

Central Hawke's Bay District Council – Report

TO: Council
FROM: Utilities Manager
DATE: 26 November 2009
FILE REF: SER 1 - 200
SUBJECT: RUBBISH BAG SALES UPDATE

1.0 SUMMARY

To reinforce the user-pays policy for waste management, Central Hawke's Bay District Council stopped the annual delivery of 52 official Council rubbish bags to every household serviced by the kerbside refuse collection service on 1st July 2009. Approximately 192,000 bags had previously been delivered to households annually.

The delivery of bags was "unscientific" – in that an equal number of bags was delivered to every household irrespective of the size of that household. To introduce an element of user pays – if a household used all of their "free" bags – additional bags could be purchased. It was expected that a number of households would not require all the bags distributed annually.

Instead, from 1st July 2009, official Council rubbish bags were made available for sale at retail outlets throughout Central Hawke's Bay for purchase and the targeted refuse collection rate was reduced to \$3.22 from \$65.87 per year. This was considered to be a fairer system in that households would only pay for the actual number of bags required

Four months into this revised system, the revenue generated from bag sales is considerably less than forecast, because households continue to use stocks of unused bags distributed in earlier years. They are therefore in effect, not paying for the service provided.

A potential shortfall of \$100,000 in the current year between revenue and the cost of providing the kerbside collection, is likely.

2.0 RECOMMENDATION

THAT

Council restrict Kerb side collection to yellow bags only, with effect from 1st January 2010 and adjust the targeted rate for next year to recover any shortfall between the cost of the service and income from bag sales

REASON

The objective of the decision will contribute to the following community outcomes:

- *A life time of good health and wellbeing*
- *An environment that is appreciated, protected and sustained for future generations.*

3.0 BACKGROUND

Council provides kerbside refuse collection service to Waipukurau, Waipawa, Otane, Takapau, Tikokino, Ongaonga, Porangahau, Te Paerahi, Blackhead, Aramoana, Purerere, Mangakuri and Kairakau. Only official Council rubbish bags are collected from the kerbside.

After consulting with the community on 1st July 2009, Central Hawke's Bay District Council stopped delivering 52 official Council rubbish bags to every household serviced by the kerbside refuse collection service.

The official Council rubbish bags were made available for purchase at retail outlets throughout Central Hawke's Bay and are currently available from

New World Waipawa
New World Waipukurau
Woolworths Waipukurau
Takapau Foodmart
Ongaonga Store
Otane General Store
Beach Marine Te Paerahi
Riach Contracting - Beach Refuse collector
Tony Hawthorne - Blackhead Refuse Collector
Purerere Beach Freedom Camping Committee
Council Offices, Waipawa
Council Service Centre, Waipukurau
Waipawa Library

As at 31st October 2009; 4 months after rubbish bags were first made available at retail outlets sales have been slower than projected.

| | Bag Sales \$ | | |
|--------|------------------------|----------------------|--------------------------------|
| | <i>Budgeted</i> | <i>Actual</i> | <i>Actual vs Budget</i> |
| Jul-09 | \$ 15,600.00 | \$ 11,306.00 | |
| Aug-09 | \$ 15,600.00 | \$ 2,985.00 | |
| Sep-09 | \$ 15,600.00 | \$ 5,973.00 | |
| Oct-09 | \$ 15,600.00 | \$ 4,168.00 | |
| | \$ 62,400.00 | \$ 24,432.00 | -\$ 37,968.00 |

The slower than projected bags sales is due to one or more of the following reasons:

1. Less people using the user pays kerbside rubbish collection?
2. There are more official rubbish bags stockpiled in the community from the annual delivery than was anticipated.

Rubbish collected from the kerbside collection May 2008 to June 2009 averaged 38.36 tonnes per month.

Rubbish collected since 1st July 2009 averages 34.96 tonnes per month.

Therefore 3.41 tonnes or 8.88% less rubbish is being collected from the kerbside, since the introduction of the user pays rubbish collection. This is a good outcome in line with Council's Zero Waste Strategy.

To determine the actual number of bags collected every month a survey to find the average bag weight was completed.

This survey weighed individual bags put out for kerbside collection the average weight is 3.24kg / rubbish bag.

34.96 tonnes of kerbside rubbish collected per month / 3.24kg per bag
= 10,804 bags collected per month.

Or 129,647 bags per year.

The budget had allowed for the sales are expected to achieve volumes initially at 65% of current bag usage - decreasing to 55% of this number over three years.

Budgeted bag sale numbers

| | | | | |
|-------------|---------|-----|---|--------------|
| 2009 / 2010 | 192,000 | 65% | = | 124,800 bags |
| 2010 / 2011 | 192,000 | 60% | = | 115,200 bags |
| 2011 / 2012 | 192,000 | 55% | = | 105,600 bags |

- While there are less people using the kerbside refuse collection service, the decrease in numbers of bags collected does not correspond with the bag sales figures.
- The number of rubbish bags collected is very similar to the projected budget target.

The conclusion is that there are more official Council rubbish bags stockpiled in the community from the annual household delivery than was anticipated. This has affected the income from the sale of official rubbish bags.

This can also be seen by the number of Council issued Paper and Green still being put out for collection.

Economic

Council operates a user-pays waste management system, the rate payers that have a refuse collection service available pay a targeted Refuse Collection Rate of \$3.22. This targeted rate and rubbish bag sales are unlikely to meet budget for the 2009 / 2010 financial year.

4.0 OPTIONS

Option 1

Do nothing, knowing that the stockpile of rubbish bags will eventually run out. (Council will therefore face a potential increased budget deficit of up to \$100,000).

Option 2

Adjust the targeted rate for next year to recover any shortfall between the cost of the service and income from bag sales.

Option 3

Restrict kerbside collection to yellow bags only, with effect from 1st January 2010 and adjust the targeted rate for next year to recover any shortfall between the cost of the service and income from bag sales.

5.0 FINANCIAL

Annual Plan 2010/11

6.0 CONSULTATION

Internal

Solid Waste Advisory Committee Chairman
Corporate Services Manager

7.0 STRATEGIC LINKS

- 2009/19 LTCCP

Brett Way
Utilities Manager