

FUNDING OPTIONS - KERBSIDE COLLECTION SERVICE

Department: Finance

EXECUTIVE SUMMARY

- 1 As part of the 10 year plan 2021-2031, Council resolved to introduce a new kerbside collection service consisting of four bins estimated to cost between \$270 - \$310 per year, and an optional garden waste bin that would cost an additional \$140 - \$180 each year. The new service is expected to commence in July 2023.
- 2 In response to a request from Council, this report outlines options for both flat and progressive targeted rates to fund this new kerbside collection service.

RECOMMENDATIONS

That the Council

- a) **Considers** the options for funding the new kerbside collection service from 1 July 2023.

BACKGROUND

- 3 The Dunedin City Council is introducing a new kerbside collection service expected to commence in July 2023. The proposed service is summarised below:
 - i) Existing - Glass 45 litre blue crate – collected fortnightly
 - ii) Existing - Recycling (yellow lid) 240 litre (or 80 litre) wheelie bin – collected fortnightly
 - iii) New - Refuse (red lid) 140 litre (or 80 litre) wheelie bin replacing the current pre-paid refuse bags – collected fortnightly
 - iv) New - Food scraps 23 litre bin – collected weekly
 - v) New - Garden waste 240 litre bin – collected fortnightly – optional

- 4 At the Council meeting on 27 January 2021, Council resolved as follows:

Moved (Mayor Aaron Hawkins/Cr Christine Garey)

That the Council:

- a) *Requests, in time for the next Annual Plan 2022-2023, a report outlining options for both flat and progressive targeted rates for the kerbside collection service.*
- b) *Ask staff to report back on the development of Pay as You Throw technology, as part of each Annual Plan process.*

Motion carried (CNL/2021/018)

- 5 This report responds to part (a) of the resolution, referencing the terms “flat” and “progressive” targeted rates.

DISCUSSION

- 6 The Council currently provides refuse collection via pre-paid bags purchased at various retail outlets.
- 7 The current kerbside recycling service is funded by a flat targeted rate of \$106.10 per annum. Residential properties (including residential heritage bed and breakfast, lifestyle and farmland properties) are charged the flat rate of \$106.10 for every separately used or inhabited part (SUIP) of their properties. Commercial properties are charged the flat rate of \$106.10 for each individual rating unit.
- 8 This rate is only paid by properties that receive the service. Certain schools and small business are the only commercial properties that receive the kerbside recycling service. Residential, lifestyle and farmland properties only pay this charge if they live in an area that receives the service.
- 9 Unless specified, all rating figures in this report are GST inclusive.

Targeted rates

- 10 Schedule 3 of the Local Government (Rating) Act 2002 provides a list of factors that can be used to charge targeted rates. Among the factors are:
- a) rating unit value eg: capital value (CV)
 - b) the number of separately used or inhabited parts (SUIP)
 - c) per rating unit
- 11 The Act allows a combination of factors to be used as well as different bases for different categories, for example, a rate based on capital value for commercial and SUIP for residential properties.
- 12 This report provides options for flat and progressive targeted rates for residential properties. The options compare the current ‘flat’ rate with a ‘progressive’ targeted rate using capital value as the basis of charging. A combination of these two methods is also considered.

OPTIONS

- 13 Council has asked for options for both flat and progressive targeted rates for the new kerbside collection service.
- 14 The 10 year plan estimated that a flat rate for the new service would cost between \$270 - \$310. To show the differences between charging a flat rate and a progressive rate, the options below assume a flat rate of \$290 is needed to pay for the new services. The actual cost will not be known until the service provider procurement process has been completed. This process is currently underway, but there is still a degree of uncertainty about the final cost of the new service.
- 15 Total income collected is the same for each option - what does change is who pays what.
- 16 The options exclude the optional garden waste bin that will be funded separately on a user pays basis via fees and charges.

Option One – Status Quo – charge a flat rate of \$290

- 17 Under the status quo, the kerbside collection targeted rate for residential properties is charged as a flat rate per SUIP.
- 18 The impacts are:
 - All properties pay the same amount for the kerbside collection service based on the number of SUIPs.
 - The continued use of a flat targeted rate is in accordance with the rating method for kerbside collection that was adopted as part of the 10 year plan 2021-2031.

Option Two – Charge a progressive targeted rate calculated on capital value

- 19 Option two proposed charging the kerbside collection targeted rate for residential properties on a capital value basis.
- 20 The impacts are:
 - Residential properties pay different amounts for the same service.
 - Lower capital value properties pay less.
 - Higher capital value properties pay more.
 - This method of charging is different to the rating method in the 10 year plan 2021-2031.

Option Three – A combination of a flat targeted rate and a progressive targeted rate

- 21 Option three charges two kerbside collection targeted rates to residential properties. One based on SUIP and one based on CV. To demonstrate the impact, three different examples using different fixed portions are provided. These are examples only, and any range of combinations are possible.

Option 3 a) – a flat rate of \$29.00 (10%) and the balance by CV

Option 3 b) – a flat rate of \$106.10 (the current rate 2021-2022) and the balance by CV

Option 3 c) a flat rate of \$217.50 (75%) and the balance by CV

22 The impacts are:

- Residential properties will pay different amounts for the same service.
- Lower capital value properties pay less.
- Higher capital value properties pay more.
- This method of charging is different to the rating method in the 10 year plan 2021-2031.

Summary of options

23 The outcome of any change to the rating method is that some properties pay more and some properties pay less. Some specific property examples for each option are provided below.

Sample rates (Residential Properties)

CV	Option 1 SUIP \$290.00	Option 2 CV	Option 3a SUIP \$29.00 & CV	Option 3b SUIP \$106.10 & CV	Option 3c SUIP \$217.50 & CV
345,000	290.00	224.25	230.83	248.24	273.39
385,000	290.00	250.25	254.23	264.72	279.87
420,000	290.00	273.00	274.70	279.14	285.54
464,400	290.00	301.86	300.67	297.43	292.73
530,000	290.00	344.50	339.05	324.46	303.36
600,000	290.00	390.00	380.00	353.30	314.70
750,000	290.00	487.50	467.75	415.10	339.00

24 Staff require a direction from Council about which option(s) should be progressed further. If the status quo is the preferred option, then no further work is required. If any of the other options are to be progressed, once the procurement process has been completed and costs are known, a report will be prepared for the Annual Plan 2023/24.

NEXT STEPS

25 If Council elects to change the method of funding kerbside collection services, staff will progress a report for the Annual Plan 2023/24.

Signatories

Author:	Carolyn Allan - Senior Management Accountant
Authoriser:	Gavin Logie - Chief Financial Officer

Attachments

There are no attachments for this report.

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities. This decision promotes the social and environmental well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The new kerbside collection model contributes to the Environment Strategy by enabling the reduction and management of solid waste to achieve the goals set out in its Waste Management and Minimisation Plan.

Māori Impact Statement

Council budgets impact broadly across all Dunedin communities including Māori. The Council is committed to developing ongoing relationships with Māori communities, particularly with mana whenua. Strategic projects that have significance to Māori have been identified from across the organisation and these projects will work collaboratively with the Maori Partnerships Manager to ensure beneficial outcomes for Māori are achieved.

Sustainability

Consideration is being given to the impact of the funding requirement on the social, economic, environmental and cultural wellbeing of the community, when determining how the new kerbside collection service should be paid for.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

If a change is proposed for how the kerbside collection service is funded, the 10 year plan would need to be amended to reflect the new rating method. An amendment to the 10 year plan would require consultation.

Financial considerations

The financial impacts are discussed in the report.

Significance

This report is not considered significant in terms of the Council's Significance and Engagement Policy. Any change to the funding of the new kerbside service, would require an amendment to the 10 year plan, and would need to be consulted on.

SUMMARY OF CONSIDERATIONS

Engagement – external

Any change to the funding of the new kerbside service, will require consultation with the community.

Engagement - internal

There has been no internal engagement in identifying funding options for this report.

Risks: Legal / Health and Safety etc.

There are no known risks.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

Any proposed change in funding the kerbside collection service may be of interest to Community Boards.