	1,208	1247	1,289	1324	1357	1,395	1424	1,466	151
Loans		114	40	2	4	+))	4	4	40,		
Depreciation Reserves	24	24	28	29	29	30	31	25	21	22	2
Reserve transfers	35	3	(26)	0	(27)	0	(29)	(23)	(19)	(20)	a
Other	40	37	29	29	34	39	50	55	64	74	83
Total Other Funding	99	63	31	57	36	69	52	57	66	76	88
Total Funding	1246	1,134	1,239	1,304	1325	1393	1,409	1.452	1,490	1.542	1,597

# 8. SOLID WASTE MANAGEMENT PROSPECTIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

SOLID WAST ENDED 30 JU	E MANAGEMENT PROSPECTIVE O NE 2017	PERATING STA	TEMENT FOR	THE YEAR
ANNUAL PLAN 30 JUNE 2016 \$000		ANNUAL PLAN 30 JUNE 2017 \$000	LTP 30 JUNE 2017 \$000	LTP 30 JUNE 2018 \$000
	OPERATING INCOME			
124	Fees and charges	183	128	132
90	Other charges	126	93	96
25	Otherincome	2	26	27
239	Total Operating Income	311	247	255
	Operating Costs			
533	Collections	656	585	604
813	Transfer stations	741	899	926
1,346	Total Operating Costs	1,397	1,484	1,531
24	Note: Total operating costs include Depreciation	13	28	29
(1,107)	Net Cost of Service	(1,086)	(1,237)	(1,276)
	CAPITAL EXPENDITURE			
25	Development work	15	-	26
-	Resource consents	-	-	-
2	Transfer Station Upgrade (General)	2	2	2
27	Total Capital Expenditure	17	2	28
	Public Debt			
-	Total Debt Requirements	-	-	-
27	Total Capital & Debt	17	2	28
1,134	Funding Required	1,103	1,239	1,304
	Funded By:			
	Rates income			
637	General rates	590	726	705
434	Target rates	464	482	543
1,071	Total Rates Income	1054	1,208	1,247
-	Loans	-	-	-
24	Depreciation	13	28	29
3	Reserve transfers	4	(26)	0
37	Other	32	29	29
63	Total Other Funding	49	31	57
1,134	Total Funding	1,103	1,239	1,304

## 3. MASTERTON DISTRICT COUNCIL

## LTP 15 -25

Masterton District Council - Draft Long Term Plan 2015-25

Cost of Services Statement Summa	ary - Sol	id Waste S	ervices							
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Operating Costs	5	5	5	5	5	5	5	5	5	5
Solid Wante Services	2,692,626	2,787,051	2,811,142	2,874,089	2,974,658	3,063,665	3,134,203	3,223,563	3,334,825	3,429,526
Waste Minimization Services	1,052,244	1,061,872	1,124,229	1,157,724	1,188,845	1,218,311	1,256,689	1,294,624	1,340,651	1,375,946
ADDRESS OF THE REAL PROPERTY OF THE PERSON O	3,744,672	3,846,923	3,935,377	4,031,814	4,163.503	4,281,966	4,390,893	4,518,187	4,675,476	4,805,472
Operating Revenue										
Solid Waste Services	2,468,817	2,474,450	2,537,339	2,602,647	2,672,793	2,750,195	2,832,436	2,919,512	3,016,265	3,117,855
Waste Minimisation Services	316,000	323,268	331,484	340,016	349,180	359,292	370,036	381,412	394,052	407,324
	2,774,817	2,797,718	2,868,823	2,942,663	3,021,973	3,109,487	3,202,471	3,300,924	3,410,317	3,525,179
less Non-cash expeediture"	70,204	75,122	75,914	81,432	88,334	90,755	35,615	05,663	88,980	90,304
plus Transfers to Reserves	40,000	-		-						
Capital Expenditure										
Solid Waste Services	635,000		210,400			20				
Waste Minimisation Services		51,250	252,400	101000	1990000000		40000000	1000000	0000000	500005
Loon Repayments	84,096	95,481	101,489	109,531	118,022	127,112	127,994	137,448	147,545	158,319
CLOSSIA PERSON IN	719,096	146,731	964,369	109,531	118.022	127,112	127,894	137,448	147,545	158,319
Total Funding Required	1,658,947	1,122,614	1,552,004	1,117,249	1,171,218	1,266,836	1,230,700	1,269,048	1,323,725	1,348,306
Funded by:										
Rates	983,947	1,031,564	1,059,124	1,107,249	1,161,218	1,198,836	1,220,700	1.259,040	1,313,725	1,338,300
Transfers from Reserves	415,000	91,250	492,680	10,000	10,000	10,000	10,000	10,000	10,000	10,000
New Loans	200,000	- 200	==			+=		=	-	-
	1,658,947	1,122,814	1,552,004	1,117,249	1,171,218	1,200,836	1,230,700	1,269,048	1,323,725	1,348,300
Depreciation included in Operating Costs	85,369	-91,179	94:909	99,538	96.026	97.791	92.905	92.906	97.623	97,623

This line Non-cash expenditure is the amount of operating expecte that is not funded by way of rates. This is offert by loan repayments that are funded from rates.

Annual Plan 16/17

#### Solid Waste Management Annual Plan LTP Year 2 Annual Plan 2015/16 2016/17 Cost of Service Statement 2016/17 Operating Costs \$ \$ 417,550 Urban refuse collection costs 401,345 427,113 40,000 Nursery Rd landfill closure costs 40,920 7,500 Transfer station operation & refuse disposal 2.020,899 2,134,156 2,100,834 Waste minimisation (incl recyc & composting) 1,052,518 1,034,832 1,062,762 Rural waste operations 213,905 217,096 217,293 3,744,872 3,794,929 3,848,923 Operating Income 2,106,550 User charges - external 2,187,195 2,114,081 202,767 User charges - internal 184,938 207,431 75,000 Recoveries - waste levy 85,000 76,725 390,500 Recoveries from bag sales 365,200 399,482 2,774,817 2,822,333 2,797,718 Appropriations (40,000)Transfers from reserves (65,000)(40,000)40,000 Transfers to reserves 84,096 Provision for loan repayments 91,079 95,481 (70,204)Reverse depreciation (68, 122)(75,122)\$ 983,947 Rates Requirement \$ 930,553 \$ 1,031,564

## Appendix E: Waste Assessment Draft EUNOMIA April 2016

Not attached and separately supplied

#### 11. References

Carterton District Council Long Term Plan 2015-2025, Carterton District Council

Masterton District Council Long Term Plan 2015-2025, Masterton District Council

Solid Waste Asset Management Plan 2014-2044 (2014), Masterton District Council

South Wairarapa Council Community Plan 2015- 2025 [Long Term Plan (LTP)] (2015), South

Wairarapa District Council

Waste Management and Minimisation Plan (2012), Combined Councils of the Wellington Region
Wellington Water Annual Report 2014-15, (2015), Wellington Water, Wellington.

Websites

Department of Internal Affairs <a href="www.dia.govt.nz">www.dia.govt.nz</a> Earthcare Environmental <a href="www.earthcare.co.nz">www.earthcare.co.nz</a>