

Report

Date : 1 September 2021
To : Mayor and Councillors
Tararua District Council
From : Marco Alben
Project Manager
Subject : **Section 17A Review of Solid Waste Services**
Item No : **11.5**

1. Recommendation

1.1 *That the report from the Project Manager dated 13 August 2021 concerning the Section 17A Review of Solid Waste Services (as circulated) be received, and*

1.2 *That Council adopt the following recommendations arising from the review of its solid waste services activity undertaken in accordance with Section 17A of the Local Government Act 2002:*

- *Governance for solid waste services continue to be undertaken by the Council.*
- *Funding for solid waste services continue to be determined by the Council.*
- *Delivery of all Council solid waste services (new and existing) be done via a Council contract with another person or agency.*

Executive Summary

To have the Council formally adopt the outcome of the section 17A review conducted on the Tararua District Council's solid waste services.

Tararua District Council (TDC) have recently conducted a solid waste services review, under S17A of the Local Government Act (2002). A 17A review is conducted every six years or when significant changes to service levels are proposed. 17a reviews cover infrastructure, service, or regulatory functions, and must consider options for governance, funding, and delivery.

On the 16th of June 2021, a workshop was conducted to introduce the draft S17A review and increase the level of service. The outcome of the workshop was the report being supported in principle, with formal adoption of the recommendations to be ratified in the August 2021 Council meeting.

The following recommendations are proposed:

- Governance for solid waste services should be by the Tararua District Council.
- Funding for solid waste services should be by the Tararua District Council.
- Delivery of all Council solid waste services (new and existing) is done via a Tararua District Council contract with another person or agency.

2. Options

2.1 Governance and Delivery for All Solid Waste Services

Section 17A requires that a review of the governance function must consider the relative advantages of (i) governance by a local authority, (ii) governance by a joint committee, or (iii) governance by another type of shared governance arrangement, such as Council owned CCO's.

Governance is about who has the right to (a) make binding decisions on the overall objectives for the provision of the service, and (b) set the strategic framework in which the service operates under.

There are opportunities to provide joint services by another local authority to collect and dispose of organic and green waste, however at this stage joint services will not be feasible for transfer station operations and kerbside services. There are no opportunities to explore CCO's (**Council-controlled organisation**) as these do not yet exist in the Tararua District.

The recommendation is that governance for solid waste services should be by the Tararua District Council.

Analysis of services

Governance Options	Advantages	Disadvantages
<p>Governance by the Council (status quo)</p> <p>[Waste Collection, Transfer station, kerbside collection, and recycling]</p>	<ul style="list-style-type: none"> • Council has statutory obligations for solid waste management, both in service provision and in strategic planning; Council will have direct governance control over delivery of waste services to the district, data collection for future decisions will also be easily accessible and faster turnaround times for issue resolution and adaption to future WMMP'S will be easier. 	<ul style="list-style-type: none"> • Governance on a wider scale may enable access to more options and reduced cost through economies of scale; Council elected members may have restricted capacity (time and understanding) to provide effective governance. • The cost of time and effort is significantly higher than any other proposed governance strategy.
<p>Governance by a joint committee</p> <p>[Waste Collection, Transfer station, kerbside collection, and recycling]</p>	<ul style="list-style-type: none"> • Could be more effective and efficient for governance to be provided by a joint committee with another council, for example with CHB; particularly if there were to be shared service provision through contracting or similar arrangements. • The ability to share the risk could prove to be beneficial when joint decision-making is spread across a larger knowledge base. 	<ul style="list-style-type: none"> • The joint committee will need to consider the needs and requirements of the joint governance area, which may result in decisions being made which, while in the best interests generally, are not in the best interests of Tararua District. • While joint decision-making could be seen to provide advantages, it could have a negative impact due to the different outlooks and culture of partnerships with another district council.
<p>Governance by shared arrangement CCO or other.</p> <p>[Waste Collection, Transfer station, kerbside collection, and recycling]</p>	<ul style="list-style-type: none"> • Council could govern in partnership with (for example) a community representative group. This could enable a wider range of preferences and options for service delivery being considered. More input from the community could help drive and steer the levels of service for more effective service performance management. 	<ul style="list-style-type: none"> • Shared governance arrangements for waste services are uncommon. Where these exist, they are usually a partnership between Council and a well-established community group, which is not currently the situation • In the Tararua District, although these organisations do exist a relationship of this nature could take years to operate as a performing unit and not in silos.

2.2 Funding Options for all Solid Waste Service Delivery

17A requires that a review of funding must consider the relative advantages of:

1. funding by the local authority,
2. funding by a joint committee,
3. funding by another type of shared arrangement.

Funding arrangements involve the way financial resources are garnered and distributed to support the levels of service. With a large percent of waste services in the Tararua District provided by the private sector, these services are currently funded through payments from customers directly to their chosen service provider.

It is important to note that the Council offers a waste drop off facility at the transfer station which in most cases prove to be financially viable for consumers.

The recommendation is that funding for solid waste services should be by the Tararua District Council.

Funding Options	Advantages	Disadvantages
<p>Kerbside collections funded through user-pays charges and private arrangements between householders and industry. Other services funded by Council through rates.</p> <p>(Status quo)</p>	<ul style="list-style-type: none"> • Council has a clear ability to distinguish between its responsibilities and those of private operators. This encourages individuals to find solutions for their own waste. • Users can factor the financial impact of getting private collection services versus a drop off charge at a Council managed facility into their financial planning. 	<ul style="list-style-type: none"> • Council has no control over the type and extent of services offered to householders, nor any changes made to these services higher than average household costs. • Lack of clarity for the public on service responsibilities. • Council has no control of what passes through the waste stream and the monopoly type funding is controlled by private organisations, Council could be offering the same or more adequate services at a lower cost to the consumer.
<p>Kerbside collection of waste and or Recycling</p> <p>(Funding by the Council)</p>	<ul style="list-style-type: none"> • Council has statutory obligations for solid waste management, both in service provision and in strategic planning. Funding waste services through Council enables economies of 	<ul style="list-style-type: none"> • Funding solid waste services by Council will usually mean that the costs of the services need to be recovered through rates charges, targeted rates charges, or some method

	<p>scale to be achieved and is often the cheapest way to provide waste services to a community.</p> <p>Services funded through Council should ideally also be governed through Council. This ensures that the agency which is responsible for charging members of the community for solid waste services is also making decisions as to what those services would be (in consultation with the community).</p>	<p>of service user charge. In a community that is particularly sensitive to increases in charges by Council, this could result in some negative public perception.</p> <ul style="list-style-type: none"> • Recovering costs through targeted rates or user charges would result in increased administration needs to ensure individual customers are being charged correctly.
<p>Transfer station (Funding by the Council)</p> <p>[Status Quo]</p>	<ul style="list-style-type: none"> • Council’s obligations for solid waste management, in service provision and in strategic planning can be managed, controlled, and reported on while maintaining strict adherence to service performance measures and levels of service. • Funding waste services through Council enables economies of scale to be achieved and is often the cheapest way to provide waste services to a community. Services funded through Council should ideally also be governed through Council. This ensures that the agency which is responsible for charging members of the community for solid waste services is also making decisions as to what those services would be (in consultation with the community). 	<ul style="list-style-type: none"> • Funding solid waste services by Council will usually mean that the costs of the services need to be recovered through rates charges, targeted rates charges, or some method of service user charge. In a community that is particularly sensitive to increases in charges by Council, this could result in some negative public perception. • Recovering costs through targeted rates or user charges would result in increased administration needs to ensure individual customers are being charged correctly. • The possibility exists that in order to maintain future growth, Council may incur more operational charges.

<p>Funding by a joint committee</p> <p>(All services offered by Council)</p>	<ul style="list-style-type: none"> • Where services are governed by a joint committee (such as with another council) the services could also be funded in a similar way. This would ensure that funds are recovered consistently. Governing and funding services jointly usually requires that the services are reasonably consistent across the area. This could result in cost savings through economies of scale, and cross subsidisation between highly populated areas and less densely populated areas. 	<ul style="list-style-type: none"> • Funding services jointly usually involves consistent charges being applied. This can mean that some customers may end up paying more for the service than if it were funded directly through Council. Funding services jointly is only feasible where the services are reasonably consistent across the area where costs are being recovered. This may mean that services are provided which are not the ideal option for Tararua District ratepayers.
<p>Funding by another type of shared arrangement such as a CCO.</p> <p>(All services offered by Council)</p>	<ul style="list-style-type: none"> • Council could provide services in partnership with the private sector and community groups, with the private sector continuing to charge a portion to householders, and Council recovering costs for a fixed portion. This could result in some reduction in cost to the householder although to an unknown extent. • A possibility could be to have the private sectors supply bins to the community at a rate subsidised by Council and have the operational costs subsidised while maintain a transfer station drop off facility for the private contractors to be used at a discounted rate in which both parties could benefit from an alliance type model. • No funding arrangements have been identified in a CCO setting as these groups do not exist. 	<ul style="list-style-type: none"> • Council would need to hold a significant level of control over service provision, which would require an agreement being reached with the private sector and community groups. It is likely that the private sector would still like to retain some control over services that are provided, however. There would be increased administrative costs for Council, and possibly also for the private sector. This may also cause confusion to householders with respect to who they are paying, for what service.

2.3 Delivery Options for Solid Waste Kerbside Services

Section 17A requires that a review of the method of delivery must consider the relative advantages of service delivery by:

- In-house
- Council CCO
- Multi-party CCO
- Another local authority
- Another person or agency

The existing services, and what alternative types of service could be preferable for the Tararua region, have been audited and described in detail in supporting service review work carried out for Council by Waste Not Consulting Ltd.

This section considers the method by which the services would be delivered, rather than what the services would be. All service provision options assume that the same service packages are being considered.

The alternative service provision scenarios were developed in consultation with staff.

There are two dimensions to cost in respect of kerbside waste and recycling services: the cost of Council service provision, and the cost to the householder. These are different because households can sign up to private rubbish collection services (as they currently do in the Tararua District's more densely populated towns) in addition to whatever services Council provides. Even where Council provides rubbish services, some households may choose to subscribe to a private service (for example if it provides more capacity, is more frequent, offers on-property collection etc.).

It is recommended that the delivery of all Council solid waste services new and existing is done via a Tararua District Council contract with another person or agency.

Delivery Options	Advantages	Disadvantages
<p>Private delivery of all services</p> <p>(Another person or agency)</p>	<ul style="list-style-type: none"> • Customers can choose to utilise Council drop off facilities to dispose of general waste at a potentially lesser cost. • Customers currently have a range of choices, both for the type of service provided and the service provider itself. This is the case to a greater extent for the more urban households. • Private companies carry most risks pertaining to contamination of waste and have contingencies in place to manage accordingly. 	<ul style="list-style-type: none"> • In most cases users cannot cancel a service before contractual term ends, without incurring penalties. • Not all areas able to access services. • Does not address peak periods (e.g., summer holiday). • Consistent district-wide education is difficult. Limited availability of data. • Implementing national initiatives (such as consistent container/bin colours) is difficult. • The total community cost of the service is higher than a standard Council provided service package would be expected to cost. • Private institutions do not provide household recycling services.
<p>Another person or agency to manage solid waste services</p> <p>Council contract with another person or agency)</p>	<ul style="list-style-type: none"> • Internal analysis and investigation have led to the idea that a Council-provided service of some kind (as opposed to a private sector provided service) would achieve better waste management and minimisation outcomes, while also resulting in lower overall cost for householders. • Data would be readily available to make quick informed decisions around future waste initiatives. • Council will be able to control the levels of service through monitoring, controlling, and reporting. 	<ul style="list-style-type: none"> • The level of choice available to householders may reduce. • It is likely that Council would require specialist advice and support in the short-term to carry out an effective procurement process. • Council might have to extend its operational capability by recruiting additional solid waste fte's to run such an operation which may add additional costs.

<p>In-house management of solid waste services</p> <p>(by Council)</p>	<ul style="list-style-type: none"> • Council will be able to control the levels of service through monitoring, controlling, and reporting. • The main advantage of an in-house service delivery is that the service can be more responsive to changes, as decisions can be made within Council and implemented without requiring any contract negotiations or retendering. 	<ul style="list-style-type: none"> • Prevents shared procurement process (and any potential cost-savings that might have arisen). • Extensive recruitment and ongoing staff management required and increased staffing risk. It would not necessarily be incentivised to find efficiencies or innovate or easily learn from other areas. Increased risks sit solely with Council (such as commodity price variation and health and safety management). • A high capital cost combined with a higher operational cost might prove too expensive.
<p>Delivery of Solid waste services</p> <p>Council CCO</p>	<ul style="list-style-type: none"> • The advantages of a CCO are like that of an in-house service; in that the service can be more responsive to changes, as decisions can be made within Council or within the CCO (without the need to go to Council) and implemented with reduced need for contract negotiations or retendering. • Other potential advantages include a level of insulation for Council from financial variables (such as commodity prices). CCOs operate at arms' length from the political arena, and so are less vulnerable to political decisions that may not take operational considerations fully into account. 	<ul style="list-style-type: none"> • May prevent any shared procurement process (and any potential cost-savings that might have arisen). • Extensive initial recruitment required including appointment of directors, and significant start-up costs establishing the organisation. • Ongoing management and governance required for monitoring and to ensure accountability and quality service provision. Possible tensions between the objectives of delivering a quality service, while also maintaining commercial viability (this also applies to a contractor relationship). • Reduced ability to manage risk. • It would take time to set this up as a Council Controlled organisation does not exist at this stage.
<p>Delivery of solid waste services</p> <p>Multi-party CCO</p>	<ul style="list-style-type: none"> • As per above 	<ul style="list-style-type: none"> • As per above, however there would be increased complications due to the multi-party nature which may

		require two Council's to agree to decisions.
Delivery of solid waste services Another local authority	<ul style="list-style-type: none"> It may be very feasible for two local authorities to manage the delivery of services across a joint area, with an appropriate fee being levied on the Tararua District. However, this option is not currently considered beneficial given that there are no local authorities nearby that could extend waste services to include the Tararua District. Such an arrangement could limit the ability for Council to ensure the services provided are fit for purpose for the district. 	

Analysis of the Strengths, Weaknesses, opportunities, and threats of the proposed recommendations.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> Council controls solid waste stream and can target education Council controls collection frequency Collection and disposal risks remain with private contractors Ease of service for ageing community members Council can increase or decrease service levels to meet community demand Cost effective for ratepayers Higher community satisfaction WMMP outcomes could be realised 	<p>Weaknesses</p> <ul style="list-style-type: none"> Possibility of increased CRM's More time spent on education More funds spent on education Limited staff resources in-house to manage activity Reluctance to change by community
<p>Opportunities</p> <ul style="list-style-type: none"> Remove monopoly driven service from private sector to provide a cheaper service for the community Opportunity to collect data for Business Intelligence to drive key decisions Opportunity to work closer with smaller contractors and empower their businesses 	<p>Threats</p> <ul style="list-style-type: none"> Unpredictability of solid waste regulations More waste tonnages flowing through our transfer stations

Attachments

1. Final Report - Section 17A Review of Solid Waste Services