

# Council Meeting

31 July 2023

## AGENDA ITEM XX

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**Reviewed by:** Eric de Boer  
Manager of Infrastructure Delivery

**Attachments:** A - Joint Regional Governance Committee Terms of Reference  
B - Statement of Service Level proposal

### **New waste management Model of Services – Statement of Proposal**

#### **1. REPORT PURPOSE**

Current Council Solid Waste contract expires in February 2024. The three West Coast Councils are working on a joint collaborative solid waste contract that has consistent level of service.

The Statement of Proposal proposes to change the Waste Management model of services from February 2025 onward to align with the new contract. The current contract will receive a 12-month extension.

#### **2. REPORT SUMMARY**

The report includes a description about how the current waste management services are provided in the District.

- Kerbside refuse and recycling collection services are offered in Zone 1
- Two refuse transfer station (RTS) and recycling centres are operated in both Westport and Reefton
- Two landfills and recycling centres are operated in Karamea and Maruia.

Recycling is collected, sorted and stored upon which it is sold and disposed of to the commercial market. Refuse is collected, handled and transported to York Valley Landfill in Tasman where it is disposed of at market rates.

The report presents four proposals of change that will address the delivery of a new waste management model of services for the District.

The benefits include:

- Reduce operational costs
- Maximise economies of scale
- Raise Council incomes and possible revenues from recyclables
- Combat illegal dumping and strength residents' satisfaction.

Since the advent of the previous contract model in 2014, there has been significant changes to waste management legislation and government policies, this will necessitate changes for Council to ensure future management of risk and costs.

### **3. DRAFT RECOMMENDATION**

**That the Committee:**

- **Adopts** the Statement of Proposal to change the waste management services model.
- **Endorses** the commencement of a Public Consultation Process to seek residents' feedback to inform the final model of waste management services. After consultation this will be brought to Council for final approval.
- **Endorses** the Joint Committee of Council Terms of Reference.

## 4. BACKGROUND

The Buller District is divided into three zones for recycling and refuse. Each of these zones operates different to the others as described below:

**Zone 1: Westport to the Mokihunui Bridge, Westport to Punakaiki, Westport to Reefton including Blacks Point and Inangahua, and Reefton to Ikamatua**

Kerbside refuse and recycling collection services are offered in Zone 1 by 60L refuse bags, 240L recycle bin and a 45L glass crate.

**Table 1. Kerbside refuse and recycling services in Buller Zone 1**

Service	How is it offered?	Service provider	Costs
Refuse collection	60L refuse plastic bags	By Smart Environmental (Refuse collection services in Zone 1 is via a private commercial operation managed and operated by Smart Environmental).	Users pay the fully costs by purchasing the refuse bags (currently \$9.10 per bag).  Rates are not used to subsidise the refuse service.
Recycling collection	240L Recycling bin  45L glass crate	The services is offered by Council and operated by Smart Environmental Ltd.	Service is fully funded by rates (\$178 incl GST per annum).

### **Refuse Transfer Station (RTS) and Recycling Facilities**

There are two refuse transfer stations in the district, one in Westport and one in Reefton. These facilities will accept refuse disposal and recycling. Both facilities are owned by the Council, however, they are operated and managed by Smart Environmental Ltd (SEL) currently under contract.

The current contract sees SEL own the recyclables upon collection and allows SEL a certain level of autonomy to propose annual user charges and gate fees to cover their operational costs.

The facilities ongoing capital upkeep and maintenance work is funded by Council from rates. SEL pays Council a monthly rent for the site occupation.

In the current contract model Council does not receive the income for the operation of the transfer stations, nor does it receive the income from the recyclables and waste stream. This is at odds with the other West Coast Councils (and puts Buller as a minority oddity even in a national sense).

The waste received in the transfer stations is general domestics and commercial refuse and may including “bulky” items and green waste.

Recycling materials received are mainly plastics, fibres (paper and cardboard), ferrous metals (scrap), non-ferrous metals (aluminium, cans), glass, tyres, batteries, paints.

We now also accept e-waste via a partnership with TechCollect NZ that has been in place since 2021.

Council has set in place a recyclable collection for agricultural farm waste items, such as triple-rinsed farm spray containers. These can be received at the Reefton facility, and we do this in partnership with AgRecovery.

### **Zone 2: Karamea, from Mokihinui Bridge to Karamea**

There is no kerbside collection in zone 2. Users transport their refuse and recyclables to the local facility - the *Karamea Landfill and Recycling Centre* - where residents drop off their waste and recycling.

The landfill accepts household waste, commercial and institutional waste, including bulky items and green waste.

The recycling centre accepts plastics, ferrous metal (scrap), non-ferrous metal (aluminium, cans), used oils, tyres and batteries.

Fibres and glass are not recycled in Karamea due to negative sale returns as once the handling, transport and freight costs are added it is not financially viable. If users in this zone wish to recycle these items, they can bring them to the Westport RTS.

The Landfill and the recycling centre are owned by the Council and operated by WestReef Services Limited (WRSL). All operating costs are funded by gate fees and the set annual Karamea waste management rate.

### **Zone 3: Rahu Saddle, Springs Junction and Maruia**

There is no kerbside collection in zone 3. Users transport their refuse and recyclables to the local facility - the *Maruia Landfill and Recycling Centre* - where residents drop off their waste and recycling

The landfill accepts household waste, commercial and institutional waste, including bulky items and green waste.

The recycling centre accepts only plastics, paper/cardboard, cans, and sorted glass. Tyres, metals, batteries, e-waste, paints as well as used oil and Agrichemical containers may be taken to the Reefton Transfer station and Recycling Centre.

The Landfill and the recycling centre are owned by the Council directly. All operating costs are funded by gate fees and the set annual Maruia waste management rate.

## THE PROPOSAL FOR CHANGE

The following are the proposed changes for the waste management services contract from February 2025 onwards:

#	Proposal
1	Replace the current 60l plastic bags collected weekly to a 120l refuse wheelie bin to be collected fortnightly; for each Zone 1 property that is proposed to be serviced by a collection route.
2	Reconfirm the current policy of making the recycling and refuse collection service in Zone 1 mandatory on the routes the collection truck is proposed to take.
3	Council control profit and risk from owning the recyclables and does not transfer ownership across to a Contractor to make potential profits.
4	To attain economies of scale across the West Coast via collaboration; we work together towards one single regional joint contract along with Grey and Westland District Councils via a Joint Council Committee.

### **Proposal #1: 120L refuse wheelie bin, on a fortnightly collection, added to current service level**

Council introduces the kerbside collection services for both refuse and recycling. This is directly funded by rates and replaces the current 60L plastic refuse bags (weekly collection) with a 120L refuse wheelie bin on fortnightly collection for all.

Kerbside refuse collection is currently fully funded by users through the purchase of an official refuse bag (\$9.10 each).

Kerbside recycling collection is funded by a waste management rate (\$178 incl GST per annum).

The proposal is that both services; being refuse and recycling collection, become funded by rates. This will align Buller District service levels with the other Councils on the West Coast and with most Councils across New Zealand.

The service will be competitively tendered via Councils established procurement and supplier selection processes. The level of service being procured will be directly influenced by the level of that is supported through public consultation on the statement of proposal.

At this stage it is not possible to indicate the likely future costs, as this is yet to be tendered, but it is staff view that the service level of offering refuse and recycling for eligible residents may tender at the approximate cost range of \$375 - \$450 annum per ratepayer serviced by the service.

These costs impacts will be considered at all stages of the procurement planning, which includes the public consultation on the statement of service levels and the cost impacts will then again need to be include once the tendered costs are known into Councils Long Term Plans and Annual Plans.

As the introduction of the 120L wheelie bin would see refuse services covered by rates. This means that resident do not need to pre-purchase Council refuse bags anymore.

Introducing a 120L refuse wheelie bins will also reduce bag spillage and kerb side bags being torn open from animals interference. This will minimise any environmental spill hazards and keep areas cleaner and tidy.

Wheelie bin collection trucks would better manage the need for manual handling of bags and maximise safe health and safety work practices by reducing manual contact with the bags. Moving the collection from weekly to fortnightly will minimise routing and truck collection routes in the network and will likely reduce freight costs.

An additional benefit is the reduction in illegal dumping. We know that one driver of illegal dumping is the refusal to purchase the official refuse bags.

#### What is the rest of New Zealand doing

Most of the Council in New Zealand provide the fully kerbside refuse and recycling collection services by providing bins and funded the services by rates. Some examples in table 2.

**Table 2. Kerbside refuse and recycling services other Councils**

<b>Council</b>	<b>Type of bins provided</b>
Marlborough District Council	80L, 140L and 240L refuse bins (from July 2025) 60L Recycling crate (weekly collection)
Grey District Council	120L Refuse bin 240L Recycling bin 45L grass crate
Westland District Council	120L Refuse bin 240L Recycling bin
Selwyn District Council	80L and 240L refuse bin 240L recycling bin 80L organic bin
Central Otago District Council	140L refuse bin 240L glass bin (collection every 4 weeks) 240L recycling bin 240L organic bin
Tauranga City Council	140L refuse bin 240L recycling bin 40L glass crate 23L scraps food bin 240L green waste bin
New Plymouth Council	120L refuse bin 240L recycling bin 40L glass crate 23L scraps food bin

## **Proposal #2: reinforcing that kerbside collection services are mandatory**

Current Council policy is that ratepayers whom are serviced by the collection routes in Zone 1 are eligible for service fee payment. This however, has been sporadically applied in the past and it is proposed that Council reinforces that kerbside collection services (if on the serviced routes) is to be mandatory.

There are currently 5,240 bins provided in the kerb side collection services routes (note: some properties have more than one set of bins). There are 5,124 rate payers that make up Zone 1 collection routing.

Continuing to make the collection services mandatory will centre economies of scale, as there will be more users paying for the same provision. It will make the service viable into the future.

Reinforcing that the service is mandatory could also support the reduction of illegal dumping as this approach would allow more control over how residents are managing their waste.

Mandatory kerbside collection services would only be for properties located on roads where the kerbside collection vehicle routes past. Properties located outside of the set collection routes can still choose to be included in the collection network, but if they want to be included, they will need to take their bins to the nearest main road where the collection service does route past and there will be no discount for that self-transportation of the wheelie bins.

Mandatory collection services would be for the properties located on the following parts of the network:

- Westport, Carters Beach and Reefton urban areas.
- SH67 from Westport to Sedonville area.
- SH67A from Buller Bridge to Cape Foulwind.
- SH6 Buller Gorge Road and Coast Road.
- SH69 from Inangahua to Black Points.
- SH7 from Reefton to Ikamatua.

## **Proposal #3: Council keeps profit and risk from recyclables and holds material ownership**

Westport and Reefton Transfer Stations and Recycling Centres become Council businesses operated by a contractor on behalf of the Council, ensuring Council keeps the profit from recyclables and saleable items to offset the cost-of-service provision.

Westport and Reefton Transfer Stations and Recycling Centres facilities are owned by the Council, but, currently operated and managed as a private commercial business by Smart Environmental.

The proposal is that both facilities will only be operated by a contractor on behalf of the Council (similar approach is used to operate other councils for their facilities) but the Council will hold all costs and incomes from revenue streams.

This operation model will allow Council to receive the incomes and revenues from the gate fees charged to the users when disposing their waste. It will allow Council full control over the gate fees charges (controlled currently by the contractor).

The total quantity of refuse received in both transfers station, Westport and Reefton, is around 3,100 Tonnes a year; 92% of this is received by *drop offs* (2,800 Tonnes), resulting in an average operational revenue of \$1.4M per year. (refuse per tonne currently \$503 per Tonne).

Additional incomes/revenues could be generated by the commercialization of valuable recycling material such as scrap metal, aluminium and certain construction and demolition waste streams (this are revenue streams currently received by Smart Enviromental).

The aim is the run the RTS facilities operating costs covered by the gate fees, with no rates used to cover operational expenses.

#### **Proposal #4: West Coast Councils work collaboratively towards one regional solid waste contract**

Operate the District waste management services – Kerbside collection, transfer stations, recycling centres and landfills operations- by a single regional joint contract along with Grey and Westland District Councils

A single regional joint waste management services contract will pool economies of scale, bring value for money and a reduction in administration costs. Moreover, a regional joint contract would be a large-scale contract that will foster competitive pricing tension between suppliers competing for the tender, resulting in potential costs savings for all the Councils.

#### **Governance**

A joint Committee under the Local Government Act 2002 would be appointed with delegated authority to oversee the procurement, tendering and award of the contract and make decisions relating to effective waste minimisation and management across the West Coast region.

The Committee would be also tasked to supervise the implementation of the Regional Waste Minimisation and Management Plan (adopted by each of the constituting Councils). *Refers to Attachment 1 – Joint Committee Terms of Reference Agreement Draft.*

Noting, the operation of the Karamea and the Maruia Landfill recycling centres would be included in the regional single contract, however, the level of services in both areas would remain as it is for the local resident. It would simply be the running of the landfill sites that would be included.



## DESTINATION LANDFILL

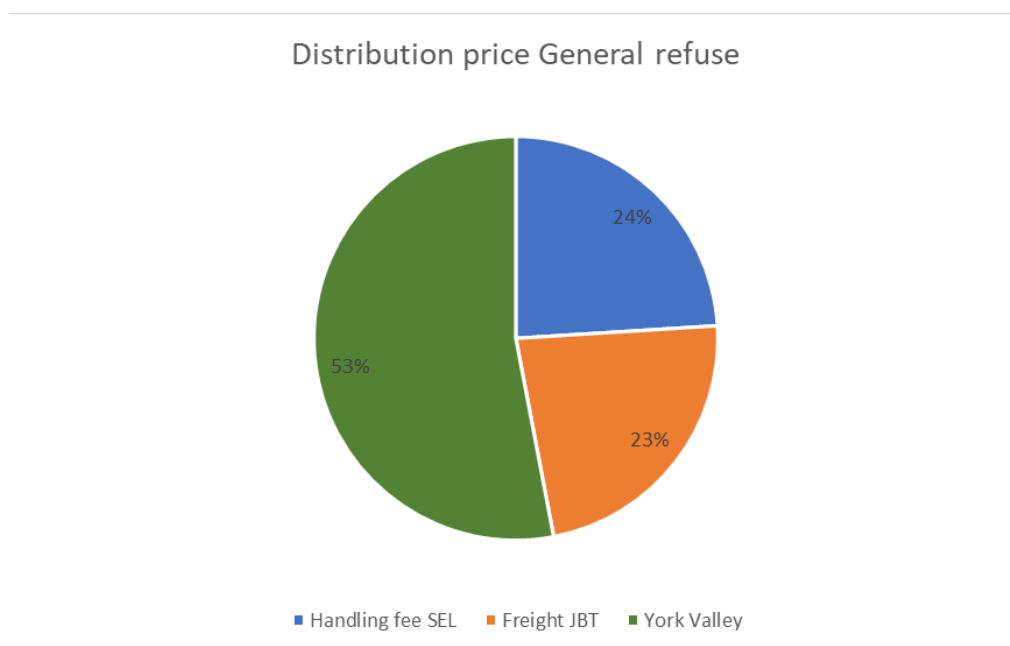
### York Valley Landfill vs Local West Coast Landfill options

Waste Management services are a considerable expense across the district. The current annual costs are around \$2M. Refuse costs in Zone 1 are \$1.2M annually, recycling costs in Zone 1 are \$800K annually.

Karamea costs \$70K annually and Maruia costs \$30K annually.

The cost of refuse in Zone 1 is directly recovered by residents purchasing SEL Official Refuse bags or paying the transfer station gates fees.

In Zone 1, for refuse on a per tonne basis, more than half (53%) goes towards covering the disposal fee at the York Valley landfill. 24% covers the costs to collect, store and handle the waste and the remaining 23% pays for freight costs to Nelson.



Distribution Price Refuse in Buller Zone 1 (2022 data)

Continued trucking our waste to York Valley remains an expensive proposition. We know that Buller does not generate enough waste on its own to justify the expense of establishing a Class 1 landfill (on its site at Caroline Terrace).

It is part of this proposal of change to work closely with the other Coast councils, via the Joint Committee of Council, to further explore opportunities to better understand and utilise the most effective and efficient transport, collection, handling and disposal routes and options across all the regions to ensure effective waste disposal is best matched to a mix of destination landfills; Butlers, McLean and York Valley.

## BUDGET IMPLICATIONS

LTP 2024-2034 to be updated to reflect the new operational costs under the new model of services as follow:

Collection Service Provided	cost per year
Kerbside collection (refuse + recycling) operating	\$1.8M - \$2M
Revenue from recycling collection	\$50k
NETT	\$1.75M - \$1.95M

RTS Site Operations	cost per year
Westport and Reefton Transfer Station and Recycling Centres	\$1.2 - \$1.4M
Revenue from operating sites (Gate fees and incomes)	\$1.2 - \$1.4M
NETT	\$0,- (neutral)

Note: Karamaea and Maruia Landfills and Recycling Centres are expected to require no significant budget variations from the LTP.

## TIMELINES

The process of engaging the residents on the statement of proposal and service level, and then working with the other West Coast Councils on a joint approach to service procurement will take a considerable effort and timeline.

### 1. Statement of Proposal and Consultation

Items/Tasks	Timeline	Responsible
Council Workshop	May 31	Infrastructure
Statement of Proposal Adoption	July 31	BDC Councillors
Public Consultation	Aug 7 – Sep 4	Community Services
Community Meetings	Aug 14 – 30	Community Services Infrastructure
Public Consultation Compile Information	Sep 4 - 22	Infrastructure
Public Hearings	September 27	Councillors
Prepare Final Proposal Report	October 2 -13	Infrastructure
Council Final Proposal Adoption	October 25	BDC Councillors

## 2. Joint Committee Establishment

Items/Tasks	Timeline	Responsible
Council Workshop	May 31	Infrastructure
Terms of Reference	July 7	Project Management Team
Terms of Reference Adoption	July 31	BDC Councillors
Joint Committee Establishment	Aug 1 – Sept 29	Project Management Team Councillors
Joint Committee Briefings (2)	Oct 12 & Oct 26	Project Management Team

## 3. Procurement Plan and Open Tender

Items/Tasks	Timeline	Responsible
Procurement Plan Completed	June 30	Project Management Team
Technical Specification Draft	July 28	Project Management Team
Technical Specifications Completed	November 10	Project Management Team
Scope and Technical Specification Approved	November 30	Joint Committee Decision
Request for Tender Documents Completed	November 27 – Dec 15	Project Management Team
Tender Advertised on GETS (including supplier briefings)	Feb 5 – Mar 15, 2024	Project Management Team
Tender Close and evaluation	Mar 18- Apr 5, 2024	Tender Evaluation Team
Evaluation Report Approved	April 26, 2024	Joint Committee Decision
Contract award and mobilisation negotiations	Apr 30 - May 17, 2024	Project Management Team
Mobilisation period	June 2024 – June 2025	Project Management Team
Contract Implementation Date (go live)	July 1, 2025	Project Management Team Contractor

Note: Blue Sections are key Milestones where BDC Councillors or the Joint Committee of Council can make progress decisions on this programme and project.

## **6. CONSIDERATIONS**

### **6.1 Strategic Alignment**

Section 42 of the Waste Minimisation Act 2008 establishes that a territorial authority must promote effective and efficient waste management and minimisation within its district for the direct benefit of the rate payer.

Section 52 of the Waste Minimisation Act 2008 establishes that a territorial authority may undertake, or contract for, any waste management and minimisation service, facility, or activity (whether the service, facility, or activity is undertaken in its own district or otherwise).

The Long-Term Plan 2021-2031 requires Council to continue providing solid waste activity for the collection, transfer and final disposal of waste materials generated by households and businesses within the District.

The Regional Waste Minimisation and Management Plan 2018 – 2024, adopted by the three West Coast Councils in 2018, sets out how the Councils will progress work more collaborative to ensure an efficient and effective regime of waste management and minimisation across the West Coast Region.

### **6.2 Significance Assessment**

The proposal for change has high significance to the local residents and will be consulted upon as part of the Local Government Act 2002 requirements.

### **6.3 Tangata Whenua Considerations**

Iwi will have representation in the Regional Joint Committee of Council to inform the implementation of the Regional Waste Minimisation and Management Plan and the delivery of the Regional Waste Management Services Contract. Two Iwi representatives are to be included as part of the draft terms of reference; one from Ngati Waewae and one from Ngati Mahaki Ki Makaawhio.

### **6.4 Risk Management Implications**

Cost impacts on residents due to the change in service levels of the new waste management model of services. There are also cost and revenue implications on the operational running and profit/loss costs to be covered by the Council.

### **6.5 Policy Framework Implications**

Waste management rates approach and charges would need to be varied to cover the operational expenditure to provide the kerbside collection services under the new model of waste management services.

## 6.6 Legal Implications

Waste management services contract must be in accordance with the Waste Minimisation Act 2008 and the proposed waste management model of services must be approved and adopted by Council before it can be consulted on.

Special Consultative Procedure will be undertaken in accordance with Section 83 of Local Government Act 2002.

Regional Joint Committee is to be appointed under Local Government Act 2002 and adopted by each Council via resolution.

## 6.7 Financial / Budget Implications

LTP 2024-2034 to be updated to reflect the new operational costs under the new model of services.

Costs impacts will be considered at all stages of the procurement planning, which includes the public consultation on the statement of service levels and the cost impacts will then again need to be include once the tendered costs are known into Councils Long Term Plans and Annual Plans.

## 6.8 Consultation Considerations

Under of the Local Government Act 2002 there is a statutory requirement that community consultation be undertaken in accordance with Section 83 (Special Consultative Procedure) of the Act.

The consultation procedure shall include the preparation and adaptation of the Statement of Proposal (current document as attached), ensure the proposal be publicly available (not less than 1 month) and provide an opportunity for persons to present their views.

Consultation procedure *Have your say* is expected to be undertaken between August 7 to September 4 of 2023, once Council has endorsed this current Statement of Proposal.

The consultation will be addressed to the **Proposals #1 and #2 only**. Proposals #3 and #4 may be adopted under current Council Governance power decision.