

# Response to Waste Issue Complaint 25 June 2020



25 June 2020 09:00 AM - 05:00 PM

<b>Agenda Topic</b>	<b>Page</b>
1. Kerbside Collection Services - Review Summary	4
2. Appendix 1 - Relevant Correspondence	14
2.1 Letter to David Howie dated 23 December 2019	14
2.2 Email from Bruce Hodgins with letter attached, from Sarah Whiteman - WMNZ	16
2.3 Letter as per 2.2 - Attachment to email - Letter from Sarah Whiteman, WMNZ dated 10 February	18
2.4 Response letter to Sarah Whiteman co-signed by John Middleton, and Jo Miller	20
3. Appendix 2 - Presentation from Workshop 24 May	21
4. Appendix 3 - Presentation 2 December 2019	65
5. Appendix 4 - Timeline and information relating to relevant events	100
5.1 Development of Terms of Reference of waste reviews (kerbside part)	102
5.2 Memo to SLT on waste review and project structure	105
5.3 Procurement Plan for strategic waste review consultant signed	111
5.4 RFP released for procuring consultant to lead waste review / business case development	131
5.5 RFP out, proposal evaluation, supplier selection No documentation	
5.6 Contract signed with Morrison Low	150
5.7 Briefing to Policy & Regulatory Committee on strategic waste reviews	174
5.8 Analysis, Investment Logic Map Workshop, Development of strategic case, longlist development options, Short-listing of options, assessment of options No documentation	
5.9 SLT briefing on draft results	180
5.10 Draft results presented to Council in a public workshop	204

5.11	Kerbside collection business case finalised	249
5.12	Election period No documentation	
5.13	Briefing of CLT on finalised waste review results and recommendations	293
5.14	Mayor briefed on waste review results and recommendations	310
5.15	Briefing of Council on waste review results and recommendations	346
5.16	Council meeting, formal report back on waste review results and recommendations	381
5.17	Development of Collections Contract Procurement Strategy	403
5.18	Rubbish and recycling survey out in the field No documentation	
5.19	Letter sent to David Howie, Waste Management Limited to commence discussions on options for extending the contract.	426
5.20	Meeting with David Howie WML to discuss contract extension and general matters relating to the industry and waste services. No documentation	
5.21	Briefing / workshop for councillors on the survey results & options for the LTP	428
5.22	Email received from David Howie	442
5.23	Report back to the LTP/AP Subcommittee on the rationale for the recycling and rubbish options for the LTP amendment. At that meeting, the sub-committee also approved the first draft content for the LTP consultation document (this included the rubbish & recycling options). (Note: Council agreed to proceed with four options to consultation)	
5.24	Email received from Sarah Whiteman on behalf of WML to extend at additional cost to Council.	443
5.25	Email received from Cr Milne to Jo, Jörn, Mayor and Councillors re Waste Service Changes	446
5.26	Email received from Bruce Hodgins WMNZ Contract Extension. CC Jörn	450
5.27	Mayor and Jo meeting with Donald and Emma Gregory - Al's Litta Binz and Colin Cashmore, April Wilton - Low Cost Bins No documentation	
5.28	Email received from April Wilton to councillors; CC Mayor and Jo	454
5.29	Finalised consultation document to amend the LTP 2018-2028 considered by the LTP/AP Subcommittee	
5.30	Letter sent to Sarah Whiteman accepting contract extension offer	460

6. Appendix 5 - Questions and Answers

461

## 1 Introduction

### 1.1 Context

In 2017, the eight councils in the Wellington region adopted the new [Waste Management and Minimisation Plan \(WMMP\) 2017-23](#). The plan's implementation is overseen by the Wellington Region Waste Management and Minimisation Plan Joint Committee.

Under this plan, Hutt City Council agreed to undertake a review of kerbside services. Hutt City Council had not fundamentally reviewed its rubbish and recycling service for more than twenty years.

### 1.2 Purpose

This document provides a summary of the review of the Kerbside Collection Services for Hutt City Council and the processes followed. It aims to address a number of questions and issues raised.

Under the previous Council, documentation for briefings and workshops was not published. Links to relevant documents are provided wherever available.

## 2 Contract for services

Hutt City Council has had the same contract in place for refuse collection for 16 years. In 2015 the service was re-contracted for a further three-year period on the basis that before the end of that period Council would have been in a position to review its refuse collection service. This did not happen and the contract has been rolled over following negotiation on three separate occasions for varying terms.

In the most recent rollover of the contract the supplier advised Council that in order to keep its ageing fleet on the road there would be a cost increase which had not been budgeted for by Council. This increase is \$1.125M for the 2020/21 financial year. As part of the discussions the supplier advised that going forward bag collection would not be part of their operations due to health and safety risks. This view was expressed by other companies.

A copy of the relevant correspondence between the Chief Executive and Waste Management on this matter is included (**Refer Appendix 1**)

## 3 Review process timeline

In March 2018, officers commenced developing the scope of a review of Council's kerbside collection services. This was in line with the stated actions in the Council's WMMP 2017-23 to review this service area. The review was tasked with: *reporting on whether current services were still fit for purpose, and, if not, what are the alternatives available?* The scope of the review is enclosed in Appendix 5 of the Kerbside Business Case Report. The full business case report can be found [here](#).

The resourcing requirements for development of the business case were significant. In order to be able to access relevant cross-sector waste management expertise, it was proposed that the bulk of the review work be undertaken by external consultants.

In order to identify the preferred consultant, a competitive procurement process was undertaken. Morrison Low was selected and engaged by Hutt City Council in September 2018. They were tasked with completing the kerbside review using Treasury's Better Business Case (BBC) approach. The BBC approach aims to provide objective analysis by looking at strategic, economic, financial, commercial and management factors. It is used in the public sector in New Zealand to aid in decision making.

Council's Policy and Regulatory Committee was briefed on the scope and timing of the review on 24 September. A copy of the decision is set out below:

6. STRATEGIC WASTE REVIEWS (18/1433)

Report No. PRC2018/4/250 by the Sustainability and Resilience Manager

The Sustainability and Resilience Manager elaborated on the report.

In response to a question from a member, the Sustainability and Resilience Manager said that waste collection outcomes could be incorporated into the tender process.

RESOLVED: (Cr Bridson/Cr Lewis)

**Minute No. PRC 18413**

*"That the Committee:*

- (i) notes that officers are undertaking reviews and are developing business cases in three waste management areas: kerbside collection, a potential resource recovery centre, and hazardous waste, with the results due by March 2019;*
- (ii) notes that officers have commenced a review of Council's Refuse Collection and Disposal Bylaw;*
- (iii) notes that officers are planning to conduct a workshop with Councillors in early 2019 to assist in problem definition and options analysis for the new bylaw; and*
- (iv) notes that a new bylaw will need to be in place by no later than 1 April 2020."*

Between October 2018 and April 2019, a rigorous process and analytical work was undertaken, including the development of an Investment Logic Map (ILM) to identify the problems with current services (e.g. health and safety concerns, wind-blown litter) and the benefits to be achieved if problems were addressed (reduced health and safety risks, reduced environmental impacts). Based on this, five strategic objectives were derived:

- *To provide services that are cost effective*
- *To provide services that are safe*
- *To provide services that reduce greenhouse gas emissions*
- *To provide services that customers want and can use appropriately*
- *To reduce waste and protect the environment from the harmful effects of waste*

A copy of this ILM is included as Appendix 2 in the Business Case Report for Kerbside Collections.

Following this work, a longlist of options was developed. The options were assessed (see Appendix 3 of the Kerbside Business Case Report) against the strategic objectives and other success factors. The options assessed covered the full range of available options across various dimensions: service scope (what), service solution (how), service, delivery (who), implementation (when) and funding. Based on these assessments, options were shortlisted for more detailed analysis.

On 24 May 2019, officers reported back on the work completed thus far at an open workshop. A copy of the workshop presentation is attached (**Refer Appendix 2**). The presentation and discussion with Councillors covered the options shortlisted for more detailed assessment, and also briefly talked about options that had not been short-listed. Officers noted that some further analysis would be carried out, before reporting back to Council as part of the LTP/AP process.

The Kerbside Business Case Report was completed in August 2019 but officers were not able to formally report-back to Council until December, due to the local government elections.

On 2 December 2019, Councillors were briefed on the kerbside review results and likely recommendations (**Refer Appendix 3**)<sup>1</sup>.

On 10 December 2019 Council considered the formal report-back on the kerbside business case at its meeting and noted the options, asked officers to undertake pre-engagement, and agreed to a competitive procurement process to run in parallel with the formal community engagement as part of the LTP amendment process in 2020.

A copy of the decision is set out below.

*RESOLVED: (Mayor Barry/Cr Briggs) UNANIMOUS                      Minute No. C 191(2)25(3)*

*"That Council:*

*(i) notes and receives the contents of the report*

*[non-rubbish and recycling matters not listed]*

*Kerbside collection services*

*(vi) notes that a recommended change to a two-stream recycling service and changes to a rates funded bin service will require investment and an amendment to the 2018-2028 Long Term Plan;*

*(vii) agrees that officers engage with the community, as soon as possible and before the commencement of the formal Annual Plan and Long Term Plan amendment consultation process in 2020, regarding their feedback on the potential service changes and additional features, such as offering recycling in schools, and offering an opt-in green waste service;*

*(viii) agrees that officers conduct an open competitive procurement process to identify suitable suppliers to deliver the identified service changes, in parallel to community engagement and the Annual Plan (and Long Term Plan amendment) process; and*

*(ix) asks that officers approach Upper Hutt City Council formally on exploring a joint service for waste and recycling kerbside collection services."*

Between 18 December 2019 and 22 January 2020 pre-engagement was undertaken in the form of a survey, to find out more information regarding residents' current practices for recycling, rubbish and green waste, test assumptions made as part of the review and business case, and to test the review's recommended options with residents. The four-week timeframe was longer than usual for Council surveys and took into account the statutory holiday period. 4,616 people responded to the survey

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<sup>1</sup> Note that the business case did not include a fortnightly rates-funded rubbish bin as a shortlisted option. However, this was added to the options presented to Council following feedback from CLT based on overseas experience and considering that a separate green waste collection (and potential future food waste collection) could reduce the need for weekly refuse collection.

and a large proportion of these (82%) confirmed they live in Lower Hutt. This is the highest number of respondents to a single survey in at least the last 5 years.

The survey was designed and undertaken by specialist and experienced staff. Council adheres to best practice and the Privacy Act 1993 when running surveys. The rubbish and recycling survey was internally peer reviewed and an external audit undertaken by Audit NZ followed the survey to ensure the information would be fairly represented in any future consultation documentation.

On 29 January 2020, at an open workshop, Councillors were briefed on the results of the survey. Officers presented the rationale for selecting the options to be consulted on during the LTP amendment process (see

[http://portal.huttcity.govt.nz/Record/ReadOnly?Query=container:\[uri:%20527813\]&Tab=31&Uri=527816&Page=1](http://portal.huttcity.govt.nz/Record/ReadOnly?Query=container:[uri:%20527813]&Tab=31&Uri=527816&Page=1)).

Officers proposed 'option packages' had the aim of offering maximum choice to rate-payers, while minimising complexity and eliminating those options that are not considered viable in the future.

On 11 February 2020 Council agreed to formally consult on four main refuse options with one additional opt-in service for green garden waste. During the meeting (at 4 hours 47 minutes - <https://livestream.com/huttcitycouncil/events/8987078/videos/201753571>) the Mayor summarised the discussion noting that option 3 (fully private model) was not preferred.

A copy of the report can be found here

[http://infocouncil.huttcity.govt.nz/Open/2020/02/LTPAP\\_11022020\\_AGN\\_2760\\_AT\\_WEB.htm](http://infocouncil.huttcity.govt.nz/Open/2020/02/LTPAP_11022020_AGN_2760_AT_WEB.htm) and the minutes are set out below

7. **INFORMATION ON THE RATIONALE FOR THE RECYCLING AND RUBBISH OPTIONS FOR THE LONG TERM PLAN AMENDMENT** (20/35)

Report No. LTPAP2020/2/29 by the Manager, Sustainability and Resilience

The Manager, Sustainability and Resilience elaborated on the report.

In response to a question from a member regarding the costings of the proposals, the Manager, Sustainability and Resilience explained the costings had not been tested in the current procurement process and were based on similar experiences in Dunedin and Porirua. He confirmed the current private greenwaste service costs were approximately \$200 per annum for a weekly service.

In response to a question from a member regarding the situation for multi-unit developments, the Manager, Sustainability and Resilience agreed to investigate all options further and report back.

**RESOLVED:** (Mayor Barry/Cr Briggs)

**Minute No. LTPAP 20223**

*"That the Subcommittee notes and receives the contents of this report."*

**RECOMMENDED:** (Mayor Barry/Cr Mitchell)      **Minute No. LTPAP 20208**

*“That the Subcommittee recommends that Council:*

- (i) approves consultation on the proposed changes to refuse and recycling services and the related targeted rates for these services as detailed in Section I;*
- (ii) advises its preference for Option 2<sup>2</sup> within the Consultation Document; and*
- (iii) notes that these will be effective from 1 July 2021 (ie, not 2020/21).”*

**RECOMMENDATION TO COUNCIL FROM THE LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE MEETING HELD ON 11 FEBRUARY 2020 (20/49)**

**RESOLVED:** (Mayor Barry/Cr Dyer)      **Minute No. C 20201**

*“That Council adopts the Proposed Annual Plan 2020-2021 and Amended Long Term Plan 2018-2028, including recommendations made on the following reports, and any amendments or additional items agreed at the Long Term Plan/Annual Plan Subcommittee meeting held on 11 February 2020:*

- (i) Annual Plan 2020-2021 and Long Term Plan 2018-2028 Amendment Consultation Document;*
- (ii) Impact of General Revaluation 2019 and Rating Options for Consultation;*
- (iii) Draft Annual Plan 2020/2021 and Long Term Plan Amendments – Financial Aspects; and*
- (iv) Information on the Rationale for the Recycling and Rubbish Options for the Long Term Plan Amendment.”*

All main options assumed a change to wheelie bins for recycling collection, with funding coming from a targeted residential rate on recycling. The options as numbered at the time were:

- 1. Wheelie bin for recycling and crate for glass, and rates-funded rubbish bins, weekly, funded through a targeted rate.*
- 2. Wheelie bin for recycling and crate for glass, and rates-funded rubbish bins, fortnightly, funded through a targeted rate.*
- 3. Wheelie bin for recycling and crate for glass, and Council no longer offering a rubbish service, rubbish collection provided by private sector only.*
- 4. Wheelie bin for recycling and crate for glass, and Pay-As-You-Throw rubbish bin, but households only charged for rubbish when they use the service (i.e. when the bin is collected and emptied).*

At the meeting, Council also agreed to select the fortnightly rates-funded bin for refuse as its preferred option for the consultation. Refer to above minute No.LTPAP20208.

It is a statutory requirement to have a preferred option under the Local Government Act 2002. While there was some discussion about whether or not to consult on the option of Council no longer offering any refuse services, Council agreed to retain this option, to better understand community preferences.

On 18 March 2020, Council’s LTP/AP sub-committee considered the finalised consultation document, but this was later put on hold, due to COVID-19. On 9 April, Council decided to defer consultation on kerbside service proposals and the associated LTP amendment until a later time.

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<sup>2</sup> Fortnightly collection



Consultation on the kerbside service proposals is now scheduled to be undertaken from 15 July 2020.

## 4 Short-listing of options

During the review process, a longlist of options was developed, and options were assessed (see Appendix 3 of the Kerbside Business Case Report) against the strategic objectives and other success factors.

The options assessed covered the full range of available options across various dimensions: service scope (what), service solution (how), service, delivery (who), implementation (when) and funding.

Based on these assessments, options were shortlisted for more detailed analysis.

A number of options were not short-listed, examples are as follows:

- No recycling service [option SS-2a(v)]: customers expect kerbside service, economies of scale from a city-wide service
- One stream 240L bin for commingled recycling, including glass [option SS-2a(iv)]: not viable as no infrastructure to deal with commingled glass
- Separate food organics collection [option SS-3c]: no processing infrastructure available yet in the region, uncertainty regarding end-markets for collected materials, further analysis and preparatory work required, ideally in cooperation with other councils in our region

Note that in Kāpiti, both refuse and recycling are operated privately. Kāpiti Coast District Council's (KCDC) only involvement is to require, by way of a bylaw, refuse collection operators to provide a mandatory recycling service in tandem with the refuse service. This option, a combination of options SS-1g (Council opts out of refuse) and option SS-2a(v) (Council opts out of recycling collection), was not short-listed during the review and the development of the business case. *(However, Council opting out of refuse collection only was shortlisted and is among the options for consultation with the community.)*

There are a number of challenges associated with the service approach in Kāpiti.

- Residents only receive a kerbside recycling service if they engage a refuse service provider.
- KCDC does not have any direct influence over how services are delivered (e.g. methodology, electric trucks, etc), and what happens to collected recyclable material.
- While there are a number of refuse collection service providers operating in Kāpiti, there are only two service providers collecting recycling (refuse providers sub-contract recycling to either of those two providers). Their approach differs, with one using wheelie bins for mixed recycling and crates for glass, and the other only using crates. This tends to be confusing to residents.
- There are demographic differences between Kāpiti and Lower Hutt. For example, in Lower Hutt, 9.3% were in social housing and 61% owned their home in 2018, compared to 2.0% and 68%, respectively, in Kāpiti (see <https://profile.idnz.co.nz>). It is possible that a fully privatised model is less affordable for residents on low incomes.

- While KCDC's cost associated with managing illegal dumping has remained similar, there is evidence of domestic rubbish being disposed via street litter bins in lower socioeconomic areas.

## 5 Cost estimates

Following the short-listing process (during the development of the business case), Morrison Low employed its modelling capabilities to derive estimated costs for each of the short-listed options. For recycling, this included retaining the crates-only approach, and moving to wheelie bins. For rubbish collection, this included retaining the bag service, Council no longer offering a rubbish collection service, or Council either implementing a rates-funded refuse service or a PAYT refuse service.

Note that the estimate for private collection costs in the business case and for the consultation document is based on the average of market prices charged by service providers in Lower Hutt. That market analysis considered prices from at least three service providers – in Lower Hutt – where costs were publicly available. Collection costs by private operators in other areas in New Zealand were not considered, as those costs may be subject to location-specific factors.

With regard to external factors such as potential increases to the waste levy, note that in early 2020 the New Zealand Government consulted on its proposals to increase and expand the scope of the waste levy. However, it has not yet made decisions on these proposals, nor has there been an announcement. Therefore, the cost estimates for the various options only reflect the existing regulatory environment. The consultation document will include commentary regarding relevant assumptions and risks, including the implications of an increase in the waste levy.

Note that cost increases associated with the waste levy will also equally affect any collection services run by the private sector. Therefore, cost increases associated with the waste levy (and/or the Emissions Trading Scheme) would be faced by all households, whether they use a Council service or a private rubbish bin service.

As part of the business case, Morrison Low also provided estimates of future Council administration costs. They were estimated at 10% of the service cost for each option. More detailed resourcing and cost estimates are to be determined once Council has made decisions on its preferred service model, and preferred service providers have been selected.

## 6 Procurement process

A Procurement Strategy was prepared to guide the procurement process. It has five main objectives, in line with the objectives considered in the business case, including providing services that are: wanted and understood, cost-effective, safe, reduce greenhouse gas emissions, and reduce waste/protect the environment.

Morrison Low was engaged to provide expert advice on and manage the procurement stage. Morrison Low will have no ongoing role with managing kerbside contracts. That will be undertaken in-house.

The tender was published on the GETS website on 20 February 2020.

Supplier engagement sessions to go over the tender documents and answer questions were held on 9 March with five companies that had registered to participate.

The closing date for tenders was pushed back eight weeks in total to 3 June 2020 in response to feedback from companies having priority demands on resources during the COVID-19 lockdown period. This was monitored as the situation evolved but no further changes were required.

Other changes to the tender document in response to other feedback include:

- PAYT options being compliant on their own, so do not require a rates funded service bid;
- Changes to the minimum Electric Vehicle (EV) requirement, which some companies were having trouble meeting, albeit tenders will continue to be evaluated on this aspect.

The aim with these changes was to ensure that we had as many companies as possible lodging a tender and putting forward their solutions, so that Council has all market options to consider. At the close of the tender period Council received proposals from six different companies which are currently being assessed. This is a good response with all major market players submitting a tender.

The tender evaluation panel is made up of four people:

- Bruce Hodgins, Strategic Advisor & Kerbside Collection Change Project Lead
- Jörn Scherzer, Manager Sustainability and Resilience
- John Middleton, Manager Infrastructure Contracts
- Alice Grace, Morrison Low

The evaluation is supported by an independent probity advisor from the Ministry of Business, Innovation and Employment: Andrew Howie, Manager Commercial Pool.

## 7 Consultation

Consultation with the community on the four refuse options and the opt-in green waste collection is scheduled to begin on completion of the external audit and legal review of the documentation. It is expected that this will be underway from 15 July and will run for 30 days.

For the purposes of the consultation document and in order to enable a clear comparison for a typical household, costs are estimated for a household putting out 120l of rubbish per week.

The consultation document will be supported with supplementary information available via Council's online engagement tool: *Bang the Table*. This will include a calculator tool so that households are able to estimate the costs based on their specific circumstances (e.g. they may only put out a bin every 3 weeks). Other communication channels include a rates insert, print media (e.g. advertorial and advertising in Hutt News), radio advertising, social media (FB, Twitter, Neighbourly, FB lives), posters, digital noticeboards and signboards around the city.

The consultation will be open to residents and any other stakeholders, such as Kāinga Ora or the Property Investors Association.

## 8 Future timeline

At its meeting on 10 December 2019 Council agreed that the procurement and consultation processes be undertaken in parallel, with decisions on its preferred approach confirmed by – at that time – the end of June 2020. This was to ensure that Council had all relevant information before it makes a final decision.

In light of COVID-19, the following table provides a revised timeline for the tender and consultation processes feeding in to a Council decision.

<b>Activity</b>	<b>Dates</b>
Tenders closed	3 June 2020
Tender evaluation	4 June – 13 July 2020
Consultation period	16 July – 14 August 2020
Report prepared	14 August – 28 August 2020
Council meeting/resolution	4 September 2020
Contract Finalisation	30 September 2020
Implementation Phase	October 2020 – June 2021

The timeline is based on the following assumptions:

- That the current contracts cannot be extended beyond 30 June 2021;
- That a minimum nine-month period is required from awarding the tenders to roll out of the new services on 1 July 2021;
- That the special consultative process is followed allowing a one month consultation period;
- That a two-week period following close of submissions is required to analyse and prepare report for the Council meeting;
- That a three week period is required to finalise the contract following Council resolution;
- Tenders are valid for 6 months.

Depending on Council's decisions regarding its preferred service approach (rates-funded vs PAYT vs all private) in September, the future timeline will differ.

## 9 Implementation of new services

### Recycling collection

For the collection of recycling, once Council has made formal decisions about future services in September 2020, officers would commence the implementation of that service model, and officers would finalise contract negotiations with those suppliers that submitted recycling service tenders.

## Rubbish collection

If Council chooses an approach where Council would no longer collect rubbish, then Council's bag service would cease on 1 July 2021. Affected residents could then choose a rubbish collection service from amongst various private operators.

If Council chooses the PAYT approach as its preferred rubbish collection model, then officers would finalise contract negotiations with those suppliers that submitted PAYT refuse service tenders.

If Council chooses the rates-funded approach as its preferred rubbish collection, then officers would finalise contract negotiations with those suppliers that submitted rates-funded refuse service tenders.

For the rates-funded pathway only, during implementation, roll out would be based on a default bin size, unless rate-payers advise otherwise by an agreed deadline. The bin mix would be adjusted accordingly.

Once the system is in operation, there would be some flexibility for households to choose a different size bin with a targeted rate reflecting the size of the bin. This would normally have to be by 31 March each year because of the way rates are set, although it may be possible to change bin size during the year. It is likely a fee would be charged for this separately and the details for this process and any associated fees would be worked out in the coming year.

Note that in the report back to Council in December 2019 (refer [http://infocouncil.huttcity.govt.nz/Open/2019/12/HCC\\_10122019\\_AGN\\_2734\\_AT\\_WEB.htm](http://infocouncil.huttcity.govt.nz/Open/2019/12/HCC_10122019_AGN_2734_AT_WEB.htm)

HCC2019/1(2)/230, paragraph 62), officers noted that *"the rates-funded refuse service model could be paired with the ability for households to opt-out of the rates-funded service."* However, this ability was not carried forward into the proposals for consultation with the community, as this would be administratively very complex to implement and administer. In addition, two other options ("Pay As You Throw", and Council opting out of rubbish service provision entirely) would provide the community with the ability to opt-out, should Council ultimately choose either of these two options as its preferred service model.

## 10 Economics of electric trucks

The additional cost, if any, and the availability of electric trucks for any Lower Hutt services is not yet clear. This is to be confirmed through Council's procurement process.

While electric trucks tend to be higher cost upfront, there are savings with regard to operating costs. This includes savings in fuel (energy) costs, and savings associated with the exemption from road user charges until at least 2025.

A number of kerbside collection service providers are investing in this technology, and it is in use in New Zealand in kerbside collection services and similar services such as street cleaning (e.g. New Plymouth, Auckland, Queenstown, Hamilton).

In addition to the waste sector, electric vehicle technology is also increasingly utilised in other sectors. For example, there are 10 fully battery-electric double decker buses in operation in Wellington, with a significant increase in these numbers expected over the next three years.



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23 December 2019

David Howie  
General Manager  
Waste Management New Zealand Limited  
[dhowie@wastemanagement.co.nz](mailto:dhowie@wastemanagement.co.nz)

Our reference: DOC/19/161638

Dear David

Following a meeting between Council officers and Sarah Whiteman last week, I am writing to you to outline Council's position in respect to kerbside refuse and recycling services in both the short and long-term.

The reduction and management of waste has become an increasingly important strategic priority for Council as it underpins the sustainable development of our city. To ensure we are able us to meet our waste related social, economic, cultural and environmental responsibilities going forward, we will require a strategic partner who understands this fast-changing world and can work with us to deliver best practice waste and recycling services.

Council acknowledges and is appreciative of the working relationship that has existed between our organisations, and would welcome your involvement in future conversations around a long-term strategic partnership.

I understand that it has been 16 years since Council last awarded these contracts. Given the long-term nature and value of the contract involved, it is appropriate that we now run an open and competitive procurement process, in accordance with our own policies and MBIE guidelines.

To allow for engagement with the community on the preferred service model and associated Council decision making processes, Council would ideally like to start both its new kerbside refuse collection contract and kerbside recycling collection contract on 1 July 2021. We have put together a project team for the procurement of the new collection contracts and have commenced drafting the RFP documentation, which will be available early next year.

However officers advise me that Council's existing contracts with Waste Management expire on 30 August 2020. As such we will require an interim solution and may need to be flexible on our dates. They also advise there are issues of safety and reliability around current services, and as such we could look at an earlier commencement date for one of the new contracts. Given our long-term relationship, we are keen to explore whether these current contracts can be extended to cover the gap before looking for other solutions. I understand these contracts

have been extended for short-terms in the past, but can assure you that this would be the last short term extension ahead of Council entering a long-term strategic partnership.

Officers have suggested the following possibilities for on-going services, which I am keen to test with you.

- 10-month extension to 30 June 2021, for either kerbside refuse collection, kerbside recycling collection or both.
- 6-month extension to 29 February for both kerbside refuse collection and kerbside recycling collection.
- 2-month extension to 31 October 2020 for kerbside recycling collection and 6-month extension to 29 February 2021 for kerbside refuse collection.
- 2-month extension to 31 October 2020, for either kerbside refuse collection, kerbside recycling collection or both.

Officers advise there are also issues around recycling drop-off points, and we are open to discussing a plan for these going forward as part of this conversation.

I appreciate your consideration of these matters and look forward to hearing back from you at your earliest convenience.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jo Miller', written in a cursive style.

Jo Miller  
CHIEF EXECUTIVE

Copy to Sarah Whiteman  
Wellington Regional Manager  
Waste Management New Zealand Limited  
swhiteman@wastemanagement.co.nz

**From:** [Bruce Hodgins](#)  
**To:** [Jo Miller](#)  
**Cc:** [Jörn Scherzer](#)  
**Subject:** FW: WMNZ Contract Extension  
**Date:** Friday, 6 March 2020 1:14:08 PM  
**Attachments:** [WMNZ Response Letter for Contract Extension 10.02.2020.docx](#)

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Kia ora Jo.

This is to record the outcome of discussions with WMNZ regarding the offer of extended service at HCC's request and to obtain your approval to accept the offer.

#### Background

1. The WMNZ offer to extend the contract for a further 10 month maximum period from 1 September 2020 to 30 June 2021, as attached, has an additional cost to Council of \$975,000.
2. This is on top of the \$150,000 to which we have already committed for July/August 2020.
3. This brings the total additional cost to Council of \$1,125,000 for the 2020/21 financial year, compared to budget provision of an additional \$900,000.
4. This is roughly split two-thirds recycling and one-third rubbish.

#### Discussions

5. I have had dialogue with Sarah Whiteman of WMNZ by telephone and at a meeting earlier this week to further discuss the offer.
6. Sarah advises that the additional costs are solely related to WMNZ's estimate for keeping the fleet of vehicles on the road to service the contract.
7. She also advised that the way the contract is structured, WMNZ would likely incur a \$1M loss for the period. This is in addition to losses of around \$1.5M per year for the past two years.
8. Sarah explained that WMNZ, when agreeing to the first 12 month extension (2 years ago), made the decision on the understanding that HCC would be negotiating (one on one) a new long term contract with them.
9. The same rationale was applied when Bruce Sherlock asked for the contract to be further extended last year to the end of August 2020.
10. The commercial decision was made on each of those occasions to wear the short term loss in favour of the benefits to be gained from a long term alliance and the opportunities that would present.
11. Sarah also pointed out that WMNZ has more to lose (and to gain) with Council's proposed kerbside waste service, in that it has a reasonable % of the private market, which it would lose if it is unsuccessful in the tender process.
12. Sarah indicated that, despite what had been promised in the past, WMNZ understood Council's position in regards to its competitive procurement stance and was committed to ensure the City had a working kerbside service through to 30 June 2021.
13. Sarah made a commitment that if WMNZ is successful in winning the new contract it would work to bring forward kerbside recycling to reduce the additional costs that will be incurred on maintaining the old fleet and give back to Council this saving.

#### Recommendation

14. I recommend that Council accept the offer of WMNZ as per the attached letter for the



following reasons:

- a. The offer enables Council to have certainty of provision of service which would otherwise carry high reputational and public health risk to Council.
  - b. The offer is not inconsistent with the current extended contract terms being based purely on keeping an ancient fleet in place.
  - c. WMNZ has indicated that it is forecasting to make a substantial loss on the contract by extending it, despite the added monthly charge. I have no reason to doubt this, as work that has been undertaken by our consultants shows that the current contract price is well short of what can be expected for the new contract under current market conditions.
  - d. HCC officers have appeared not to have acted in good faith in the past in its dealings with WMNZ, having created the situation we find ourselves in.
15. That a further \$225,000 be included in the 2020/21 budget to meet the full extent of the contract extension.

Bruce



10 February 2020

Jo Miller  
Chief Executive  
Hutt City Council  
Jo.miller@huttcity.govt.nz

**Contract Extension for Contract No. 4138 & 4139 Kerbside Collection of Refuse Bags & Collection of Recyclables**

Dear Jo,

Following your recent discussion with David Howie, and letter dated 23 December 2019 Waste Management (WMNZ) understands that Hutt City Council (HCC) are looking to further extend these contracts through to 30 June 2021 in order to provide HCC time to run an open and competitive procurement process.

WMNZ has reviewed once again the actual costs of providing services under the existing contracts and confirms, as previously discussed with HCC, that the current charges do not cover the cost to provide these services.

We have also reviewed the trucks and equipment used to service this contract with view to deliver these services past the initial requested extension period. This equipment is already working well beyond the normally expected operational life. This further extension of operating life creates issues such as decreased reliability and increased maintenance costs. These issues can be mitigated; however, as previously discussed, the cost to do so will continue to increase as operating life is further extended.

**Existing Provision of 12 month extension, 1 September 2019 to 31 August 2020.**

As per our agreement with HCC in June of 2019 we agreed to a graduated increase in monthly costs which will reach \$75,000 in April 2020 and will continue through at the same amount until 31 August 2020. This will stay in place.

WMNZ is prepared to undertake a further extension until 30 June 2021. To enable us to continue to operate and to maintain a good standard of service delivery for HCC residents, we propose the following:

**Provision of extended contract, 1 September 2020 to 30 June 2021.**

WMNZ propose to continue with the additional monthly cost of \$75,000 from 1 September 2020 until 31 December 2020. (i.e. No further increase)

From 1 January 2021 the monthly cost will increase by a further \$25,000 through to 31 March 2021.

From 1 April 2021 through to 30 June 2021 a further increase of \$25,000 per month will apply and will run through to 30 June 2021. (Bringing the total additional monthly cost of extensions to \$125,000 for those last three months of service provision.)

97-99 Port Road  
Seaview  
Lower Hutt 5010

PO Box 38383  
Wellington Mail Centre  
5045

0800 10 10 10  
wastemanagement.co.nz



Equally with HCC, WMNZ is appreciative of the working relationship that exists between our organisations. You can have confidence that we will continue to be reliable, consistent and do the very best we can for HCC under our current arrangement.

We look forward to the upcoming procurement process and illustrating why WMNZ should be considered as the long-term strategic partner providing waste minimisation and recycling collection services for HCC.

A handwritten signature in black ink, appearing to read 'S. Whiteman'.

Sarah Whiteman  
Wellington Regional Manager  
Waste Management NZ Limited  
97-99 Port Road, Seaview, Lower Hutt 5010



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18 March 2020

Sarah Whiteman  
Wellington Regional Manager  
Waste Management NZ Ltd  
97/99 Port Road  
Seaview  
**LOWER HUTT 5010**

John Middleton  
Infrastructure Contracts  
[John.Middleton@huttcity.govt.nz](mailto:John.Middleton@huttcity.govt.nz)  
Our reference: DOC/20/25771

Dear Sarah

**CONTRACT EXTENSION CONTRACT 4138 AND 4139 KERBSIDE COLLECTION OF REFUSE BAGS AND COLLECTION OF RECYCLABLES**

Thank you for your letter dated 10<sup>th</sup> February 2020, Hutt City Council accepts the conditions Waste Management (WMNZ) have proposed for the extension through to 30 June 2021. These being the existing provision of 12 month extension 1<sup>st</sup> September 2019 to 31 August 2020, and provision of extended contract, 1<sup>st</sup> September 2020 to 30 June 2021 as outlined in your letter dated 10<sup>th</sup> February 2020.

Thank you again for your willingness to provide certainty to Council for delivery of these important services through to 30 June 2021.

Yours sincerely

John Middleton  
**DIVISIONAL MANAGER,  
INFRASTRUCTURE CONTRACTS**

Yours sincerely

Jo Miller  
**CHIEF EXECUTIVE**

# Strategic Waste Reviews

# Background

- Waste Minimisation and Management Plan 2017-23 informs the waste work at HCC
- September 2018: Officers commenced strategic reviews into three waste areas
  - Residential hazardous waste
  - Resource recovery
  - Kerbside collection
- Key question: *Are the current services still fit for purpose, and if not, what are the alternatives available?*
- Consultants Morrison Low Ltd, with key expertise in waste management, were commissioned to assist in this process



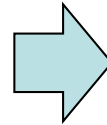
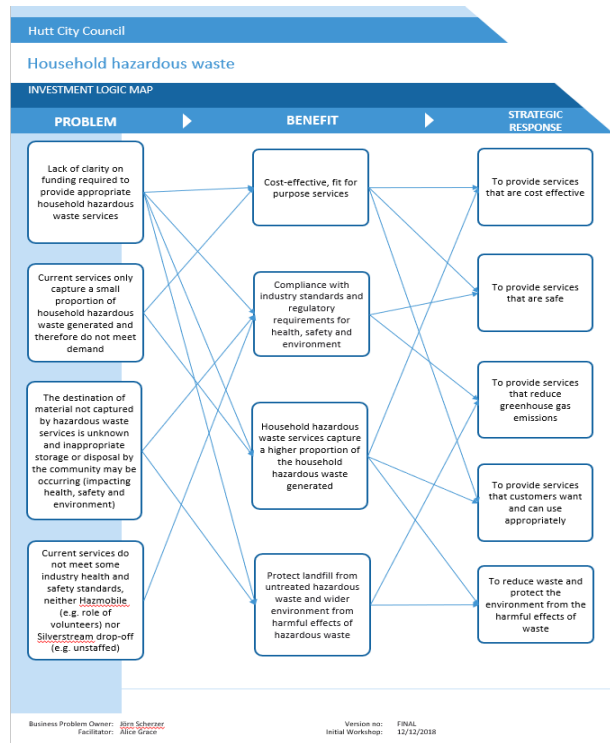
# Business cases?

- A way of systematically thinking through the problem, and determining options
- Our approach follows Treasury's *Better Business Case* model
- Focused on outcomes



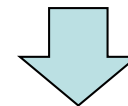
# The process

## Investment Logic Map

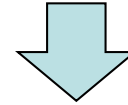


## Strategic investment objectives

- provide services that are cost effective
- provide services that are safe
- provide services that reduce greenhouse gas emissions
- provide services that customers want and can use appropriately
- reduce waste and protect the environment from the harmful effects of waste

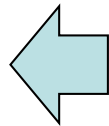




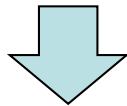


# Long list of options

Short list of options



Economic analysis



Description of Option:	Scope Options (What)				Service Solution Options (How) Note: education and advocacy for national product stewardship common to all options															
	SC1	SC2	SC3	SC4	SS-1	SS-2	SS-3	SS-4	SS-5	SS-6	SS-6a	SS-7	SS-8	SS-9	SS-10	SS-11				
<b>Investment Objectives</b>	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture	No - high cost to provide commercial service alternative	No - high cost to provide commercial service alternative	Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but low capture rate and not fully compliant with regulations	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - capture may increase and cost will increase	Yes - cost effective	Yes - economies of scale			
To provide services that are safe	Yes - encourages safe disposal of haz waste	Partial - limited range may increase incinerator disposal	Yes - encourages safe disposal of haz waste	Yes - encourages safe disposal of haz waste	Yes - encourages safe disposal of haz waste	No - restricted drop off is a health and safety risk	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	No - unsuitable drop off is a health and safety risk	No - no hazardous waste disposal at last phase	Partial - risk with council staff volunteering			
To provide services that reduce greenhouse gas emissions	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Yes - option supports this		
To provide services that customers want and can use appropriately	Partial - supported by customers that use service but limited use overall	Partial - a reduction in service	Partial - service available more widely but significant sector may prefer existing options, particularly urban area	No - commercial services are discontinued	No - commercial services are discontinued	Partial - service available but limited use by customers	Partial - may still have limited use	Partial - may still have limited use	Yes - increase in service availability that may increase use by customers	Yes - increase in service availability that may increase use by customers	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Yes - option supports this		
To reduce waste and protect the environment from the harmful effects of waste	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Partial - uncontrolled drop offs can create environmental issues	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Partial - uncontrolled drop offs can create environmental issues	Yes - option supports this	Partial - a reduction in service but current use is low	Yes - option supports this		
<b>Critical Success Factors (as these CSFs are crucial (not just desirable) any options that score a 'no' are automatically discounted from further analysis)</b>																				
Strategic fit and business needs - Alignment with District Plan, Styx Infrastructure Strategy & Regional Plans	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Partial - council has waste services for residential			Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives		
Potential value for money - right solution, right time at the right price	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture			Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but low capture rate and not fully compliant with regulations	Partial - increased costs by have both enhanced drop off and hazardous	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - capture may increase and cost will increase	Yes - cost effective	Yes - economies of scale			
Supplier capacity and capability - is it a sustainable arrangement (external)	Yes - consistent services in NZ	Yes - consistent services in NZ	Yes - consistent services in NZ	Not assessed	Not assessed	Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - suitable sites may be available	Partial - suitable sites may be available	Yes - similar to status quo	Yes - similar to status quo	Partial - service provides may not have capacity for increased events	Not assessed	Partial - suitable sites may not be available	Not assessed	Partial - suitable sites may not be available	Not assessed		
Potential affordability - are there no funding constraints	Yes - similar to status quo	Yes - similar to status quo	Partial - increased cost			Yes - current funding	Partial - increased funding would be required	Yes - current/TFP funding	Partial - increased funding required	Partial - increased funding required	Yes - similar to current funding	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Yes - no constraints		
Potential achievability - ability and skills to deliver (internal)	Yes - would be achievable	Yes - would be achievable	Partial - more resources to manage			Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - increased network of sites to manage	Partial - more hazardous events and increased network of sites to manage	Yes - similar to status quo	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Yes - no constraints		
<b>Summary of Advantages and Disadvantages:</b>																				
Overall Assessment:	Preferred - increases all hazardous waste capture	Possible - reduction in level of service	Discard - increased costs, increased hazardous waste, increased charges, low uptake in other environment	Discard - commercial services are specialist	Discard - commercial services are specialist	Does not meet strategic objectives but continue to economic assessment for comparison	Preferred - this option provides best service capture and lowest cost but higher cost	Possible - service available for those that want to use it but higher cost	Discard - difficult to manage a network of sites and hazardous service	Discard - difficult to manage a network of sites and hazardous service	Possible - service available for those that want to use it but only when hazardous scheduled	Possible - service available for those that want to use it but only when hazardous scheduled	Discard - more hazardous events to manage	Discard - more hazardous events to manage	Discard - unsuitable drop off to create	Discard - difficult to manage network of sites	Discard - difficult to manage network of sites	Does not meet strategic objectives but continue to economic assessment for comparison		
<b>Short listed options:</b>																				
Status Quo	SC1: Full range household hazardous waste				SS-1: Hazoble annually, landfill drop off															
Option 1: Enhanced landfill drop off					SS-2: Enhanced landfill drop-off, no hazoble															
Option 2: Enhanced drop-off & hazoble					SS-3: Enhanced landfill drop-off, hazoble every 2 years															
Option 3: hazoble every year					SS-6a: hazoble every year, no drop off points															
Option 4: hazoble every two years					SS-6: hazoble every 2 years, no drop off points															



# Where are we at

- Have completed
  - Investment Logic Map (problem definition and outcomes sought)
  - Defined strategic objectives
  - Compiled long list of options
  - Short-listed options for more detailed analysis, have commenced detailed analysis
- Currently building a more detailed cost picture, yet to be completed
- Today, present our findings so far

# Hazardous waste

## Relevant WMMP 2017-23 actions:

- **C.8: Review effectiveness, scope and location of hazardous waste collection day**
- **IN.10: [Improve] Recycling and hazardous waste facilities at the transfer station / landfill**

# Current service and case for change

- Annual hazardous waste collection day coordinated with Upper Hutt City Council
- Event supported by volunteer Council staff, but with H&S risks
- Only captures a relatively small portion of household hazardous waste generated
- Hazardous waste may be stored or disposed inappropriately between collection days
- Unattended hazardous waste drop off area at Silverstream Landfill, does not meet best practice H&S standards



# Option 1: Contracted event

- Contracted event once per year, discontinue drop off
- Assumes continued shared costs between HCC and UHCC
- Improved Health and Safety regarding waste materials, but some concerns remaining (eg traffic management)
- Will miss out on some materials as some residents not able to wait until the next event
- Operating costs higher than compared to status quo (~ \$92k vs \$50k) but can be funded from HCC's (ring-fenced) waste levy funding with no impact on rates
- **Sub-option: contracted event every two years**
  - Lower cost than annual event, but higher risk of inappropriate storage by residents, and reduced capture of hazardous materials

# Option 2: Enhanced landfill drop off

- Upgrade storage facilities, staff at all times with trained personnel preferably via the landfill operator, no annual collection event
- Operating costs relatively similar to Option 1 (~ \$100k vs \$92k)
- Some additional upfront investments required, eg bunkers (~ \$50k) but can be funded from HCC's (ring-fenced) waste levy funding with no impact on rates
- Implementation can be staged, eg continue with annual event, and move to enhanced drop off when landfill contracted re-tendered in 2020

## **Sub-option: Enhanced landfill drop off and contracted event every two years**

- Could potentially result in increased capture, but most expensive option due to service duplication

# Resource recovery

## Relevant WMMP 2017-23 action:

- **IN.3:** Investigate the establishment of a free to use recycling waste facility and shop before the landfill gates, implement if found to be economically viable
- **IN.11:** Increase waste diversion at landfill and increase collection and diversion of reusable and recyclable items



# Current service and case for change

- Existing resource recovery drop-off at Silverstream landfill
- Focused on reuse of bric-a-brac, usable furniture, etc
- Collected items are processed and sold at Earthlink's Wingate site and shop
- Customers charged for waste disposal regardless of use of drop-off point
- Current transfer station layout does not encourage use of resource recovery drop-off
- Material dropped off is not protected from the weather
- Drop-off area and resale shop are located at two different sites

# Option 1 – Status quo

- Continuation of current arrangement with Earthlink, but with focus on valuable items (not tonnage per se)
- Traffic flow improvements already under consideration
- Maintain at current financial support (\$82k) from waste levy
- **BUT** continuation of key limitations (no financial incentive to customers, poor weather protection for items, H&S concerns)



# Option 2 – Enhanced status quo

- Improved reception area for items dropped off, preserve value of items
- Better shelter for resource recovery staff
- Incentivise diversion by changes to landfill gate fee (eg discount voucher)
- **BUT:**
  - initial upfront investment to improve storage and drop off point (~ \$300k, one-off) albeit costs could come from HCC's (ring-fenced) waste minimisation reserve fund or an application to the Government's Waste Minimisation Fund
  - Potential reduction in landfill income (estimated at \$50k/year)

# Option 3 – Private site

- Customers drop-off items at separate resource recovery site (eg Earthlink), no drop-off at Silverstream
- Could enable a more fit-for-purpose facility
- **BUT:**
  - customers less likely to go to two separate destinations in one trip
  - would require increased on-going funding support from HCC to maintain viability
  - risk of reduction in diversion as no site close to the immediate drive up to the landfill

# Options not considered further

## **No service**

→ Not assessed as does not meet strategic objectives

## **Expand scope to include construction and demolition waste**

→ unlikely to be demand for expanded service scope as virgin materials available at low cost and waste disposal costs are low (refer recent Tonkin & Taylor report on C&D waste)

# Kerbside collection

## Relevant WMMP 2017-23 actions:

- **C.1: Investigate options and costs of a two-stream recycling collection, by 2019**
- **C.2: Investigate the use of wheelie bins for kerbside recycling by 2019**
- **IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any)**

# Current service and case for change

## **Kerbside refuse collection**

- Weekly collection pre-paid official refuse bags
- Significant health and safety concerns with bags (handling injuries)
- Most customers prefer bins albeit bag market share currently stable at 30%

## **Kerbside recycling collection**

- Weekly collection of 55L crates
- Significant concerns about wind-blown litter and also rain damage

## **Recycling drop-off stations**

- Unstaffed sites attracting illegal dumping and associated costs
- Incorrect use / abuse resulting in bin content contamination

## **Kerbside food or green waste collection**

- Currently no kerbside collection service

# *Recycling*



# Option 1: continue with crates only

- Continued concerns about wind-blown litter and rain damage (some people use nets but they can get damaged and/or lost, and are not mandatory)
- Continued concerns about crate capacity
- Would continue to rely on recycling stations to take overflow, but concerns regarding illegal dumping and bin contamination



# Option 2: two-stream recycling

- Two-stream recycling using wheelie bin for mixed recyclables and a crate for glass collected fortnightly
- Higher capacity bins with latches will reduce wind-blown recycling litter
- Bin option used in many NZ cities: Auckland, Christchurch, Wellington, Dunedin, Porirua, Palmerston North
- Glass in separate crate to protect value of other recycling (paper) and to enable sorting on truck to protect value of colour-sorted glass
- Following roll-out of high capacity kerbside bins, phase out *unstaffed* recycling stations, retain only in two strategic locations (co-located with key staffed waste infrastructure, such as a transfer station)



# Estimated costs recycling

	<b>Current</b>	<b>Estimated future</b>	
System	Crates, weekly	Crates, weekly	2-stream, fortnightly
Annual cost per household	\$40*	\$82 (\$65 - \$100)	\$69 (\$55 - \$85)
Total service cost	\$1.2m	\$2.6m	\$2.2m

- Cost range based on mid-point estimate +/- 20%; total service cost based on mid-point estimate
- Market changes over the last two years means less revenue from recycling for contractor, thus future collection costs for status quo likely higher than at present
- Costs for 2-stream collection in line with current costs in Dunedin (\$66/property) and Porirua (\$74/property)
- Recommend further cost analysis and consult & report back to Council as part of the 2020 annual plan process

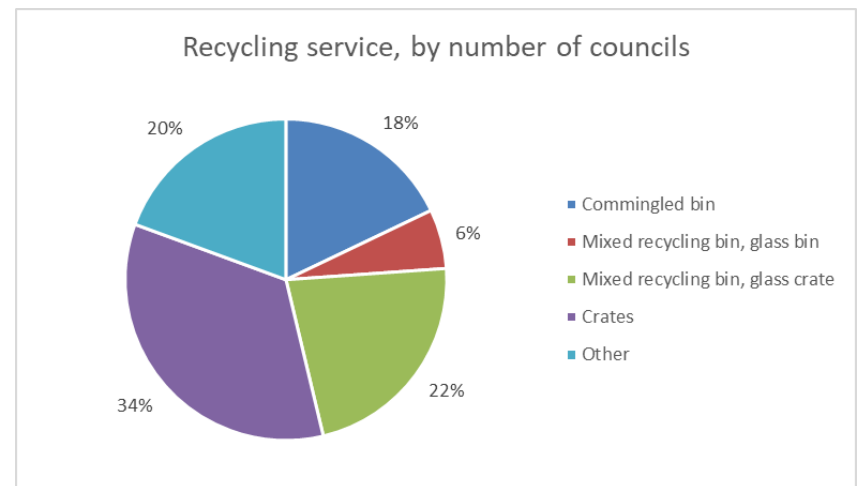
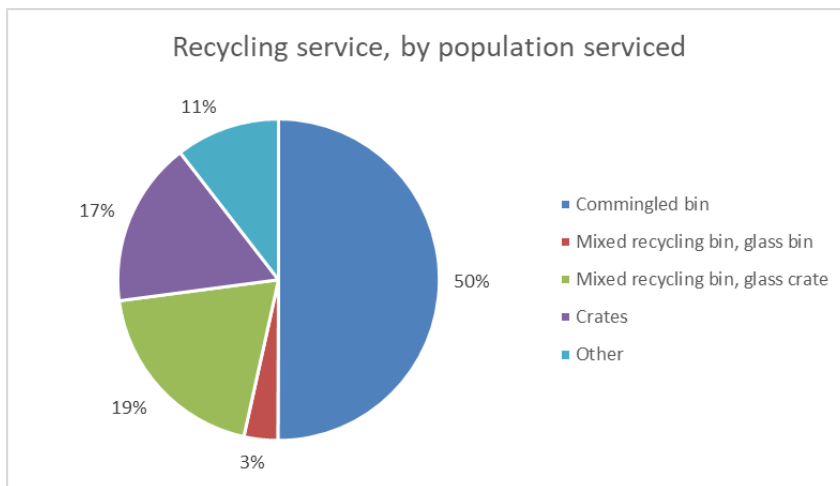
\* Crates and nets are sold on an at-cost basis, not included in the annual targeted rate of \$40 per property

# Recycling: What are other councils doing?

Currently not possible in Wellington region due to lack of infrastructure

Recycling service	Population serviced	Number of councils
Commingled bin	2,123,319	12
Mixed recycling bin, glass bin	144,504	4
Mixed recycling bin, glass crate	824,278	15
Crates	704,538	23
Other	444,501	13
<b>Total</b>	<b>4,241,140</b>	<b>67</b>

Currently only on trial basis



# Options not short-listed

## **No service**

→ Not assessed as does not meet strategic objectives

## **One stream 240L bin for commingled recycling, including glass**

→ Not viable as no infrastructure to deal with commingled glass

## **Separate organics collection**

→ No kerbside organics collection service short-listed at this stage due to lack of clear carbon footprint comparison and further market analysis required (eg processing infrastructure and end-market for collected materials)

→ Wellington City Council trialling a separate food organics collection from later in 2019; opportunity to follow their progress and apply lessons learnt

→ acceptance of green waste at landfill is being assessed separately, still to be completed, but if no longer accepted, would affect landfill revenue

# *Refuse*

# Option 1: continue with bag service

- 30% of users still want this service
- Incentive for waste minimisation, only pay for what you use (\$2.50 per bag)
- Council achieves approximately \$400k in revenue
- **BUT:**
  - Market share currently stable, but there is a risk that costs could increase and this could affect revenue
  - Health and safety concerns (eg injuries, animal strike)



# Bag service: safety issues

Proportion of injuries by collection method

Collection Method	Usage of this method (%)	Total injuries for this method (%)
Automated bin	46	5
Bag	32	36
Non-automated bin (crate)	13	17
Loose materials	9	41

- Automated bin collection makes up nearly half of the systems, but only 5% of the injuries



# Option 2: Discontinue Council service

- Council pulls out of service provision, and users are free to chose their own provider (eg as is done in Kapiti)
- Users do not have to engage a provider, they could share bins
- Private operators do not offer bag collection, so this would effectively mean moving fully to bins (addresses health and safety risks associated with bags)
- **BUT:**
  - Tends to be more costly per household as private operators do not get the economies of scale
  - Council currently achieves \$400k in revenue from its bag service
  - There is still demand for bags and private operators do not offer this



# Option 3: Rates-funded bin

- Addresses health and safety risks associated with bags
- Range of bin sizes can be provided (80L / 120L) to match customer needs
- Could still enable private service providers to operate if Council service is limited to small bin options (eg for those wanting larger bins)
- Ensures Council still provides a service that customers expect
- Can be more cost effective for households currently using small private bins (eg 120L)
- **BUT:**
  - Transfer costs from user pays to rates funding → rates impact, potentially by 5%
  - Unless Council service is limited to only small bins, could reduce options for private operators with potential job losses
  - Can disadvantage those that create little waste (single person household, elderly) and in hilly areas (or where access is difficult)



# Option 4: PAYT bin

- “*Pay As You Throw*”
- Similar to Option 3 but enables households to pay only for bin collection when needed
- On average slightly more expensive than Option 3, but cost effective for households with little waste
- **BUT:**
  - PAYT technology still not full commercialised
  - Council currently achieves \$400k in revenue from its bag service



# Estimated costs

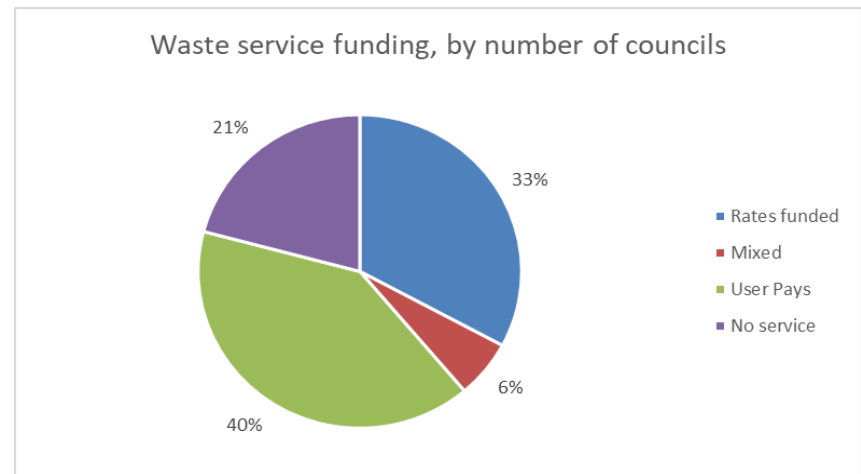
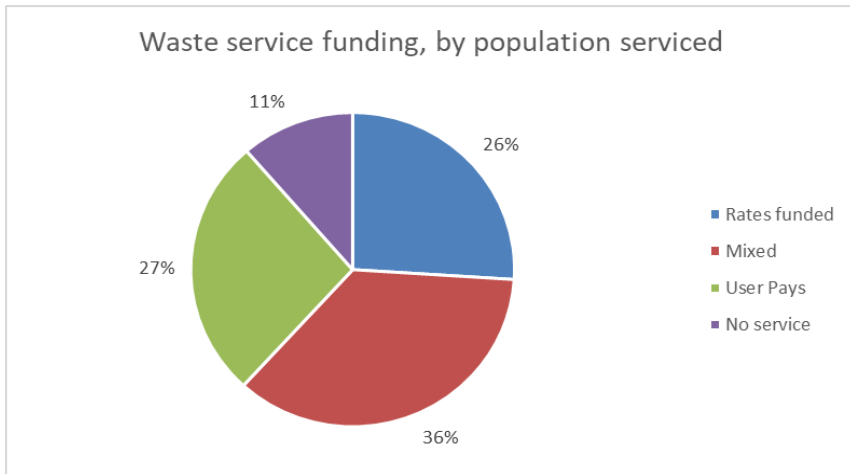
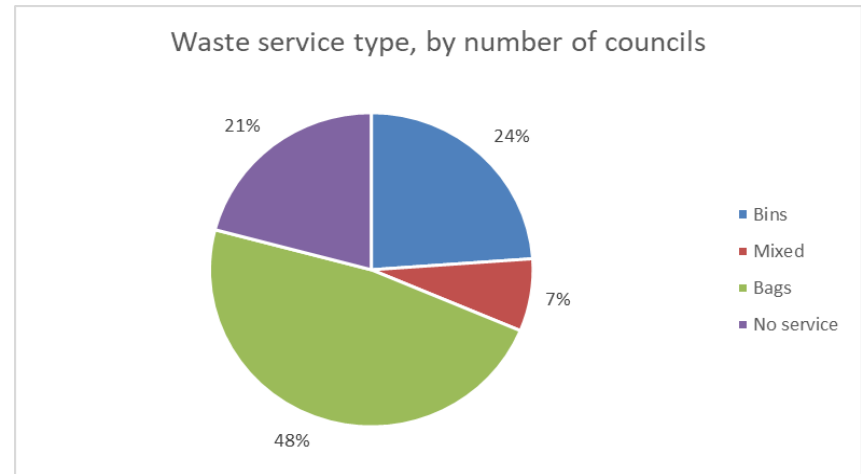
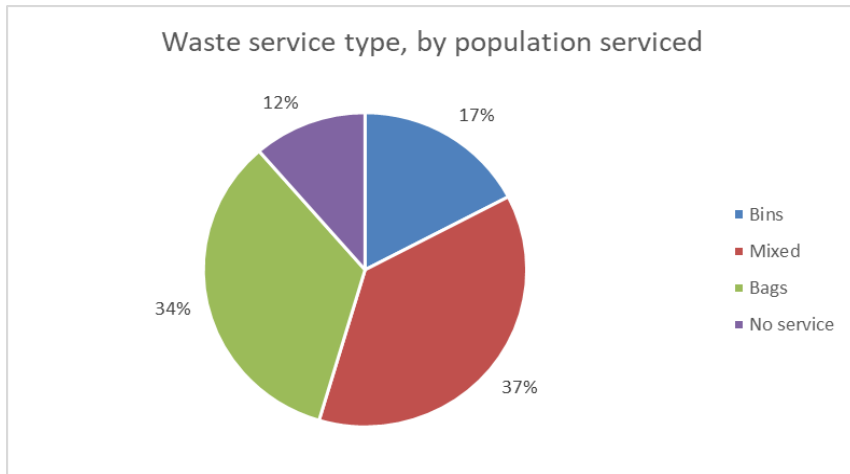
Service option	Pre-paid Official Refuse Bag	Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT Refuse Bins
Annual average cost / household	\$130 - \$143	\$240 - \$342	\$115 - \$175	\$190 - \$280
Frequency assumptions	one bag per week	one bin pick-up/week	one bin pick-up/week	one bin pick-up/week
Household cost assumptions	<p><b>Low:</b> \$2.50/bag in Lower Hutt</p> <p><b>High:</b> \$2.75/bag in Porirua</p>	<p><b>Low:</b> lowest cost offer in Lower Hutt at \$4.62/week for 80L bin</p> <p><b>High:</b> average of advertised prices at \$285 (at \$5.50/pick up) + 20%</p>	<p>Range based on mid-point at \$144 (at \$2.77 per pick up) +/- 20%</p>	<p>Range based on mid-point at \$234 (at \$4.50 / pick up) +/- 20%</p>

- Changing to bin models could have impact on rates, and/or potentially lead to \$400k loss in council revenue (due to loss of bag service), but could also be more cost effective for households
- Recommend further cost analysis and consult & report back to Council as part of the 2020 annual plan process

# Household cost scenarios

Service option	Pre-paid Official Refuse Bag	Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT Refuse Bins
<b>Assumptions</b>	\$2.50/bag in Lower Hutt	\$4.62/wk for 80L bin or \$5.50/wk for 120l	\$2.77/wk for 120l bin	\$4.50 per pick up for 120l bin
<b>Household A: One person, 60l of rubbish every three weeks</b>				
Estimated cost	\$43	\$240	\$144	\$58.50 (pick up four-weekly)
<b>Household B: Three people, 120l of rubbish per week</b>				
Estimated cost	\$260	\$286	\$144	\$234 (pick up weekly)

# Refuse: What are other Councils doing?



# Next steps

# Next steps

- Councillor feedback today and following this workshop on the shortlisted options
- Carry out more detailed cost modelling and analysis for kerbside options
  - *Note: current kerbside contract expires in September 2019, but working on extending by one year, in order to enable the completion of the waste reviews to inform approach for next service contract*
- Undertake community consultation on relevant options as part of the annual plan process in early 2020
- Mid-2020: Council decisions on preferred approach
- Late 2020 / early 2021: New service contract in place



# Low carbon opportunities

# Electric trucks?

- HCC recycling waste services ~ 270 tonnes of CO<sub>2</sub> (trucks)
- Opportunity for Council to move to fully electric trucks for collecting recycling and/or rubbish as part of the roll-out of any new collection approach ~ 80% carbon savings
- EV technology very suitable as short-start operation, and predictable and relatively short routes
- A number of vehicles now in regular operation
- Technology is becoming cost-competitive, but costings would need to be tested as part of the procurement process

# Palmerston North



# Christchurch

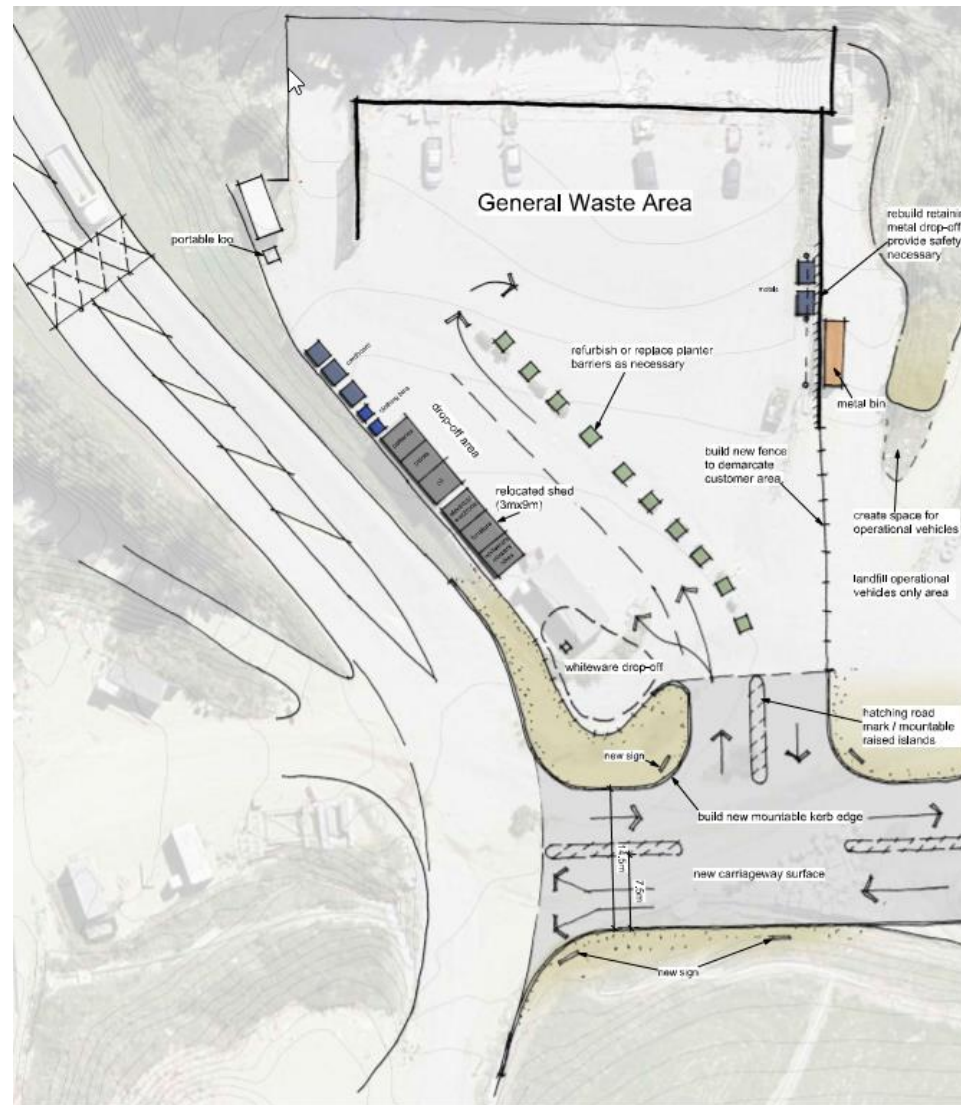


# Civic



# Thank you

# New traffic layout under consideration



Silverstream Resource Recovery  
Option 1 Concept Plan

# Recycling sorting facility





# Waste Review Outcomes and Next Steps

Council Briefing  
2 December 2019

# Background

- Waste Minimisation and Management Plan 2017-23 informs the waste work at HCC
- September 2018: Officers commenced strategic reviews into three waste areas
  - **Kerbside collection**
  - Residential hazardous waste
  - Resource recovery
- Key question: ***Are the current services still fit for purpose, and if not, what are the alternatives available?***
- Consultants Morrison Low Ltd, with key expertise in waste management, were commissioned to assist in this process



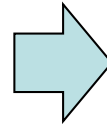
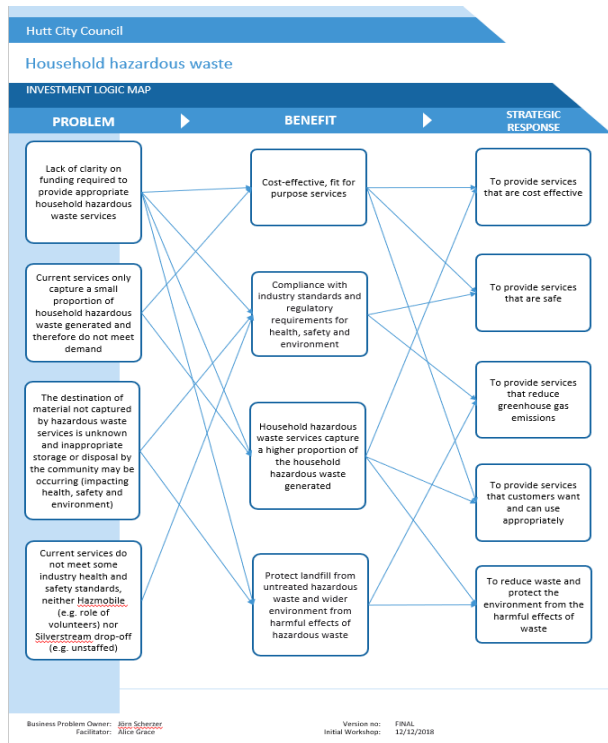
# Business cases?

- A way of systematically thinking through the problem, and determining options
- Our approach followed Treasury's *Better Business Case* model
- Focused on outcomes



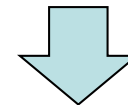
# The process

## Investment Logic Map



## Strategic investment objectives

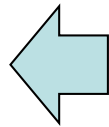
- provide services that are cost effective
- provide services that are safe
- provide services that reduce greenhouse gas emissions
- provide services that customers want and can use appropriately
- reduce waste and protect the environment from the harmful effects of waste



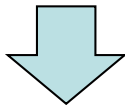


# Long list of options

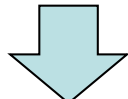
Short list of options



Economic analysis



Description of Option:	Scope Options (What)					Service Solution Options (How) Note: education and advocating for national product stewardship common to all options													
	SC-1	SC-2	SC-3	SC-4	SC-5	SS-1	SS-2	SS-3	SS-4	SS-5	SS-6	SS-6a	SS-7	SS-8	SS-9	SS-10			
<b>Investment Objectives</b>																			
To provide services that are cost effective	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture	No - high cost to provide commercial service dependent on packaging	No - high cost to provide commercial service dependent on packaging	Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but improve service and full compliance	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - capture may increase and cost will increase	Yes - cost effective	Yes - cost effective		
To provide services that are safe	Yes - encourages safe disposal of haz waste	Partial - limited range may increase incorrect disposal	Yes - encourages safe disposal of haz waste	Yes - encourages safe disposal of haz waste	Yes - encourages safe disposal of haz waste	No - optional drop off is a health and safety risk	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	Yes - meets HSE regs and encourages safe disposal of haz waste	No - unsafe drop off is a health and safety risk	Yes - meets HSE regs and encourages safe disposal of haz waste	No - hazardous disposal will be gone	Yes - meets HSE regs and encourages safe disposal of haz waste	
To provide services that reduce greenhouse gas emissions	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo
To provide services that customers want and can use appropriately	Partial - supported by customers that use service but limited use overall	Partial - a reduction in service	Yes - service available more widely but significant sector may prefer existing options particularly urban area	No - commercial services are specialised	No - commercial services are specialised	Partial - service available but limited use by customers	Partial - may still have limited use	Partial - may still have limited use	Yes - increase in drop off availability that may increase use by customers	Yes - increase in drop off availability that may increase use by customers	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low
To reduce waste and protect the environment from the harmful effects of waste	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Partial - unsorted drop offs can create environmental issues	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Partial - unsorted drop offs can create environmental issues	Yes - option supports this	Yes - option supports this	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low
<b>Critical Success Factors (as these CSFs are crucial (not just desirable) any options that score a 'no' are automatically discounted from further analysis)</b>																			
Strategic fit and business needs - Alignment with District Plan, 30yr Infrastructure Strategy & Regional Plans	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Partial - council increases services for residential				Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives
Potential value for money - right solution, right time at the right price	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture			Not assessed	Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but improve service and full compliance	Partial - increased cost but increased capture	Partial - increased cost but increased capture	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - increased capture but increased cost	Partial - capture may increase and cost will increase	Partial - capture may increase and cost will increase	Partial - capture may increase and cost will increase	Partial - capture may increase and cost will increase
Supplier capacity and capability - is it a sustainable arrangement (external)	Yes - common service in NZ	Yes - common service in NZ	Yes - common service in NZ	Does not meet strategic objectives	Does not meet strategic objectives	Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - suitable sites may not be available	Partial - suitable sites may not be available	Yes - similar to status quo	Yes - similar to status quo	Partial - suitable sites may not be available	Partial - suitable sites may not be available	Not assessed	Partial - suitable sites may not be available	Partial - suitable sites may not be available	Partial - suitable sites may not be available	Partial - suitable sites may not be available
Potential affordability - are there no funding constraints	Yes - similar to status quo	Yes - similar to status quo	Partial - increased cost			Yes - current funding	Partial - increased funding would be required	Yes - current/LTP funding	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required
Potential achievability - ability and skills to deliver (internal)	Yes - would be achievable	Yes - would be achievable	Partial - more customers to manage			Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - increased network of sites to manage	Partial - increased network of sites to manage	Yes - similar to status quo	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - increased network of sites to manage	Partial - increased network of sites to manage	Partial - increased network of sites to manage	Partial - increased network of sites to manage	Partial - increased network of sites to manage
<b>Summary of Advantages and Disadvantages:</b>																			
Overall Assessment:	Preferred - increases on household hazardous waste collection	Possible - reduction in level of service	Discard - increased cost, increased maintenance for agents, chemicals, low response to other arrangements	Discard - commercial services are specialised	Discard - commercial services are specialised	Does not meet strategic objectives but continue to economic assessment for comparison	Preferred - this option provides best service relative to others and would come at increased cost	Possible - more available for those that want to use it but higher cost	Discard - difficult to manage a network of sites and a hazardous service	Discard - difficult to manage a network of sites and a hazardous service	Possible - service available for those that want to use it but only when hazardous scheduled	Possible - service available for those that want to use it but only when hazardous scheduled	Discard - more hazardous events to manage	Discard - more hazardous events to manage	Discard - unsorted drop offs to manage	Discard - unsorted drop offs to manage	Discard - difficult to manage network of sites	Discard - difficult to manage network of sites	Discard - with no service, inappropriate disposal will increase
<b>Short-listed options:</b>																			
Status Quo						SS-1: Hazardous annually landfill drop off													
Option 1: Enhanced landfill drop off						SS-2: Enhanced landfill drop-off, no hazardous													
Option 2: Enhanced drop off & hazardous	SC-1: Full range household hazardous waste					SS-3: Enhanced landfill drop-off, hazardous every 2 years													
Option 3: hazardous every year						SS-4: hazardous every year, no drop off points													
Option 4: hazardous every two years						SS-6: hazardous every 2 years, no drop off points													



**Kerbside Collection Services Business Case**

**Strategic Case:**

**Need to Invest**

The current contract for Council's kerbside collection service ends in the third quarter of 2019 and requires a tender ahead of this. This contract also includes the provision of free recycling drop-off points in Kaitake, Waiwaka, Akatarua, Kananak, and Seaview. In addition, the current Refuse Collection and Disposal expires in April 2020. There is an opportunity to review the services ahead of re-tendering the contract and then undertaking a bylaw review to support any service changes. Note that the bylaw may be a regional bylaw shared by all Councils in the Greater Wellington Region.

Council's current kerbside collection services are as follows:

**REFUSE**

Weekly user pays bag collection service to both urban residential and commercial customers. Customers can put out as many bags as they like as they have paid for. Waste companies also provide refuse wheelie bin services directly to customers (i.e. non-Council service).

Experience throughout New Zealand has shown that customers prefer bins to bags for refuse collection because they are easier to use, less prone to animal strike and less odorous. In Hutt City residents have taken up private wheelie bin services and consequently Council's market share, although stable, sits at around 30%. The service is currently self-funding, however experience in other parts of New Zealand shows that further being cost-effective. A greater market share would increase revenue.

Most private wheelie bin services provide 240L wheelie bins with minimisation. Restricting bin volume (e.g. via a Solid Waste Bin) would reduce the number of bins and increase revenue.

Bag collection services have been identified as higher risk services due to the need to exit the vehicle to complete the collection.

**RECYCLING**

Weekly kerbside collection service to residential customers.

Throughout New Zealand Councils have found that customers are more likely to use recycling services than refuse services because the materials are not impacted by wind and rain and are more visible. The service is currently self-funding. This has been shown to reduce waste wheelie bin recycling services.

However, the improved convenience of wheelie bins is balanced by the need for post-collection sorting in processing facility and the inability to detect contamination until wheelie bins are lifted. Overall, these two factors result in greater contamination of recyclables in wheelie bins. The separation of glass from other recyclables has been shown throughout the country to address a large proportion of the contamination and reduction in recycling quality that results from mixed recycling wheelie bin collections.

Recycling crate services have higher worker health and safety risks than wheelie bins due to the need for workers to exit trucks, manually handle crates and handle recyclables, including sharps.

There are contamination issues at Council's community recycling stations, which are open 24/7 and are unstaffed. The Neave site is the worst, and effectively all material deposited in the recycling bins needs to be sent to landfill due to the high contamination.

Some materials that are collected through Council's recycling service are sold as part of recycling products but are not recycled by third end processor. For example, plastic grade 37 are included in mixed plastic products from which the valuable grade 1 and 2 plastics are extracted and the residual 3-7% disposed. Working collaboratively with their contractor, Council needs to ensure that there are appropriate end markets available for the materials collected through Council's recycling services.

There has always been volatility in the recycling commodities market, however the commodity prices are currently at an all-time low due to the ban imposed by China on many recycling products.

**ORGANICS**

No kerbside collection service provided, although customers can pay for a private greenwaste collection service.

There is a low rate of diversion of organics wastes, with compostable food and green waste accounting for approximately 45% of domestic refuse.

There is an opportunity to increase diversion of refuse collected waste by targeting organics, however this needs to be balanced by the high cost of organics collection services and the increase in transport-related greenhouse gas emissions that result from an additional collection service.

Food and green waste breaks down quickly in landfill and can assist in breaking down other materials, because of the carbon and moisture they introduce. Breaking down quickly, food and green waste do not take up valuable airspace in the landfill. However, the breakdown of organic waste does increase landfill gas production and the risk of increased fugitive emissions of greenhouse gases such as methane.

**Strategic Context**

Council waste minimisation and management is governed by the Waste Minimisation Act (WMA). The purpose of the WMA is to "encourage waste minimisation and a decrease in waste disposal in order to (a) protect the environment from harm, and (b) provide environmental, social, economic, and cultural benefits."

To further it's aims, the WMA requires councils to promote efficient and effective waste management and minimisation within their district. To achieve this, all councils are required by the legislation to adopt a Waste Management and Minimisation Plan (WMMMP).

In 2017 the Councils of the Greater Wellington Region, including Hutt City, adopted a new joint WMMMP. The vision for the WMMMP is "waste free, together - for people, environment and economy".

The WMMMP also outlines Council's vision, goals, objectives and targets for waste minimisation and management in the region and includes both regional and Council-specific action plans. As part of the WMMMP action plan, WCC has committed to further investigate a number of options of its ongoing waste services. The two key actions are:

- C.1. Investigate Options and costs of a two-stream recycling collection by 2019
- C.2. Investigate the use of wheelie bins for kerbside recycling by 2019

Further, there are three actions in the WMMMP that relate to the above actions, these need to be jointly considered:

- C.3. Investigate methods to prevent recycling from being put in council rubbish bags
- C.4. Provide city-wide weekly refuse and recycling collection service plus recycling stations
- A.4. Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any).

In addition to the WMA, kerbside collection services are governed by the Local Government Act and the Health and Safety at Work Act.

Hutt City Council has also adopted a carbon reduction goal of carbon abate by 2050 (subject to approval at 11 December 2018 meeting).

**Investment Objectives and Case for Change**

**Objective 1**  
To provide services that are cost effective

**Status Quo**  
A user pays pay refuse collection service provides a price incentive to divert waste. With 30% market share, the cost of providing the service is covered by the bag sales, but this may not be the case if bag sales drop. Council's recycling collection costs Council \$1.3 million (incl GST) per annum. Refuse collection costs Council \$1.07 per bag sold or approximately \$156 (incl GST) per annum.

**Relevant Investment Benefits**  
The overall suite of Council kerbside services provided is a cost-effective package. Customers are encouraged to divert waste with the right funding mechanism. Fixed cost are shared across sufficient customers to achieve efficiencies from scale.

**Relevant KPIs**  
Overall service cost within approved budgets.

**Potential Scope**  
Changes to Council kerbside collection services and drop-off points are considered as a package from a cost perspective. Refuse and recycling collection contract expires in September 2019. The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery and collection methodology and funding mechanisms do not align (e.g. user pays refuse wheelie bins). Service costs recovered through rates are unacceptable to provide services that are safe.

**Constraints and Dependencies**  
Council's services include manual collections of bags and crates, which are generally considered higher risk from a health and safety perspective. Council staff and the general public are kept safe at all times.

**Risks**  
Unacceptable incidents associated with Council's hazardous waste services.

**Objective 2**  
To provide services that protect the health and safety of workers and the community

**Status Quo**  
Health and safety considered as part of service options

**Relevant Investment Benefits**  
Changes to kerbside services must improve health and safety standards and comply with regulatory requirements

**Relevant KPIs**  
Continuing with bag collection for refuse or crate collection for recycling may not be acceptable to some contractors due to H&S risk, and may prompt Council to update H&S liability should a serious incident occur

**Potential Scope**  
Changes to kerbside services must reduce or maintain current greenhouse gas emissions

**Constraints and Dependencies**  
Changes to kerbside services must reduce or maintain current greenhouse gas emissions

**Risks**  
Changes to services introduce new greenhouse gas emissions not previously considered

**Objective 3**  
To provide services that reduce greenhouse gas emissions

**Status Quo**  
Transportation emissions associated with weekly refuse and recycling collections plus organic refuse collection services also driving the same transport emissions from landfill disposal as well as the processing of kerbside collected waste

**Relevant Investment Benefits**  
Greenhouse gas emissions are unchanged or reduced as a result of service changes

**Relevant KPIs**  
Reduce carbon emissions to zero by 2050

**Potential Scope**  
Greenhouse gas emissions considered as part of service options

**Constraints and Dependencies**  
Changes to kerbside services must reduce or maintain current greenhouse gas emissions

**Risks**  
Changes to services introduce new greenhouse gas emissions not previously considered

**Objective 4**  
To provide services that customers want and can use appropriately

**Status Quo**  
Council has received requests from residents for a change to wheelie bins for both refuse and recycling, although the level of dissatisfaction with the current service is relatively high. In the case of refuse, this only applies to the 30% of residents that use the service, with the remaining 70% of residents opting to use private wheelie bin services

**Relevant Investment Benefits**  
Reduced contamination of recycling products. Increased customer satisfaction recorded in Council's annual customer survey

**Relevant KPIs**  
High level of satisfaction with Council's kerbside collection services in Council's annual customer satisfaction survey

**Potential Scope**  
Change in kerbside collection methodology from status quo. Potential introduction of organics collection. Potential changes to recycling drop-off points

**Constraints and Dependencies**  
Refuse and recycling collection contract expires in September 2019. The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery

**Risks**  
Residents uncertain how to use the new recycling system, may result in increased contamination of recycling products

**Objective 5**  
To reduce waste and protect the environment from the harmful effects of waste

**Status Quo**  
Large quantities of recyclable material and organics that could be diverted are currently being landfilled. Material collected as recyclables may be disposed of at the end processor if no market exists for them

**Relevant Investment Benefits**  
Reduction in waste to landfill and improved recycling outcomes. Reduction in contamination of recycling products

**Relevant KPIs**  
Meet regional WMMMP diversion targets

**Potential Scope**  
Change in kerbside collection methodology from status quo. Potential introduction of organics collection. Potential changes to recycling drop-off points

**Constraints and Dependencies**  
Refuse and recycling collection contract expires in September 2019. Alignment with the implementation of regulatory framework changes (e.g. solid waste bylaw). The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery

**Risks**  
Residents uncertain how to use the new recycling system, may result in increased contamination. Markets not available for some recyclables, resulting in the need to landfill these materials

Strategic case

**Economic Case:**

**Determine Potential Value for Money (COSTS ARE INDICATIVE AND FOR COMPARISON ONLY. ACTUAL COSTS WILL DEPEND ON MARKET RESPONSE)**

	Status quo: bags, crates	Opt out refuse, 2-stream recycling	Refuse bins, 2-stream recycling	PART refuse bins, 2-stream recycling
Appraisal period (years)	10	10	10	10
Capital costs (\$m)	0.0	0.0	0.0	0.0
Whole of Life Costs (\$m)	-44.2	-77.5	-72.8	-65.5
Cost Benefit Analysis of proprietary benefits and costs at the Public Sector Discount Rate				
Net Present Value of Benefits (\$m)	12.4	5.2	5.5	32.6
Net Present Costs (\$m)	-31.1	-19.4	-51.2	-46.1
Benefit Cost Ratio				-13.5
Net Present Value (\$m)				
Multi-criteria Analysis				
Political risk - amongst community feedback				Low risk - improved all of service with bins.
Economic risk - unexpected cost increases	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown
Social risk - risk to public health or worker safety (i.e. community opposition assessed under Political)	High risk - manual handling with crates and sharps	Medium risk - some manual handling with glass crates	Medium risk - some manual handling with glass crates	Medium risk - some manual handling with glass crates and removal PART tags
Technical risk - limited technology or process	Low risk - approach is common in NZ	Low risk - approach is common in NZ	Low risk - approach is common in NZ	Medium risk - solution not widely used in NZ
Legal risk - Council decisions legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged
Environmental risk - risk of discharge to environment	Low risk - existing diversion	Medium risk - no refuse price control to drive diversion	Medium risk - rates funded refuse may encourage more disposal	Low risk - more diversion anticipated
Preferred Option:				

**Financial Case:**

**Financial Costing for 2-stream recycling and range of refuse options**

	Year One	Total
Capital Expenses (\$m)	0.00	0.00
Operating Expenses (\$m)	Refuse \$5m to \$4.5m Recycling \$2.2m	Refuse \$5m to \$4.5m Recycling \$2.2m
Total Revenue (\$m)	Refuse \$5m to \$4.5m Recycling \$5m (rates funded)	Refuse \$5m to \$4.5m Recycling \$5m (rates funded)
Capital Funding Required (\$m)	0.00	0.00
Operating Funding Required (\$m)	Refuse \$5m to \$4.5m Recycling \$2.2m	Refuse \$5m to \$4.5m Recycling \$2.2m

**Financial Case:**

**Reliability and Funding:**

Rather base costs table for more detailed breakdown of costs and funding.

The financial case looks at the overall cost to Council, including the funding required, whether there is any revenue, whether the financial case is self-funding, and the funding required for the service is estimated. The funding required for the service depends on the following options: The funding of refuse and recycling bins funded from capital expenditure. General expenditure is more than the revenue from the service. It is also possible for the Council's collections contractor to fund the upfront capital cost, with bin capital payback through amortisation over the contract term. Council would own the wheelie bins and crates at the end of the contract. Note, for comparison purposes the wheelie bin and crate purchase has been amortised over the contract term in the financial modelling.

**Management Case:**

**Preferred Successful Delivery:**

In order to successfully implement the preferred option, the following actions are recommended:

- Consult with community on proposed service changes for refuse collection, recycling collection and recycling drop-off points.
- Review the current contracts with bin services (February 2020).
- Mobile and roll out recycling collection by August 2020.
- Progressively de-commission existing recycling collection services (starting in 2020).

At a high level, the identified preferred option, with these risks refined to be managed through the project. The following preferred option

Economic case

Financial case

Management case

Commercial case

# Kerbside collection

## Relevant WMMP 2017-23 actions:

- **C.1: Investigate options and costs of a two-stream recycling collection, by 2019**
- **C.2: Investigate the use of wheelie bins for kerbside recycling by 2019**
- **IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any)**

# Current recycling & problems

## Kerbside recycling collection with crates

- Significant concerns about wind-blown litter and also rain damage
- Crates are small, limiting the amount of material that residents can recycle
- not a full cost service, i.e. users are expected to pay for their own crates. Some residents use their own “containers” (such as cardboard boxes).
- The use of flexinets to minimise wind-blown litter is voluntary and users are also expected to pay for their own nets, the resulting usage appears to be low.

## Recycling drop-off stations

- Unstaffed sites attracting illegal dumping and associated costs
- Incorrect use / abuse resulting in bin content contamination





# Recommended: two-stream recycling

- wheelie bin for mixed recyclables and a crate for glass collected fortnightly
- Higher capacity bins with latches will reduce wind-blown recycling litter
- Glass in separate crate to protect value of other recycling (paper) and to enable sorting on truck to protect value of colour-sorted glass
- Bin option used in many NZ cities: Auckland, Christchurch, Wellington, Dunedin, Porirua, Palmerston North
- Following roll-out of high capacity kerbside bins, phase out *unstaffed* recycling stations, retain only in two strategic locations, under staff supervision



# Estimated costs recycling

	<b>Current</b>	<b>Estimated future</b>	
System	Crates, weekly	Crates, weekly	2-stream, fortnightly
Annual cost per household	\$40*	\$82	\$69
Total service cost	\$1.3m	\$2.6m	\$2.2m

- Crates: assumes all costs included; market changes over the last two years means less revenue from recycling for contractor, thus future collection costs for status quo likely higher than at present
- Costs for two-stream collection in line with current costs in Dunedin (\$66/property) and Porirua (\$74/property)

\* Crates and nets are sold on an at-cost basis, not included in the annual targeted rate of \$40 per property

# Options discounted or not recommended

## **No service**

→ Not assessed as does not meet strategic objectives

## **One stream 240L bin for commingled recycling, including glass**

→ Not viable as no infrastructure to deal with commingled glass

## **Separate food organics collection**

→ no processing infrastructure available in the region, uncertainty regarding end-markets for collected materials; further analysis and preparatory work required, ideally in cooperation with other councils in our region

# Current refuse service & problems

## Rubbish bag collection

- Significant health and safety concerns (eg injuries)

### Proportion of injuries by collection method

Collection Method	Usage of this method (%)	Total injuries for this method (%)
Automated bin	46	5
Bag	32	36
Non-automated bin	13	17
Loose materials	9	41

- frequent illegal dumping that is occurring at various locations

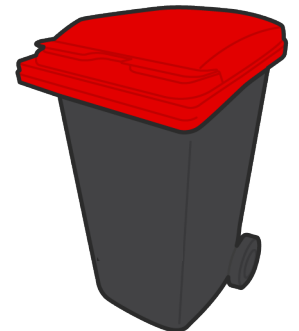
# Option 1: continue with bag service

- only pay for what you use
- Council currently achieves approximately \$400k in revenue (*but note that future contract costs have been estimated to be significantly higher*)
- **BUT:**
  - Market share currently stable, but there is a risk that costs could increase and this could affect revenue
  - Health and safety concerns would remain (eg injuries, animal strike); key waste operators with established health and safety systems no longer tender for this type of service
  - Could impact illegal dumping / recycling bin contamination



# Option 2: Discontinue Council service

- Council pulls out of service provision, and users are free to choose their own provider (eg as is done in Kapiti)
- Users do not have to engage a provider, they could share bins
- Private operators do not offer bag collection, so this would effectively mean moving fully to bins (addresses health and safety risks associated with bags)
- **BUT:**
  - Tends to be more costly per household as private operators do not get the economies of scale
  - Council currently achieves \$400k in revenue from its bag service
  - Could impact illegal dumping / recycling bin contamination



# Option 3: Rates-funded bin

- Addresses health and safety risks associated with bags
- Range of bin sizes can be provided (80L / 120L / 240L) to match customer demand
- Ensures Council still provides a service that customers expect
- more cost effective for households currently using private bins
- Lower cost if fortnightly collection, but potential odour concerns
- **BUT:**
  - Transfer costs from user pays to rates funding → rates impact
  - Can disadvantage those that create little waste (single person household, elderly)
  - Would reduce incentive to illegal dump waste



# Option 4: Pay-As-You-Throw bin

- only pay for bin collection when needed
- more expensive than Option 3, but cost effective for households with little waste
- **BUT:**
  - PAYT technology still not full commercialised (bin tags vs automated identification technology)
  - Council currently achieves \$400k in revenue from its bag service
  - Could impact illegal dumping / recycling bin contamination





# Estimated costs

Service cost	Refuse Collection					
Service option	Pre-paid Official Refuse Bag		Opt-out Refuse Service	Rates Funded Refuse Bins		PAYT <sup>(1)</sup> Refuse Bins
	Current cost	Future cost		120L, weekly	240L, fortnightly	
Collection cost	\$400,000 surplus from bag sales	\$768,000	\$0	\$1,935,000	\$1,124,000	\$1,706,000
Disposal/ processing cost		\$212,000	\$0	\$2,176,000	\$2,176,000	\$1,741,000
Recycling revenue		n/a	n/a	n/a	n/a	n/a
Council administration cost <sup>(2)</sup>		\$98,000	\$0	\$411,000	\$314,000	\$345,000
Total service cost		\$1,078,000	\$0	\$4,522,000	\$3,456,000	\$3,792,000
PAYT <sup>(1)</sup> revenue		\$942,000	\$0	\$0	\$0	\$3,858,000
Cost recovery from rates (excl. GST)		\$136,000 <sup>(7)</sup>	\$0	\$4,522,000	\$3,456,000	\$0 <sup>(3)</sup>
Annual average cost per participating household (incl. GST)		\$130 <sup>(4)</sup>	\$285 <sup>(5)</sup>	\$144	\$115	\$234 <sup>(6)</sup>

# Household cost scenarios

Service option	Pre-paid Official Refuse Bag <sup>(1)</sup>	Opt-out Refuse Service <sup>(2)</sup>	Rates Funded Refuse Bins 120L, weekly	Rates Funded Refuse Bins 240L, fortnightly	PAYT Refuse Bins
<b>Assumptions</b>	\$2.75 per bag in Lower Hutt	\$4.62/wk, 80L bin \$5.50/wk, 120L bin \$8.50/wk, 240L bin	\$2.19/wk, 80L bin \$2.77/wk, 120L bin	\$1.73/wk, 120L bin \$2.21/wk, 240L bin	\$4.50 per pick up for 120L bin
<b>Household A: One person, 60L of rubbish every three weeks</b>					
<b>Estimated annual cost</b>	\$47 (17 bags)	\$240	\$114	\$90	\$59 (pick up four-weekly)
<b>Household B: Three people, 120L of rubbish per week</b>					
<b>Estimated annual cost</b>	\$286 (104 bags)	\$286	\$144	\$115	\$234 (pick up weekly)
<b>Household C: Five people, 240L of rubbish per week</b>					
<b>Estimated annual cost</b>	\$572 (208 bags)	\$442	\$288 (two 120L bins)	\$230 (two 240L bins)	\$468 (two pick ups weekly)
(1) For the purpose of this comparison, the bag option already reflects the recent increase in bag price from \$2.50 to \$2.75. However, actual future costs may be higher.					
(2) Based on private waste collection charges as at May 2019. They are subject to change as private companies adjust their service charges in response to competition from other service providers, including Council.					

# Combined results

- Assume change to **two-stream recycling + weekly bin**

Current			Estimated future			Difference
Recycling (crates)	Refuse	Total	Recycling (bins)	Refuse	Total	
<b>Household A: One person, 60L of rubbish every three weeks</b>						
\$40	\$47	\$87	\$69	\$114	\$183	+ \$96
<b>Household B: Three people, 120L of rubbish per week</b>						
\$40	\$286	\$326	\$69	\$144	\$213	- \$113
<b>Household C: Five people, 240L of rubbish per week</b>						
\$40	\$442	\$482	\$69	\$288	\$357	- \$125

# Challenges

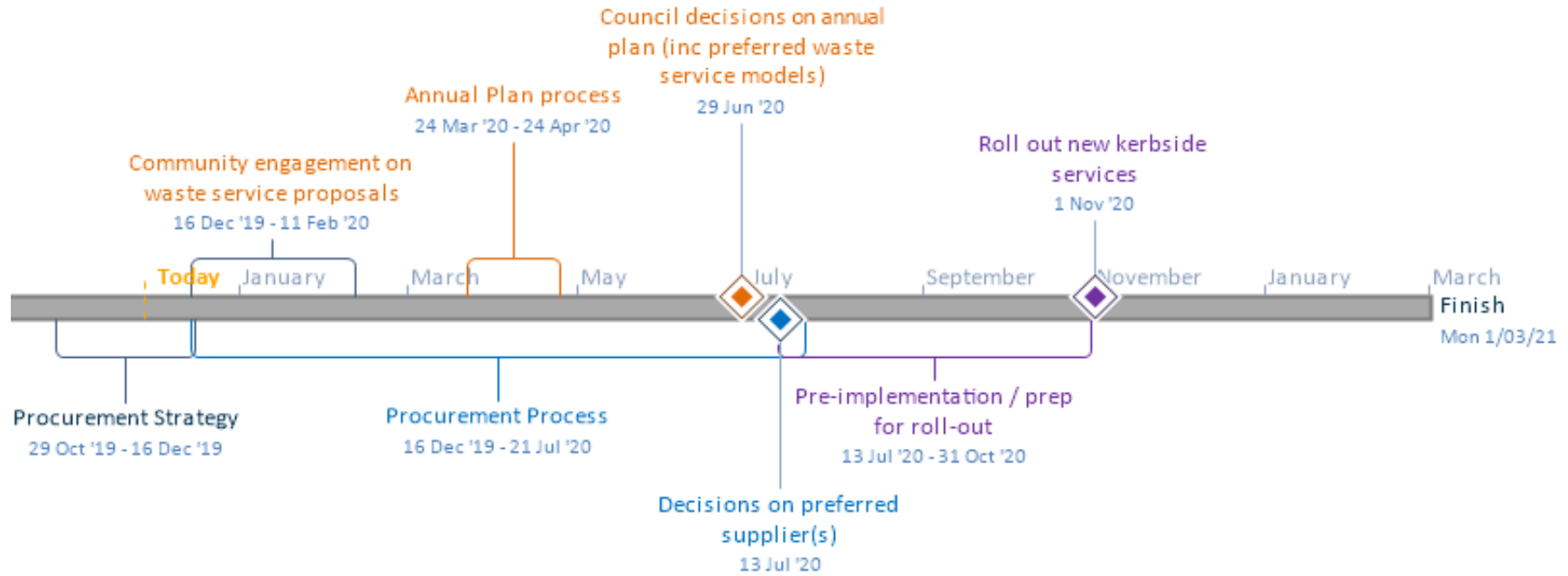
- **Small households**
  - Offer ability to opt-out (eg someone with a small flat could share a bin with their neighbour)
  - Offer different bin sizes in line with household demand
  - Explore fortnightly collection for small bin sizes only
  - Consider PAYT bin service – but would need to test technical feasibility, complexity and cost during procurement
- **Inaccessible rural roads** → alternative collection service, such as localised drop-off point with 660L bins
- **Multi-units / apartments** → service with larger 660L bins, or no Council service (eg require recycling via bylaw)
- **People with disabilities** → subsidised wheel-in-and-wheel-out service

# Opportunities?

- **Carbon-Zero:**
  - move to fully electric collection trucks
  - *Opt-in* green waste service
- **Social outcomes**
  - Require living wage and other social outcomes
- **Schools**
  - Offer fully or partially subsidised recycling collection to schools and early childhood education centres



# Next steps and timeline



# Thank you

# Resource recovery

## Relevant WMMP 2017-23 action:

- **IN.3: Investigate the establishment of a free to use recycling waste facility and shop before the landfill gates, implement if found to be economically viable**
- **IN.11: Increase waste diversion at landfill and increase collection and diversion of reusable and recyclable items**



# Current service and case for change

- Existing resource recovery drop-off at Silverstream landfill
- Focused on reusable and repairable items (bric-a-brac, electronics, furniture, ...)
- Collected items are processed and sold at Earthlink's Wingate site and shop
- Customers charged for waste disposal regardless of use of drop-off point
- Current transfer station layout does not encourage use of resource recovery drop-off
- Health and safety risks for workers due to poor shelter, inadequate shelter for products dropped off
- Drop-off area and resale shop are located at two different sites



# Options discounted

- **Maintain status quo:** Continuation of current shortcomings, poor weather protection for items, H&S concerns \
- **No resource recovery:** does not meet at least one strategic objectives (eg provide services that customers want and can use appropriately)
- **Expand scope to also include the processing of construction and demolition (C&D) waste:** conditions in the Wellington Region C&D market make it unlikely that resource recovery is commercially viable at this point in time; but can change due to landfill levy increases
- **Private RRC:** consumers would have to visit both a private RRC and the landfill to drop off material, presents disincentive for residents to divert; no suitable land available to co-locate

# Recommended: enhance status quo

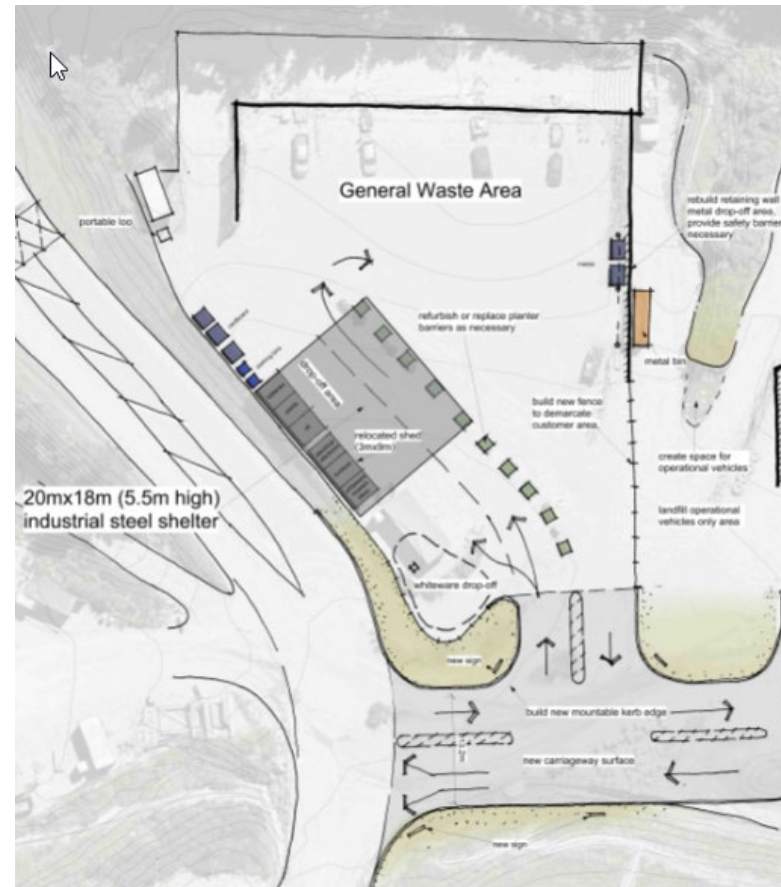
- Improved reception area for items dropped off, preserve value of items
- Better shelter for resource recovery staff
- Incentivise diversion by Earthlink trialling discount vouchers
- Requires initial upfront investment to improve storage and drop off point in 2020/21 (~ \$326,000, one-off) albeit costs could come from HCC's (ring-fenced) waste minimisation reserve fund and/or an application to the Government's Waste Minimisation Fund
- **But...**

# Pre-requisite: New traffic layout to unlock space and resolve traffic hazards

Current



Proposed state



# Hazardous waste

## Relevant WMMP 2017-23 actions:

- **C.8: Review effectiveness, scope and location of hazardous waste collection day**
- **IN.10: [Improve] Recycling and hazardous waste facilities at the transfer station / landfill**

# Previous service and case for change

- Annual hazardous waste collection day coordinated with Upper Hutt City Council
- Event supported by volunteer Council staff, but with H&S risks
- Only captures a relatively small portion of household hazardous waste generated
- Hazardous waste may be stored or disposed inappropriately between collection days
- Unattended hazardous waste drop off area at Silverstream Landfill does not meet best practice H&S standards



# Options discounted

- **Maintain status quo:** continued health and safety risks associated with “volunteers” involved in potentially handling hazardous materials.
- **Annual collection event and enhanced landfill drop-off:** double the cost but with limited additional hazardous waste capture
- **Collection event every two years:** less cost but stored volumes of household hazardous waste may become more significant over this longer period.

# Recommended

- **Short-term:** Continue with (contracted) annual collection events for now, but with council staff as “volunteers” no longer involved in handling of hazardous waste, collaborate with Upper Hutt City Council
- **Medium-term:** include establishment of a permanent drop-off facility at Silverstream transfer station as part of the next re-tender of the landfill contract
  - Upgrade storage facilities (separate bunkers for different materials from waste min levy funds), qualified personnel at specified times preferably via the landfill operator
  - Implementation can be staged, discontinue annual collection event once drop-off in place as operating costs were estimated to be similar



# Additional slides

# Materials Recovery Facility

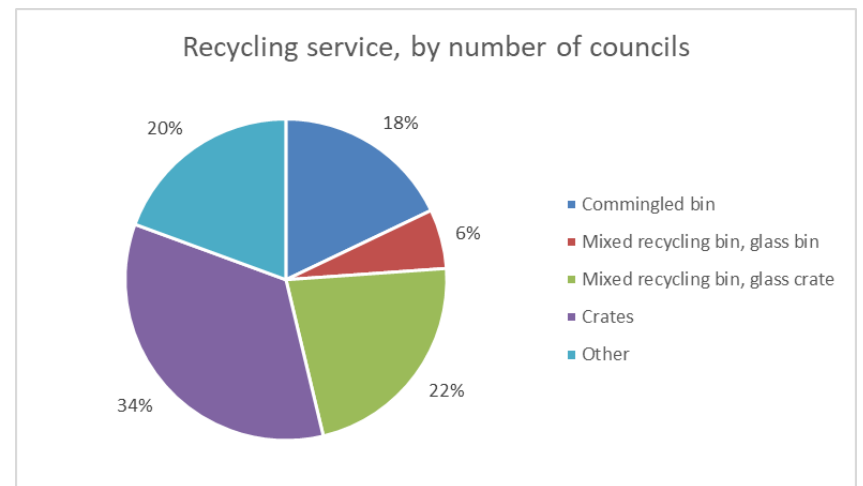
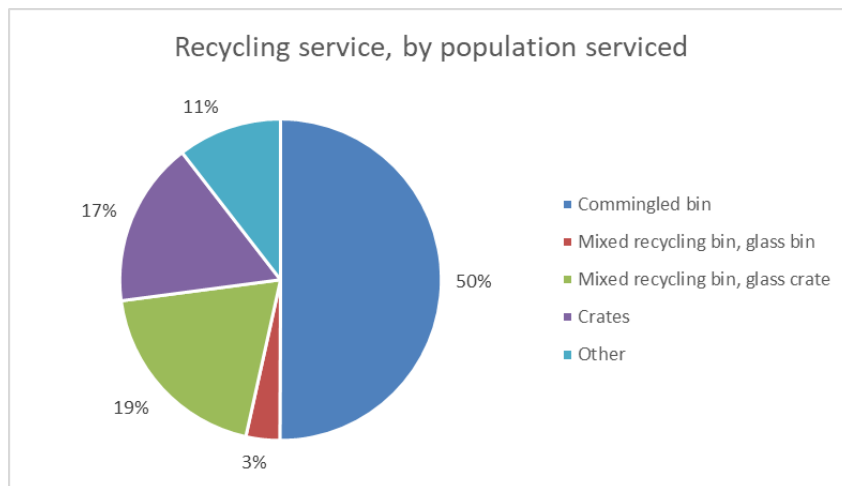


# Recycling: What are other councils doing?

Currently not possible in Wellington region due to lack of infrastructure

Recycling service	Population serviced	Number of councils
Commingled bin	2,123,319	12
Mixed recycling bin, glass bin	144,504	4
Mixed recycling bin, glass crate	824,278	15
Crates	704,538	23
Other	444,501	13
<b>Total</b>	<b>4,241,140</b>	<b>67</b>

Currently only on trial basis as no processing capacity



## Appendix 4 – Timeline and information relating to each event

	<b>Date</b>	<b>Event</b>
<b>1</b>	March – May 2018	Development of Terms of Reference of waste reviews (kerbside part)
<b>2</b>	1 June 2018	Memo to SLT on waste review and project structure
<b>3</b>	26 June 2018	Procurement Plan for strategic waste review consultant signed
<b>4</b>	2 July 2018	RFP released for procuring consultant to lead waste review / business case development
<b>5</b>	July - August	RFP out, proposal evaluation, supplier selection
<b>6</b>	17 September 2018	Contract signed with Morrison Low
<b>7</b>	24 September 2018	Briefing to Policy & Regulatory Committee on strategic waste reviews
<b>8</b>	Oct 2018 – Apr 2019	Analysis, Investment Logic Map Workshop, Development of strategic case, longlist development options, Short-listing of options, assessment of options
<b>9</b>	May	SLT briefing on draft results
<b>10</b>	24 May 2019	Draft results presented to Council in a public workshop (this included all of the rubbish collection and recycling options and associated costs reported back later in the final results)
<b>11</b>	1 August 2019	Kerbside collection business case finalised
<b>12</b>	Aug - Oct 2019	Election period
<b>13</b>	17 October 2019	Briefing of CLT on finalised waste review results and recommendations (Note: fortnightly collection option was added to the options to be presented to Council, following CLT feedback at that meeting)
<b>14</b>	11 November 2019	Mayor briefed on waste review results and recommendations
<b>15</b>	2 December 2019	Briefing of Council on waste review results and recommendations
<b>16</b>	10 December 2019	Council meeting, formal report back on waste review results and recommendations

<b>17</b>	December 2019 to February 2020	Development of Collections Contract Procurement Strategy
<b>18</b>	December 2019 to January 2020	Rubbish and recycling survey out in the field
<b>19</b>	23 December 2019	Letter sent to David Howie, Waste Management Limited to commence discussions on options for extending the contract.
<b>20</b>	28 January 2020	Meeting with David Howie WML to discuss contract extension and general matters relating to the industry and waste services.
<b>21</b>	29 January 2020	Briefing / workshop for councillors on the survey results & options for the LTP
<b>22</b>	3 February 2020	Email received from David Howie
<b>23</b>	10 February 2020	Report back to the LTP/AP Sub-committee on the rationale for the recycling and rubbish options for the LTP amendment. At that meeting, the sub-committee also approved the first draft content for the LTP consultation document (this included the rubbish & recycling options). (Note: Council agreed to proceed with four options to consultation)
<b>24</b>	10 February 2020	Email received from Sarah Whiteman on behalf of WML to extend at additional cost to Council.
<b>25</b>	22 February 2020	Email received from Cr Milne to Jo, Jörn, Mayor and Councillors re Waste Service Changes
<b>26</b>	6 March 2020	Email received from Bruce Hodgins WMNZ Contract Extension. CC Jörn
<b>27</b>	11 March 2020	Mayor and Jo meeting with Donald and Emma Gregory - Al's Litta Binz and Colin Cashmore, April Wilton - Low Cost Bins
<b>28</b>	16 March 2020	Email received from April Wilton to councillors; CC Mayor and Jo
<b>29</b>	18 March 2020	Finalised consultation document to amend the LTP 2018-2028 considered by the LTP/AP Sub-committee (this included the finalised information on the rubbish & recycling options)
<b>30</b>	18 March 2020	Letter sent to Sarah Whiteman accepting contract extension offer



## TERMS OF REFERENCE – “Kerbside collection review”

<b>Project Title</b>	Kerbside collection review
<b>Version</b>	1.3
<b>Project Definition</b>	<ul style="list-style-type: none"> <li>- To develop a business case for identifying a preferred option for kerbside collection of recycling and waste, for implementation from mid-2019</li> </ul>
<b>Background</b>	<ul style="list-style-type: none"> <li>- Under the Waste Management and Minimisation Plan (WMMP) 2017-23, Hutt City Council has committed to two key actions:             <ul style="list-style-type: none"> <li>o <i>C.1: Investigate Options and costs of a two-stream recycling collection, by 2019, and</i></li> <li>o <i>C.2: Investigate the use of wheelie bins for kerbside recycling by 2019.</i></li> </ul> </li> <li>- There are three actions in the WMMP that relate to the above actions (changes to the above may impact on these, or they may have to be considered as part of review of the waste management system):             <ul style="list-style-type: none"> <li>o <i>C.3: Investigate methods to prevent recycling from being put in council rubbish bags</i> (effectively this is looking at how to improve current recycling rates)</li> <li>o <i>C.4: Provide city wide weekly refuse and recycling collection service plus recycling collection stations</i> (albeit this is subject to periodic reviews, such as the one proposed here).</li> <li>o <i>IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any).</i></li> </ul> </li> <li>- In parallel, the contract for Hutt City Council's recycling kerbside collection service is coming up for re-tender in the third quarter of 2019.</li> <li>- In line with these actions, and the timing constraint of re-tendering our kerbside collection service contract, a business case is required to inform decisions by the Council on the preferred option for kerbside recycling and waste collection in the future.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- A business case for a preferred option for kerbside collection, including a cost-benefit analysis of the various options identified</li> </ul>
<b>Desired Outcomes</b>	<ul style="list-style-type: none"> <li>- Key outcome: certainty about the costs and benefits of various kerbside collection options</li> <li>- To inform a decision by the Hutt City Council on the preferred option for kerbside collection</li> <li>- Implementation of that decision in a follow-up project (eg tender of preferred model, and selection of a preferred provider for kerbside collection services in Lower Hutt – depending on the preferred approach selected)</li> </ul>
<b>Scope</b>	<p>The review/analysis should cover the following issues:</p> <ul style="list-style-type: none"> <li>- A description of the waste and recycling market for different types of recyclables and waste materials such as organics (eg the value of recyclables in the waste stream, recyclability, markets for those materials such as Type 1 plastics going to 'Flight Plastics' in Lower Hutt), and</li> </ul>



	<p>analysis on the issue of certain markets for recyclables reducing as a result of policy changes in China</p> <ul style="list-style-type: none"> <li>- A description of how the current residential waste system operates in Lower Hutt, and relevant advantages and disadvantages (eg wind-blown litter as a result of open crates), including volumes and the recycling percentage of total waste</li> <li>- A description of other systems, and relevant lessons learnt in other council, including benchmarking Hutt City Council's current system against what other councils are doing in this regard (eg Christchurch City Council), including greenhouse gas emissions performance</li> <li>- Identification and description of all available options for kerbside waste and recycling collection, including status quo (eg fully private vs current mixed vs fully council controlled but tendered out), and types of separation (eg co-mingled vs separated into glass and plastics; the analysis for each option should identify all pros and cons, eg based on experience in other councils</li> <li>- The analysis should consider the benefits and costs of a separate organics collection, including the experience of councils that already have separate organics collection: food waste only (Auckland model) or food waste and green waste (Christchurch model). The analysis should consider the associated greenhouse gas footprint vs the current approach of landfill with methane capture and electricity production</li> <li>- Analysis should consider the issue of some users not requiring weekly kerbside collection (eg bags get put out every few weeks because of little waste creation), including the options and role of pay-as-you-throw wheelie bin systems (this could also include considering recent experience in Auckland where payment tokens were stolen)</li> <li>- Potentially a survey of actual consumer costs of council-provided and private-provided services, including bin vs bag collection</li> <li>- Potentially a survey of, or selected consultation with, residents on their views on what sort of recycling system they would like or be prepared to pay for, what are the public's expectations; the business case should take into account public expectations regarding recycling</li> <li>- A cost-benefit analysis and/or multi criteria analysis of the various options, including a greenhouse gas emission assessment of the various options</li> <li>- Where possible, the CBA should be based on established best practice (e.g. Treasury's Better Business Case approach)</li> <li>- Review should include sensitivity analysis based on different scenarios and/or assumptions.</li> <li>- Analysis should consider the role of local recycling drop off stations. Do they have a role in a revised system? (There are currently five stations, all of which are experiencing instances of illegal dumping and cross-contamination. One is currently in the process of being closed down due to these problems.)</li> <li>- Assessment of whether a potential Resource Recovery Centre could affect the kerbside collection approach in any way (eg organics processing)? What are the potential implications due to a future container deposit scheme as is currently being considered by central government?</li> <li>- How can risks be managed, such as the occurrence of different providers collecting wastes/recyclables on different days, thereby making local streets less attractive due to litter bins being outside several days of the week</li> </ul>
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<b>Exclusions</b>	<ul style="list-style-type: none"> <li>- A cost-benefit analysis of related items such as resource recovery centre is outside the scope</li> </ul>
<b>Who will benefit from the project</b>	<ul style="list-style-type: none"> <li>- The Lower Hutt community will benefit from a more efficient and cost effective service, with a potential increase in the diversion of recyclable waste and a reduction in greenhouse gas emissions</li> </ul>
<b>Assumptions and constraints</b>	<ul style="list-style-type: none"> <li>- The Hutt City Council kerbside collection contract needs to be re-tendered before third quarter of 2019</li> </ul>
<b>HCC contact / project lead</b>	<ul style="list-style-type: none"> <li>- Joern Scherzer (Manager Sustainability and Resilience) or delegated staff member in the Sustainability and Resilience team</li> </ul>
<b>Major Milestones</b>	<ul style="list-style-type: none"> <li>- Review: September 2018 to February 2019</li> <li>- Business case complete: February 2019</li> <li>- Decision on preferred approach: mid-2019</li> <li>- Procurement of provider under new kerbside contract: mid-to-late 2019</li> <li>- Implementation of new model: from late 2019</li> </ul>



# MEMORANDUM



Reference: DOC/18/86441

To: SLT

Copy: Matt Reid, Kim Kelly, Bruce Sherlock, John Middleton, Wendy Moore

From: Jörn Scherzer, Manager Sustainability and Resilience

Date: 1 June 2018

**SUBJECT: STRATEGIC REVIEWS OF WASTE MANAGEMENT IN HUTT CITY**

## Background

In late 2017, the councils in the Wellington region, including Hutt City Council, approved a new Waste Management and Minimisation Plan (WMMP) 2017-2023. This plan sets out all the waste management and minimisation projects and activities that Hutt City commits to undertake during that period.

Under the plan, Hutt City Council spends a significant amount on various waste minimisation activities. This includes a contract for kerbside collection of recycling, and the operation of a small number of recycling stations (funded by a targeted rate, valued at about \$1.2million per year), and a variety of smaller projects such as the operation of a basic resource recovery facility at the landfill and various other initiatives (funded by the waste levy share, approximately \$400,000 per year, that Hutt City Council receives from the Ministry for the Environment).



## STRATEGIC REVIEWS OF WASTE MANAGEMENT IN HUTT CITY

The WMMP also sets out a range of initiatives that are strategic in nature. This includes strategic reviews, and/or business cases, to inform future actions, in the following three areas: kerbside recycling collection, hazardous waste, and resource recovery before the landfill gate. The MfE waste levy funding stream can be utilised for the development of such reviews and business cases.

### **Waste market is undergoing changes**

The waste market is currently under-going significant changes. On the one hand, the viability of collecting some recyclable materials is at risk as China is no longer available as an export market, which has impacted the value of some recyclables. Unless new markets can be secured, this could impact the justification for collecting certain types of recyclable materials.

On the other hand, the new Labour-led government has shown renewed interest in the waste sector, with several initiatives under investigation. This includes a potential increase in the levy on waste deposited at landfills, a renewed interest in more product stewardship approaches (closing the loop). For example, the introduction of a Container Deposit Scheme could lift recycling rates and reduce litter and marine pollution, but could also affect the Hutt City's approach to kerbside collection of recyclable materials.

### **Strategic work programme**

In light of various market changes and our WMMP commitments, I propose that HCC establishes a work programme that systematically addresses the WMMP actions associated with three key reviews:

#### *Kerbside collection*

With regard to Hutt City's kerbside collection system, the WMMP requires that the current system be reviewed, and a business case be developed, based on the following associated actions:

- *C.1: Investigate options and costs of a two-stream recycling collection, by 2019*
- *C.2: Investigate the use of wheelie bins for kerbside recycling by 2019.*
- *IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any).*

The key justification for undertaking this work during the 2018-19 financial year is that the contract for Hutt City Council's recycling kerbside collection, managed by HCC's Infrastructure Contracts team, is coming up for re-tender during 2019.

The key outcome of the project is expected to be that Hutt City Council has certainty about the costs and benefits of various kerbside collection options and operating models, before commencing the next tender process. Effectively the review would inform what type of system HCC would procure a service provider for.

## STRATEGIC REVIEWS OF WASTE MANAGEMENT IN HUTT CITY

### The case regarding a resource recovery facility

With regard to the potential case for the establishment of a resource recovery facility, the WMMP requires the following.

- *IN.3: Investigate the establishment of a free to use recycling waste facility and shop before the landfill gates, implement if found to be economically viable*

Note that a “feasibility study” for a resource recovery centre, located in Silverstream, was commissioned and completed in 2017. This was carried out by Eunomia, but a number of shortcomings were identified. It does not meet the requirements of a full business case.

The key justification for undertaking the development of a full business case during the 2018-19 financial year is as follows:

- There may be cost savings achievable by doing this in parallel to the other waste review components (eg market analysis, etc).
- Hutt City Council currently has a contract with an existing provider of a resource recovery facility at the Silverstream landfill, but this is currently rolled over on an annual basis until a clear way forward has been identified. The cost effectiveness of that operation is currently not very clear.
- Upper Hutt City is interested in collaborating with Hutt City, considering the linkages between the cities

The key outcome of the project is expected to be that Hutt City Council has certainty about the advantages and disadvantages, and associated costs and benefits of a resource recovery centre in the Hutt Valley, before committing future funding.

### Hazardous waste management

With regard to the review of hazardous waste management, the WMMP requires the following.

- *C.8: Review effectiveness, scope and location of Hazmobile (hazardous waste) collection day*
- *IN.10: [Improve] Recycling and hazardous waste facilities at the transfer station / landfill.*

The key justification for undertaking a review regarding hazardous waste during the 2018-19 financial year is that Hutt City has committed, under the WMMP, to conduct hazardous waste collection days at least every two years, although normally they have been conducted every year. The next collection day would be due by no later than the third quarter in 2019.

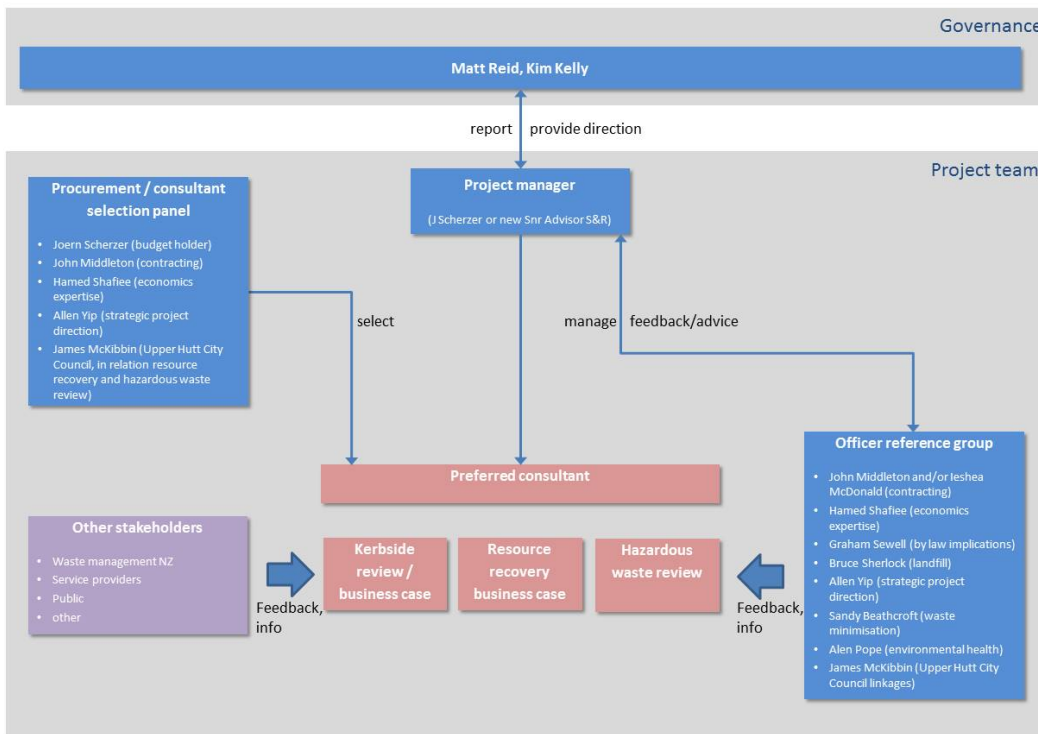
The key outcome of the project is that Hutt City Council has certainty about the advantages and disadvantages, and associated costs and benefits of various hazardous waste management options, before committing to a collection day (or the introduction of an

STRATEGIC REVIEWS OF WASTE MANAGEMENT IN HUTT CITY

alternative approach) in late 2019. Overall, improved management of hazardous waste from residents should result in improved environmental risk management.

Project structure and resourcing

I propose the following structure to undertake the work programme.



It is proposed that the bulk of the review work be undertaken by external consultants, in order to be able to access the relevant waste management expertise, and due to the fact that the resourcing requirements for the development of the business cases are likely to be significant.

Costs for consultancy advice are estimated as follows (based on three cost estimates received so far):

Project component	Individual cost	Combined (if one consultant undertakes all three)
Part A: Kerbside collection review / business case	\$32,000 – \$80,000	\$71,000 - \$178,000
Part B: Resource recovery business case	\$27,000 - \$95,000	
Part C: Hazardous waste management review	\$18,000 - \$68,000	

## STRATEGIC REVIEWS OF WASTE MANAGEMENT IN HUTT CITY

Cost centre 7322 (waste minimisation – waste levy eligible) would be the main source of funding for procuring the external advice, potentially supplemented with some funding from Upper Hutt City Council (in relation to resource recovery and hazardous waste management).

Note that cost estimates are quite diverse (which may in part be because consultants understand the projects differently), and the upper estimates may go beyond the budget available via cost centre 7322 during 2018/19. In order to comply with HCC's procurement guidance, it is proposed that as part of the project, a more structured procurement process is undertaken. In addition, the kerbside collection project is most time critical (due to the current contract expiring in September 2019) while at the same time it is reasonably separate from the resource recovery and hazardous waste project components. Thus, Part A (kerbside collection review) could be managed on a more time critical path than Parts B and C (resource recovery and hazardous waste). This would also enable us to potentially spread funding requirements across two financial years.

The overall project would be managed by a staff member of the Sustainability and Resilience team. As waste minimisation cuts across various council divisions, it will be important to build on the established expertise across council, and ensure that all relevant divisions buy into the process, so that the final products (business cases) are of suitable robustness. Hence, I propose an officer reference group, made up of staff from relevant teams across Hutt City Council. Time requirements on them could vary, broadly estimated at 1-3 hours per week on average (team meetings, reviewing documents, providing information), albeit with likely peak periods and quiet periods.

### Estimated project time frames

The project could commence in July 2018. The first step would be to procure the consultants by no later than September 2018. Work on the business cases and reviews would then be undertaken between September 2018 and February 2019, with decisions by council to be made mid-2019 (at least for the most time critical kerbside collection business case).

### **Recommendations**

1. **Agree** that the Sustainability and Resilience team lead and fund a waste review work programme to carry out three strategic reviews regarding kerbside recycling collection, the case regarding a resource recovery facility, and hazardous waste management for residents. Yes/No
2. **Agree** that the programme of work be overseen, on behalf of SLT, by a small governance group comprising Matt Reid and Kim Kelly. Yes/No

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## STRATEGIC REVIEWS OF WASTE MANAGEMENT IN HUTT CITY

3. **Agree** that the project implementation and business case development be supported by an officer reference working group comprising key staff from teams across council, including Strategic Projects, Infrastructure Contracts, Strategy & Planning, and Environmental Health. Yes/No
4. **Note** that the waste levy (cost centre 7322, J Scherzer) can be accessed to fund the development of business cases by external consultants.
5. **Note** the intention to procure external consultants to lead the individual projects, in order to be able to access the relevant waste management expertise, and due to the fact that the resourcing requirements for the development of the business cases are likely to be significant.

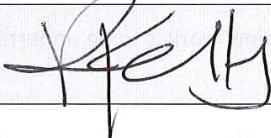


**Jörn Scherzer**

**Divisional Manager Sustainability and Resilience**

# Procurement plan

## Strategic waste reviews

Approval to proceed		
<b>Name:</b>	Kim Kelly	
<b>Position/title:</b>	GM City Transformation	
<b>Signature:</b>		<b>Date:</b> 27.6.18

Document development control	
<b>Prepared by:</b>	Jörn Scherzer
<b>Position / title:</b>	Manager Sustainability and Resilience
<b>Business unit:</b>	City Transformation Group, Hutt City Council
<b>Document version:</b>	1.2
<b>Date:</b>	27 June 2018
<b>Status:</b>	Final

## Background

### Business case

This procurement plan builds upon the memorandum DOC/18/86441 dated 1 June 2018. The document sets out the case for undertaking three strategic reviews of, and the development of business cases for, key waste minimisation and management activity areas in Hutt City.

Based on the memorandum, SLT agreed to proceed with the proposed project at its meeting on 5 June 2018.

### What we are buying and why

This plan relates to the commissioning of work to undertake three reviews, and the development of associated business cases, for Hutt City Council's kerbside collection system, the case regarding a resource recovery facility, and the management of hazardous waste.

The key objective of this procurement is to identify the preferred supplier for each piece of work.

### Importance to Hutt City Council

The work is required in order to systematically address key actions relating to Hutt City Council as set out in the current Waste Management and Minimisation Plan (WMMP) 2017-2023. The key outcome of each project is expected to be that Hutt City Council has certainty about the costs and benefits of various options (eg what kind of kerbside collection system Hutt City Council should operate in the future), before commencing relevant tender processes, or implementing resulting actions.

### Suppliers

As set out in DOC/18/86441, the bulk of the review work is to be undertaken by external consultants, in order to

- (i) be able to access the relevant waste management expertise (at the present time Hutt City Council does not hold this specific expertise), and
- (ii) due to the fact that the resourcing requirements for the development of the business cases are likely to be significant.



## Requirements and costs

### Our requirements

Hutt City Council's requirements for each piece of work are set out in three separate documents, entitled:

- TOR Kerbside collection system v.1.3
- TOR Resource recovery centre v.1.3
- TOR Hazardous waste management v.1.3

The three pieces of work are reasonably distinct, can be done independently of each other, and do not have to be completed at the same time. For example, the kerbside collection project has the most time constraints, whereas the resource recovery centre business case and hazardous waste management review is less time critical.

However, as all three reviews/business cases rely on specific waste management expertise, it is possible that there are benefits in having one supplier manage all three projects. This has to be confirmed during the procurement process, and it is for this reasons that this procurement plan covers all three pieces of work, as opposed to a separate procurement plan for each piece of work.

### Key dates

The project could commence as early as July 2018.

Procurement of the supplier(s) is to be completed by no later than September 2018.

Work on the business cases and reviews would then be undertaken between September 2018 and February 2019, with decisions by Council to be made in early to mid-2019 (at least for the most time critical kerbside collection business case).

### Estimated costs

An estimate of the total cost of each piece of work, exclusive of GST, is as follows:

<b>Project component</b>	<b>Individual cost</b>
Part A: Kerbside collection review / business case	\$32,000 – \$80,000
Part B: Resource recovery business case	\$27,000 - \$95,000
Part C: Hazardous waste management review	\$18,000 - \$68,000

The expenditure for these pieces of work is to be funded from the 1.7322 cost centre (waste minimisation - levy eligible).

Funding for these strategic reviews has been earmarked during 2018/19, albeit if, as a result of this procurement process, total costs are confirmed to be higher, the work could potentially be spread across two financial years, into 2019/20.

Note that for the resource recovery business case and review of hazardous waste management, it makes sense to consider the wider Hutt valley as a whole. Upper Hutt City Council (UHCC) has expressed an interest in being part of the resource recovery business case work, including providing some financial contribution. Their exact contribution will have to be confirmed following the procurement process. As a result, UHCC is proposed to be part of the evaluation panel, to ensure the work also meets their requirements.

## Procurement method

### Type of tender

The recommended approach to market is a **one-step closed competitive tender**.

The reason for this recommendation is that

- (i) the estimated cost for each separate piece of work is below the \$100,000 threshold (this permits a closed tender, as opposed to an open tender),
- (ii) the expertise regarding waste management practices is relatively specific, and the Manager Sustainability and Resilience has identified a small number of suitable suppliers based on information and recommendations provided by the New Zealand Ministry for the Environment.

This approach to market fits with the Hutt City Council's procurement policy and associated guidance, see

[http://portal:81/Record/ReadOnly?Query=title:%22procurement%22%20OR%20notes:%22procurement%22%20and%20\(type:594\)&Tab=23&Uri=4804074&Page=1](http://portal:81/Record/ReadOnly?Query=title:%22procurement%22%20OR%20notes:%22procurement%22%20and%20(type:594)&Tab=23&Uri=4804074&Page=1).

## The Market

### Suppliers

Potential suppliers have been identified, based on the information collected during the scoping stage, and recommendations provided by the New Zealand Ministry for the Environment, due to having carried out similar work for other councils and being recognized as having delivered quality work.

#### **SLR Consulting NZ Limited**

[www.slrconsulting.com](http://www.slrconsulting.com)

Relevant contact: Dr Lisa Hack, Principal Waste and Resources Management, 027 441 7849,

[lhack@slrconsulting.com](mailto:lhack@slrconsulting.com)

**Morrison Low**

[www.morrisonlow.com](http://www.morrisonlow.com)

Relevant contact: Alice Grace, Senior Consultant, 021 0242 8395, [a.grace@morrisonlow.com](mailto:a.grace@morrisonlow.com)

**3R GROUP LTD**

[www.3r.co.nz](http://www.3r.co.nz) (possibly only in relation to hazardous waste management)

Relevant contact: Darren Patterson, Business Development Director, 021 440 832, [darren@3r.co.nz](mailto:darren@3r.co.nz)

**MRA Consulting Group**

[www.mraconsulting.com.au](http://www.mraconsulting.com.au)

Relevant contact: Navnith Grewal, Environmental Consultant, T: 0420 564 859,

[navnith.grewal@mraconsulting.com.au](mailto:navnith.grewal@mraconsulting.com.au)

In addition, there is one existing supplier to Hutt City Council (Tonkin & Taylor, in relation to its landfill operation) that has relevant expertise and has also expressed an interest in this type of work.

**Tonkin + Taylor**

[www.tonkintaylor.co.nz](http://www.tonkintaylor.co.nz)

Relevant contact: Chris Purchas, Senior Consultant, 04 806 4935, 027 536 0951,

[CPurchas@tonkintaylor.co.nz](mailto:CPurchas@tonkintaylor.co.nz)

Officers at Hutt City Council will offer an opportunity to meet with suppliers (either by phone or in person), to talk through the different pieces of work.

Note that no collaborative “all of government” or “syndicated” council panel agreement appears to exist currently which covers our requirements.

**Evaluation team**

A cross-functional team will be involved in the evaluation of bids and recommending the preferred supplier.

Name:	Title/position:	Phone:	Email:
Jörn Scherzer	Div Manager Sustainability and Resilience	04 570 3371	<a href="mailto:Joern.scherzer@huttcity.govt.nz">Joern.scherzer@huttcity.govt.nz</a>
John Middleton	Div Manager Infrastructure Contracts	04 570 6797	<a href="mailto:John.middleton@huttcity.govt.nz">John.middleton@huttcity.govt.nz</a>
Hamed Shafiee	Senior Policy Advisor / Economist	04 570 6822	<a href="mailto:Hamed.shafiee@huttcity.govt.nz">Hamed.shafiee@huttcity.govt.nz</a>
Allen Yip	Strategic Projects Manager	04 570 6957	<a href="mailto:Allen.yip@huttcity.govt.nz">Allen.yip@huttcity.govt.nz</a>
James McKibbin	Senior Advisor, Upper Hutt City Council	04 527 2143	<a href="mailto:james.mckibbin@uhcc.govt.nz">james.mckibbin@uhcc.govt.nz</a>

**Proposed timeline**

The proposed timeline for the procurement is as follows.

**Indicative timeline**

Action	Indicative date
<b>Pre-procurement</b>	
Procurement plan approved	30 June 2018
<b>Tender</b>	
Tender advertised via direct contact with the selected suppliers	2 July 2018
Tender closing date	23 July
<b>Evaluation</b>	
Panel confidentiality and conflict of interest declarations signed	24 July
Individual scoring and assessment	30 July
Evaluation panel meets	Week starting 30 July
Panel minutes and recommendation	Week starting 30 July
Recommendation accepted/denied	From 6 August
<b>Post-evaluation</b>	
Advise bidders of outcome	From 6 August
Debrief unsuccessful suppliers	From 6 August
Contract negotiation and finalisation	By end of August
Contract start date	1 September

## Evaluation methodology

### Evaluation method

The evaluation model that will be used is weighted attribute (weighted score). Price will be a weighted criterion.

### Evaluation criteria and weightings

What criterion + weightings will the responses be evaluated against?	Total (100%)
<p><b>Methodology and approach</b></p> <p>The degree to which the methodology and approach is likely to result in a robust business case(s).</p> <ul style="list-style-type: none"> <li>Has the supplier clearly outlined its chosen methodology, with a view to maximising the robustness and quality of the business case(s)?</li> <li>To what degree does the proposal contain innovative elements as part of its methodology?</li> <li>To what degree is the chosen approach taking into account actual Hutt City Council officer and waste management contractor experience?</li> </ul>	50%
<p><b>Capacity and capability of the supplier to deliver</b></p> <p>The degree to which the supplier has the capacity and capability to deliver on the requirements.</p> <ul style="list-style-type: none"> <li>Has the supplier delivered projects of a similar waste management nature previously, for councils or similar entities? Please provide examples.</li> <li>Does the supplier propose to utilise experts and staff for this project with</li> </ul>	20%

<p>a track record in delivering similar projects? Please clarify their qualifications or relevant experience.</p> <ul style="list-style-type: none"> <li>Does the supplier have the capacity to deliver the project(s) in line with the specified time frames and/or relevant time constraints? Please confirm that relevant staff resources are not already committed to other projects? If there are risks of unsuccessful delivery on time, please state this.</li> </ul>	
<p><b>Value for money</b> The relative cost of the proposal, in consideration of the work to be delivered.</p> <ul style="list-style-type: none"> <li>Has the supplier supplied a thorough and complete breakdown of all costs for the project?</li> <li>What is the value of the proposal in relation to the proposed costs?</li> <li>Are there additional co-benefits arising from the work that may increase value for money?</li> </ul>	30%

The panel will use the following rating scale to evaluate suppliers' bids against the criteria.

#### Rating scale

Description	Definition	Rating
<b>Excellent</b>	Exceeds the requirement. Exceptional demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	9-10
<b>Good</b>	Satisfies the requirement with minor additional benefits. Above average demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	7-8
<b>Acceptable</b>	Satisfies the requirement. Demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with supporting evidence.	5-6
<b>Minor reservations</b>	Satisfies the requirement with minor reservations. Some minor reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	3-4
<b>Serious reservations</b>	Satisfies the requirement with major reservations. Considerable reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	1-2
<b>Unacceptable</b>	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the supplier has the ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	0

## Contract

The short listed supplier will be offered a contract for services using the standard MBIE non-Crown template (<https://www.procurement.govt.nz/procurement/templates/>) and associated terms and conditions.

Details regarding issues such as the agreed performance indicators, timeframes for delivery, payment schedules, and reporting requirements will be agreed during contract negotiations, based on the Terms of Reference for each business case / review part of the project.

As the waste minimisation (levy eligible) cost centre is to be used for funding the projects, the responsibility for managing delivery under the contract and supplier relationship management will pass to the Manager Sustainability and Resilience (or it may be delegated, as the case may be) on the signing of the contract (or contracts, as the case may be).

## Risk management

Overall this procurement is deemed to be medium value with low risk at this point in time.

## Probity management

It is essential that the agency demonstrates ethics and integrity in its procurements. This means:

- acting fairly, impartially, and with integrity
- being accountable and transparent
- being trustworthy and acting lawfully
- managing conflicts of interest
- protecting the supplier's commercially sensitive and confidential information.

Probity in this procurement will be managed by:

- ensuring compliance with Hutt City Council's code of conduct and this procurement plan
- ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest
- identifying and effectively managing all conflicts of interest
- ensuring that all proposals are assessed at the same time
- treating all suppliers equally and fairly
- if requested, providing each supplier with a comprehensive debrief at the end of the tender process.

## Appendix 1: Specification of requirements

Refer to the Terms of Reference for each project

- TOR Kerbside collection system v.1.3
- TOR Resource recovery centre v.1.3
- TOR Hazardous waste management v.1.3



## TERMS OF REFERENCE – “Kerbside collection review”

<b>Project Title</b>	Kerbside collection review
<b>Version</b>	1.3
<b>Project Definition</b>	<ul style="list-style-type: none"> <li>- To develop a business case for identifying a preferred option for kerbside collection of recycling and waste, for implementation from mid-2019</li> </ul>
<b>Background</b>	<ul style="list-style-type: none"> <li>- Under the Waste Management and Minimisation Plan (WMMP) 2017-23, Hutt City Council has committed to two key actions: <ul style="list-style-type: none"> <li>o <i>C.1: Investigate Options and costs of a two-stream recycling collection, by 2019, and</i></li> <li>o <i>C.2: Investigate the use of wheelie bins for kerbside recycling by 2019.</i></li> </ul> </li> <li>- There are three actions in the WMMP that relate to the above actions (changes to the above may impact on these, or they may have to be considered as part of review of the waste management system): <ul style="list-style-type: none"> <li>o <i>C.3: Investigate methods to prevent recycling from being put in council rubbish bags (effectively this is looking at how to improve current recycling rates)</i></li> <li>o <i>C.4: Provide city wide weekly refuse and recycling collection service plus recycling collection stations (albeit this is subject to period reviews, such as the one proposed here).</i></li> <li>o <i>IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any).</i></li> </ul> </li> <li>- In parallel, the contract for Hutt City Council's recycling kerbside collection service is coming up for re-tender in the third quarter of 2019.</li> <li>- In line with these actions, and the timing constraint of re-tendering our kerbside collection service contract, a business case is required to inform decisions by the Council on the preferred option for kerbside recycling and waste collection in the future.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- A business case for a preferred option for kerbside collection, including a cost-benefit analysis of the various options identified</li> </ul>
<b>Desired Outcomes</b>	<ul style="list-style-type: none"> <li>- Key outcome: certainty about the costs and benefits of various kerbside collection options</li> <li>- To inform a decision by the Hutt City Council on the preferred option for kerbside collection</li> <li>- Implementation of that decision in a follow-up project (eg tender of preferred model, and selection of a preferred provider for kerbside collection services in Lower Hutt – depending on the preferred approach selected)</li> </ul>
<b>Scope</b>	<p>The review/analysis should cover the following issues:</p> <ul style="list-style-type: none"> <li>- A description of how the current system operates, and relevant advantages and disadvantages (eg wind-blown litter as a result of open crates), including volumes and the recycling percentage of total waste</li> <li>- A description of other systems, and relevant lessons learnt in other</li> </ul>





	<p>councils</p> <ul style="list-style-type: none"> <li>- A description of the waste and recycling market for different types of recyclables (eg the value of recyclables in the waste stream, recyclability, markets for those materials such as Type 1 plastics going to 'Flights Plastics' in Lower Hutt), and analysis on the issue of certain markets for recyclables reducing as a result of policy changes in China</li> <li>- Identification and description of all available options for kerbside waste and recycling collection, including status quo (eg fully private vs current mixed vs fully council controlled but tendered out), and types of separation (eg co-mingled vs separated into glass and plastics)</li> <li>- The analysis for each option should identify all pros and cons, eg based on experience in other councils</li> <li>- The analysis should consider the benefits and costs of a separate organics collection</li> <li>- Analysis should consider the issue of some users not requiring weekly collection (eg bags get put out every few weeks because of little waste creation), consider the role of tokens to pay for collection when needed (this could also include considering recent experience in Auckland where some of those tokens are stolen)</li> <li>- Potentially a survey of actual consumer costs of council-provided and private-provided services, including bin vs bag collection</li> <li>- Potentially a survey of, or selected consultation with, residents on their views on what sort of recycling system they would like or be prepared to pay for, what are the public's expectations</li> <li>- A cost-benefit analysis and/or multi criteria analysis of the various options, including a greenhouse gas emission assessment of the various options</li> <li>- Where possible, the CBA should be based on established best practice (e.g. Treasury's Better Business Case approach)</li> <li>- Review should include sensitivity analysis based on different scenarios and/or assumptions.</li> <li>- Analysis should consider the role of local recycling drop off stations. Do they have a role in a revised system? (There are currently five stations, all of which are experiencing instances of illegal dumping and cross-contamination.)</li> <li>- Assessment of whether a potential Resource Recovery Centre could affect the kerbside collection approach in any way? What are the potential implications due to a future container deposit scheme as is currently being considered by central government?</li> <li>- The business case should take into account public expectations regarding recycling</li> <li>- How can risks be managed, such as the occurrence of different providers collecting wastes/recyclables on different days, thereby making local streets less attractive due to litter bins being outside several days of the week</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>- A cost-benefit analysis of related items such as resource recovery centre is outside the scope</li> </ul>
<b>Who will benefit from</b>	<ul style="list-style-type: none"> <li>- The Lower Hutt community will benefit from a simplified and more cost effective service, with a potential increase in the diversion of recyclable</li> </ul>



<b>the project</b>	waste
<b>Assumptions and constraints</b>	<ul style="list-style-type: none"> <li>- The Hutt City Council kerbside collection contract needs to be re-tendered before third quarter of 2019</li> </ul>
<b>HCC contact / project lead</b>	<ul style="list-style-type: none"> <li>- Joern Scherzer (Manager Sustainability and Resilience) or delegated staff member in the Sustainability and Resilience team</li> </ul>
<b>Major Milestones</b>	<ul style="list-style-type: none"> <li>- Review: September 2018 to February 2019</li> <li>- Business case complete: February 2019</li> <li>- Decision on preferred approach: mid-2019</li> <li>- Procurement of provider under new kerbside contract: mid-to-late 2019</li> <li>- Implementation of new model: from late 2019</li> </ul>





## TERMS OF REFERENCE – “Resource Recovery Centre business case”

<b>Project Title</b>	Resource Recovery Centre business case
<b>Version</b>	1.3
<b>Project Definition</b>	<ul style="list-style-type: none"> <li>- To develop a business case for a Resource Recovery Centre (RRC) in the Hutt Valley</li> </ul>
<b>Background</b>	<ul style="list-style-type: none"> <li>- Under the Waste Management and Minimisation Plan 2017-23, there are three Hutt City Council (HCC) actions relevant to a RRC: <ul style="list-style-type: none"> <li>o <i>IN.3: Investigate the establishment of a free to use recycling waste facility and shop before the landfill gates, implement if found to be economically viable (by 2022)</i></li> <li>o <i>IN.10: Recycling [...] facilities at the transfer station / landfill (to improve recycling at the landfill).</i></li> <li>o <i>IN.11: Increase waste diversion at landfill and increase collection and diversion of reusable and recyclable items</i></li> </ul> </li> <li>- There is also a related action for Upper Hutt City Council: <i>IN.1 Investigate developing a drop-off recovery centre at Silverstream landfill, with Hutt City Council</i></li> <li>- A business case is required in order to inform decisions by HCC on whether a Resource Recovery Centre is justified</li> <li>- Note that a “feasibility study” for an RRC, located in Silverstream, was commissioned in 2017. This was carried out by Eunomia. However, this does not meet the requirements of a full business case.</li> <li>- Note that there two cities in Hutt Valley, Lower Hutt and Upper Hutt.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- A business case for an RRC in the Hutt Valley</li> </ul>
<b>Desired Outcomes</b>	<ul style="list-style-type: none"> <li>- Key outcome: certainty about the advantages and disadvantages, and associated costs and benefits of an RRC in the Hutt Valley</li> <li>- To inform a decision by Hutt City Council and Upper Hutt City Council on whether or not investment in the establishment of such a facility is justified</li> <li>- If found viable, implementation of that decision in a follow-up project</li> </ul>
<b>Scope</b>	<p>The review/analysis should cover the following issues:</p> <ul style="list-style-type: none"> <li>- A description of how the current system operates, and relevant advantages and disadvantages</li> <li>- A description of various types of RRCs (eg including construction wastes vs just a simple “tip shop”); “Earthlink” (Lower Hutt) vs “Trash Palace” (Porirua) vs other types</li> <li>- A description of other systems, and relevant lessons learnt in other councils</li> <li>- A description of the waste and recycling market, ie the value of items that would be collected at the RRC, including whether markets exist for materials/reused products, volumes of the target materials, and the</li> </ul>



	<p>existence of markets in the future (eg 20 years)</p> <ul style="list-style-type: none"> <li>- Identification of linkages between Upper Hutt and Lower Hutt for recovering resources, including opportunities for cooperation/joint approach</li> <li>- Identification of appropriate models for a resource recovery centre, including operating models (eg council owned/operated vs privately owned/operated)</li> <li>- A cost-benefit analysis and/or multi criteria analysis of the various options. This should include relevant effects on other relevant facilities such as Silverstream landfill.</li> <li>- Analysis should consider benefits and costs of the facility in terms of greenhouse gas emissions</li> <li>- An assessment of the level to which such a facility could replace the existing resource recovery operation at the Silverstream landfill (after the landfill gates, currently operated by Earthlink Inc)</li> <li>- Consideration of what incentives or other systems may need to be in place for residents to improve diversion of key waste streams through an RRC. (For example, certain vehicles are not currently weighed at the landfill, ie charges are averaged as opposed to be based on actual weight, but this may disincentivise diversion of certain products and resources prior to the landfill as there is no benefit for users to do so.)</li> <li>- An assessment of the degree to which the various options contribute to WMMP targets</li> <li>- Where the option involves the council owning and operating a relevant facility, it should include an assessment and associated recommendations about the cost/profit share (capital and operating) for this, considering that the Hutt Valley incorporates two cities</li> <li>- Where possible, the CBA should be based on established best practice (e.g. Treasury's Better Business Case approach)</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>- A cost-benefit analysis of related items such as hazardous waste management is outside the scope. However, there may be benefit in considering the possibility of including hazardous waste management as one of the functions of a RRC.</li> </ul>
<b>Who will benefit from the project</b>	<ul style="list-style-type: none"> <li>- Improved environmental outcomes</li> <li>- The Hutt Valley community benefit from a cost effective service in order to recover reusable products/materials</li> <li>- Hutt City Council and Upper Hutt City Council benefit from a cost effective service</li> </ul>
<b>Assumptions and constraints</b>	<ul style="list-style-type: none"> <li>- If there was benefit in establishing such a facility, it would likely need to be located somewhere in the Hutt Valley</li> </ul>
<b>HCC contact / project lead</b>	<ul style="list-style-type: none"> <li>- Joern Scherzer (Manager Sustainability and Resilience) or delegated staff member in the Sustainability and Resilience team</li> </ul>
<b>Major Milestones</b>	<p>There are no critical time frames, apart from the requirement in the WMMP that if viable a facility should be in place no later than 2022</p> <ul style="list-style-type: none"> <li>- Review: September 2018 to February 2019</li> <li>- Business case complete: February 2019</li> <li>- Decision on preferred approach: early to mid-2019</li> <li>- Implementation / procurement: from 2020</li> </ul>







## TERMS OF REFERENCE – “Hazardous waste review”

<b>Project Title</b>	Hazardous waste review
<b>Version</b>	1.3
<b>Project Definition</b>	<ul style="list-style-type: none"> <li>- To review the current management of hazardous waste in the Hutt Valley (with a particular focus on Lower Hutt), and develop a business case for a preferred option for hazardous waste management, for implementation from mid-2019</li> </ul>
<b>Background</b>	<ul style="list-style-type: none"> <li>- Under the Waste Management and Minimisation Plan (WMMP) 2017-23, there are three (Hutt City Council) actions as they relate to hazardous waste management: <ul style="list-style-type: none"> <li>o <i>C.7: Maintain annual or biannual Hazmobile (hazardous waste) collection day</i></li> <li>o <i>C.8: Review effectiveness, scope and location of Hazmobile (hazardous waste) collection day</i></li> <li>o <i>IN.10: Recycling and hazardous waste facilities at the transfer station / landfill (improve hazardous waste facilities).</i></li> </ul> </li> <li>- In line with these actions, especially C.8, a review of the current approach to hazardous waste management is required, to inform decisions by the Council on the preferred option for hazardous waste management in the future, including whether or not to retain the current Hazmobile collection days.</li> <li>- Note that there are two cities in Hutt Valley, Lower Hutt and Upper Hutt.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- A business case for a preferred option for hazardous waste management in the Hutt valley, albeit with a particular focus on Lower Hutt</li> </ul>
<b>Desired Outcomes</b>	<ul style="list-style-type: none"> <li>- Key outcome: certainty about the advantages and disadvantages, and associated costs and benefits of various hazardous waste management options</li> <li>- To inform a decision by Hutt City Council on the preferred option for hazardous waste management going forward</li> <li>- Implementation of that decision in a follow-up project</li> <li>- Improved environmental risk management in relation to hazardous waste; improved health and safety system</li> </ul>
<b>Scope</b>	<p>The review/analysis should cover the following issues:</p> <ul style="list-style-type: none"> <li>- Clarification on the scope of hazardous waste (what is hazardous waste vs other waste streams)</li> <li>- A description of how the current system operates (including the relevant regulatory framework), and relevant advantages and disadvantages, including the volume of hazardous waste in comparison to the total waste produced. This should look at not just Lower Hutt, but also the wider Hutt valley, and if necessary, relevant linkages to other activities in other councils in the Wellington region</li> <li>- A description of other systems, and relevant lessons learnt in other councils</li> </ul>





	<ul style="list-style-type: none"> <li>- A description of what is best practice, and recommended management of various hazardous waste streams</li> <li>- Identification of linkages between management of hazardous waste in Lower Hutt and Upper Hutt, including opportunities for cooperation/joint approach</li> <li>- Identification and description of all available options and operating models for hazardous waste management in the Hutt Valley (eg maintain Hazmobile vs contract a provider to provide relevant services vs working with another council such as Wellington City Council in order to provide hazardous waste services to Hutt Valley residents and businesses)</li> <li>- The analysis for each option should identify all pros and cons based on experience in other councils</li> <li>- A cost-benefit analysis and/or multi criteria analysis of the various options. This should include relevant effects on other relevant facilities such as Silverstream landfill (including the diversion activities at the landfill, which covers waste oil, batteries and paint).</li> <li>- Consideration of what incentives or other systems may need to be in place for residents (and businesses) to improve collection of hazardous waste. (For example, certain vehicles are not currently weighed at the landfill, ie charges are averaged as opposed to be based on actual weight, but this may disincentivise diversion of hazardous waste prior to the landfill as there is no benefit for users to do so.)</li> <li>- If an option involves the establishment of a permanent drop-off facility, an assessment of the level to which such a facility could be run at the Silverstream landfill (after the landfill gates, at the existing drop off point for waste oil, batteries and paint), and if so, what incentives, information or systems may need to be in place to encourage residents and businesses to divert hazardous waste at the transfer station prior to final disposal.</li> <li>- An assessment of the degree to which the various options contribute to WMMP targets</li> <li>- An assessment and associated recommendations about the cost share for developing and operating a relevant service in the future (capital and operating), considering that the Hutt Valley incorporates two cities, if there are benefits in a joint approach</li> <li>- Consideration of whether residents and businesses should be treated differently or the same (eg threshold volumes for dropping off hazardous waste for free vs full user pays, etc)</li> <li>- Where possible, the CBA should be based on established best practice (e.g. Treasury's Better Business Case approach)</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>- A cost-benefit analysis of related items such as a resource recovery centre is outside the scope</li> </ul>
<b>Who will benefit from the project</b>	<ul style="list-style-type: none"> <li>- Improved environmental outcomes from improved hazardous waste management</li> <li>- Residents and businesses will benefit from the most cost effective service in line with recommended practices for hazardous waste</li> </ul>
<b>Assumptions and constraints</b>	<ul style="list-style-type: none"> <li>- As part of the WMMP 17-23, Hutt City Council has committed to maintaining an annual or biannual hazmobile service, unless a review recommends an alternative course of action. In order to comply with the current action, the next hazmobile collection should not be run later than the end of 2019.</li> </ul>



<b>HCC contact / project lead</b>	- Joern Scherzer (Manager Sustainability and Resilience) or delegated staff member in the Sustainability and Resilience team
<b>Major Milestones</b>	- Review: September 2018 to February 2019 - Business case complete: February 2019 - Decision on preferred approach: mid-2019 - Implementation / procurement: from mid-2019

# Request for Proposals

## Strategic waste reviews at Hutt City Council

RFP released: 2 July 2018

Deadline for Questions: 17 July 2018

Deadline for Proposals: 23 July 2018

Hutt City Council  
30 Laings Road, Private Bag 31912  
Lower Hutt 5040, New Zealand

**Contents**

**SECTION 1: Key information ..... 3**

**SECTION 2: Our Requirements ..... 5**

**SECTION 3: Our Evaluation Approach ..... 6**

**SECTION 4: Pricing information ..... 8**

**SECTION 5: Our Proposed Contract ..... 9**

**SECTION 6: RFP Process, Terms and Conditions..... 10**

## SECTION 1: Key information

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### 1.1 Context

- a. This Request for Proposal (RFP) is an invitation to suitably qualified suppliers to submit a Proposal for the Hutt City Council strategic waste review contract opportunity.
- b. This RFP is a single-step procurement process.
- c. Words and phrases that have a special meaning are shown by the use of capitals e.g. Respondent, which means ‘a person, organisation, business or other entity that submits a Proposal in response to the RFP. The term Respondent includes its officers, employees, contractors, consultants, agents and representatives. The term Respondent differs from a supplier, which is any other business in the market place that does not submit a Proposal.’. Definitions are at the end of [Section 6](#).



### 1.2 Our timeline

- a. Here is our timeline for this RFP.
 

Deadline for Questions from suppliers:	17 July 2018
Deadline for the Buyer to answer suppliers’ questions:	19 July 2018
<b>Deadline for Proposals:</b>	<b>23 July 2018</b>
Unsuccessful Respondents notified of award of Contract:	<b>from 20 August 2018</b>
Anticipated Contract start date:	<b>1 September 2018</b>
- b. All dates and times are dates and times in New Zealand.



### 1.3 How to contact us

- a. All enquiries must be directed to our Point of Contact. We will manage all external communications through this Point of Contact.
- b. **Our Point of Contact**

**Name:** Jörn Scherzer, Manager Sustainability and Resilience

**Title/role:** Manager Sustainability and Resilience

**Email address:** joern.scherzer@huttcity.govt.nz



### 1.4 Developing and submitting your Proposal

- a. This is a closed, competitive tender process. The RFP sets out the step-by-step process and conditions that apply.
- b. Take time to read and understand the RFP. In particular:
  - i. develop a strong understanding of our Requirements detailed in [Section 2](#).
  - ii. in structuring your Proposal consider how it will be evaluated. [Section 3](#) describes our Evaluation Approach.
- c. For resources on tendering visit [www.procurement.govt.nz/suppliers](http://www.procurement.govt.nz/suppliers).
- d. If anything is unclear or you have a question, ask us to explain. Please do so before the Deadline for Questions. Email our [Point of Contact](#).
- e. In submitting your Proposal, note that there is no prescribed Response Form. You may choose your own preferred format for your Proposal.
- f. Having done the work don’t be late – please ensure you get your Proposal to us before the Deadline for Proposals!



### 1.5 Address for submitting your Proposal

- a. Proposals must be submitted by email to our Point of Contact.
- b. Proposals sent by post or fax, or hard copy delivered to our office, will not be accepted.



### 1.6 Our RFP Process, Terms and Conditions

- a. **Offer Validity Period:** In submitting a Proposal the Respondent agrees that their offer will remain open for acceptance by the Buyer for 3 calendar months from the Deadline for Proposals.
- b. The RFP is subject to the RFP Process, Terms and Conditions (shortened to RFP-Terms) described in [Section 6](#).
- c. We have made the following variation/s to the RFP-Terms: There is no prescribed Response Form (referred to in sections 6.1.a and 6.14.a). You may choose your own preferred format for your Proposal.



### 1.7 Later changes to the RFP or RFP process

- a. If, after publishing the RFP, we need to change anything about the RFP, or RFP process, or want to provide suppliers with additional information we will let all suppliers know by email from our Point of Contact.
-

## SECTION 2: Our Requirements

### 2.1 Background

This RFP relates to the delivery of work to undertake three reviews, and the development of associated business cases, for Hutt City Council for three waste management areas: Hutt City Council's kerbside collection system, the case regarding a resource recovery facility, and the management of hazardous waste.

### 2.2 What we require: scope

Hutt City Council's requirements for each piece of work are set out in three separate documents, entitled:

- a. Terms of Reference: Kerbside collection system v.1.3
- b. Terms of Reference: Resource recovery centre v.1.3
- c. Terms of Reference: Hazardous waste management v.1.3

The three pieces of work are reasonably distinct, can be done independently of each other, and do not necessarily have to be completed at the same time or by one supplier. For example, the kerbside collection project has the most time constraints, whereas the resource recovery centre business case and hazardous waste management review is less time critical.

### 2.3 What we require: capability

We are seeking suppliers that are able to lead and deliver one, two or all three of the above pieces of work.

### 2.4 Other tender documents

In addition to this RFP we refer to the following documents. These documents form part of this RFP.

- a. Terms of Reference: Kerbside collection system v.1.3
- b. Terms of Reference: Resource recovery centre v.1.3
- c. Terms of Reference: Hazardous waste management v.1.3

## SECTION 3: Our Evaluation Approach

### 3.1 Evaluation model

The evaluation model that will be used is weighted attribute (weighted criteria). Price is a weighted criterion.

Respondents may submit a Proposal (one document) covering one, two or all three of the Terms of Reference, or Respondents may submit separate Proposals for each Terms of Reference. Each Proposal will be scored separately for each Terms of Reference.

The Proposal (in relation to each Terms of Reference) that scores the highest will likely be selected as the Successful Respondent. Note that as a result of this, we may select different suppliers for the different Terms of Reference (see section 2.2).

### 3.2 Evaluation criteria

Proposals (in relation to each Terms of Reference) will be evaluated on their merits according to the following evaluation criteria and weightings.

What criteria and weightings will the responses be evaluated against?	Total (100%)
<p><b>Methodology and approach</b></p> <p>The degree to which the methodology and approach is likely to result in a robust business case(s).</p> <ul style="list-style-type: none"> <li>Has the supplier clearly outlined its chosen methodology, with a view to maximising the robustness and quality of the business case(s)?</li> <li>To what degree does the proposal contain innovative elements as part of its methodology?</li> <li>To what degree is the chosen approach taking into account actual Hutt City Council officer and waste management contractor experience, as well as community feedback and/or expectations, to assist in building the business case?</li> </ul>	50%
<p><b>Capacity and capability of the supplier to deliver</b></p> <p>The degree to which the supplier has the capacity and capability to deliver on the requirements.</p> <ul style="list-style-type: none"> <li>Has the supplier delivered projects of a similar waste management nature previously, for councils or similar entities? Please provide examples.</li> <li>Does the supplier propose to utilise experts and staff for this project with a track record in delivering similar projects? Please clarify their qualifications or relevant experience.</li> <li>Does the supplier have the capacity to deliver the project(s) in line with the specified time frames and/or relevant time constraints? Please confirm that relevant staff resources are not already committed to other projects? If there are risks of unsuccessful delivery on time, please state this.</li> </ul>	20%
<p><b>Value for money</b></p> <p>The relative cost of the proposal, in consideration of the work to be delivered.</p> <ul style="list-style-type: none"> <li>Has the supplier supplied a thorough and complete breakdown of all costs for the project?</li> </ul>	30%



<ul style="list-style-type: none"> <li>• What is the value of the proposal in relation to the proposed costs?</li> <li>• Are there additional co-benefits arising from the work that may increase value for money?</li> </ul>	
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### 3.3 Scoring

The following scoring scale will be used in evaluating Proposals. Scores by individual panel members may be modified through a moderation process across the whole evaluation panel.

Rating	Definition	Score
<b>EXCELLENT</b> significantly exceeds the criterion	Exceeds the criterion. Exceptional demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion. Proposal identifies factors that will offer potential added value, with supporting evidence.	<b>9-10</b>
<b>GOOD</b> exceeds the criterion in some aspects	Satisfies the criterion with minor additional benefits. Above average demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion. Proposal identifies factors that will offer potential added value, with supporting evidence.	<b>7-8</b>
<b>ACCEPTABLE</b> meets the criterion in full, but at a minimal level	Satisfies the criterion. Demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource, and quality measures required to meet the criterion, with supporting evidence.	<b>5-6</b>
<b>MINOR RESERVATIONS</b> marginally deficient	Satisfies the criterion with minor reservations. Some minor reservations of the Respondent's relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>3-4</b>
<b>SERIOUS RESERVATIONS</b> significant issues that need to be addressed	Satisfies the criterion with major reservations. Considerable reservations of the respondent's relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>1-2</b>
<b>UNACCEPTABLE</b> significant issues not capable of being resolved	Does not meet the criterion. Does not comply and/or insufficient information provided to demonstrate that the Respondent has the ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>0</b>

## SECTION 4: Pricing information

### 4.1 Pricing information to be provided by respondents

Respondents are to provide their price as part of their Proposal. In submitting the Price the Respondent must meet the following:

- a. The Proposal is to show a breakdown of all costs, fees, expenses and charges associated with the full delivery of the Requirements over the whole-of-life of the Contract. It must also clearly state the total Contract price exclusive of GST.
- b. Where the price, or part of the price, is based on fee rates, all rates are to be specified, either hourly or daily or both as required.
- c. In preparing their Proposal, Respondents are to consider all risks, contingencies and other circumstances relating to the delivery of the Requirements and include adequate provision in the Proposal and pricing information to manage such risks and contingencies.
- d. Respondents are to document in their Proposal all assumptions and qualifications made about the delivery of the Requirements, including in the financial pricing information. Any assumption that the Buyer or a third party will incur any cost related to the delivery of the Requirements is to be stated, and the cost estimated if possible.
- e. Prices should be tendered in NZ\$. Unless otherwise agreed, the Buyer will arrange contractual payments in NZ\$.

## SECTION 5: Our Proposed Contract

### 5.1 Proposed Contract

The Successful Respondent will be offered a contract for services using the standard MBIE non-Crown template (see <https://www.procurement.govt.nz/assets/procurement-property/documents/services-template-contract-form-2-government-model.docx>) and associated terms and conditions (<https://www.procurement.govt.nz/assets/procurement-property/documents/services-schedule-2-contract-form-2-government-model.pdf>).

In submitting your Proposal you must let us know if you wish to question and/or negotiate any of the terms or conditions in the Proposed Contract, or wish to negotiate new terms and/or conditions.

## SECTION 6: RFP Process, Terms and Conditions

### Note to suppliers and Respondents

- In managing this procurement the Buyer will endeavour to act fairly and reasonably in all of its dealings with interested suppliers and Respondents, and to follow due process which is open and transparent.
- This section contains the government's standard RFP Process, Terms and Conditions (shortened to RFP-Terms) which apply to this procurement. Any variation to the RFP-Terms will be recorded in Section 1, [paragraph 1.6](#). Check to see if any changes have been made for this RFP.
- Words and phrases that have a special meaning are shown by the use of capitals e.g. Respondent, which means '*a person, organisation, business or other entity that submits a Proposal in response to the RFP. The term Respondent includes its officers, employees, contractors, consultants, agents and representatives. The term Respondent differs from a supplier, which is any other business in the market place that does not submit a Proposal.*' [Definitions](#) are at the end of this section.
- If you have any questions about the RFP-Terms please email our [Point of Contact](#).

## Standard RFP process



### Preparing and submitting a proposal

#### 6.1 Preparing a Proposal

- a. Respondents are to use the Response Form provided and include all information requested by the Buyer in relation to the RFP.
- b. By submitting a Proposal the Respondent accepts that it is bound by the RFP Process, Terms and Conditions (RFP-Terms) contained in Section 6 (as varied by Section 1, paragraph 1.6, if applicable).
- c. Each Respondent will:
  - i. examine the RFP and any documents referenced in the RFP and any other information provided by the Buyer
  - ii. consider all risks, contingencies and other circumstances relating to the delivery of the Requirements and include adequate provision in its Proposal to manage such risks and contingencies
  - iii. document in its Proposal all assumptions and qualifications made about the delivery of the Requirements, including any assumption that the Buyer or a third party will deliver any aspect of the Requirements or incur any cost related to the delivery of the Requirements
  - iv. ensure that pricing information is quoted in NZ\$ exclusive of GST
  - v. if appropriate, obtain independent advice before submitting a Proposal
  - vi. satisfy itself as to the correctness and sufficiency of its Proposal, including the proposed pricing and the sustainability of the pricing.
- d. There is no expectation or obligation for Respondents to submit Proposals in response to the RFP solely to remain on any prequalified or registered supplier list. Any Respondent on such a list will not be penalised for failure to submit a Proposal.

## 6.2 Offer Validity Period

- a. Proposals are to remain valid and open for acceptance by the Buyer for the Offer Validity Period.



## 6.3 Respondents' Deadline for Questions

- a. Each Respondent should satisfy itself as to the interpretation of the RFP. If there is any perceived ambiguity or uncertainty in the RFP document/s Respondents should seek clarification before the Deadline for Questions.
- b. All requests for clarification must be made by email to the Buyer's Point of Contact. The Buyer will endeavour to respond to requests in a timely manner, but not later than the deadline for the Buyer to answer Respondents' questions in Section 1, paragraph 1.2.a, if applicable.
- c. If the Buyer considers a request to be of sufficient importance to all Respondents it may provide details of the question and answer to other Respondents. In doing so the Buyer may summarise the Respondent's question and will not disclose the Respondent's identity. The question and answer may be posted on GETS and/or emailed to participating Respondents. A Respondent may withdraw a request at any time.
- d. In submitting a request for clarification a Respondent is to indicate, in its request, any information that is commercially sensitive. The Buyer will not publish such commercially sensitive information. However, the Buyer may modify a request to eliminate such commercially sensitive information, and publish this and the answer where the Buyer considers it of general significance to all Respondents. In this case, however, the Respondent will be given an opportunity to withdraw the request or remove the commercially sensitive information.



## 6.4 Submitting a Proposal

- a. Each Respondent is responsible for ensuring that its Proposal is received by the Buyer at the correct address on or before the Deadline for Proposals. The Buyer will acknowledge receipt of each Proposal.
- b. The Buyer intends to rely on the Respondent's Proposal and all information provided by the Respondent (e.g. correspondence and negotiations). In submitting a Proposal and communicating with the Buyer each Respondent should check that all information it provides to the Buyer is:
  - i. true, accurate and complete, and not misleading in any material respect
  - ii. does not contain Intellectual Property that will breach a third party's rights.
- c. Where the Buyer requires the Proposal to be delivered in hard and soft copies, the Respondent is responsible for ensuring that both the hard and soft copies are identical.
- d. Where the Buyer stipulates a two envelope RFP process the following applies:
  - i. each Respondent must ensure that all financial information and pricing components of its Proposal are provided separately from the remainder of its Proposal
  - ii. financial information and pricing must be contained either in a separate sealed envelope or as a separate soft copy file (whichever option has been requested by the Buyer)
  - iii. the pricing information must be clearly marked 'Financial and Pricing Information.' This is to ensure that the pricing information cannot be viewed when the package containing the other elements of the Proposal is opened.



## Assessing Proposals

### 6.5 Evaluation panel

- a. The Buyer will convene an evaluation panel comprising members chosen for their relevant

expertise and experience. In addition, the Buyer may invite independent advisors to evaluate any Proposal, or any aspect of any Proposal.

## 6.6 Third party information

- a. Each Respondent authorises the Buyer to collect additional information, except commercially sensitive pricing information, from any relevant third party (such as a referee or a previous or existing client) and to use that information as part of its evaluation of the Respondent's Proposal.
- b. Each Respondent is to ensure that all referees listed in support of its Proposal agree to provide a reference.
- c. To facilitate discussions between the Buyer and third parties each Respondent waives any confidentiality obligations that would otherwise apply to information held by a third party, with the exception of commercially sensitive pricing information.



## 6.7 Buyer's clarification

- a. The Buyer may, at any time, request from any Respondent clarification of its Proposal as well as additional information about any aspect of its Proposal. The Buyer is not required to request the same clarification or information from each Respondent.
- b. The Respondent must provide the clarification or additional information in the format requested. Respondents will endeavour to respond to requests in a timely manner. The Buyer may take such clarification or additional information into account in evaluating the Proposal.
- c. Where a Respondent fails to respond adequately or within a reasonable time to a request for clarification or additional information, the Buyer may cease evaluating the Respondent's Proposal and may eliminate the Proposal from the RFP process.



## 6.8 Evaluation and shortlisting

- a. The Buyer will base its initial evaluation on the Proposals submitted in response to the RFP. The Buyer may adjust its evaluation of a Proposal following consideration of any clarification or additional information as described in paragraphs 6.6 and 6.7.
- b. In deciding which Respondent/s to shortlist the Buyer will take into account the results of the evaluations of each Proposal and the following additional information:
  - i. each Respondent's understanding of the Requirements, capability to fully deliver the Requirements and willingness to meet the terms and conditions of the Proposed Contract
  - ii. except where the price is the only criterion, the best value-for-money over the whole-of-life of the goods or services.
- c. In deciding which Respondent/s, to shortlist the Buyer may take into account any of the following additional information:
  - i. the results from reference checks, site visits, product testing and any other due diligence
  - ii. the ease of contracting with a Respondent based on that Respondent's feedback on the Proposed Contract (where these do not form part of the weighted criteria)
  - iii. any matter that materially impacts on the Buyer's trust and confidence in the Respondent
  - iv. any other relevant information that the Buyer may have in its possession.
- d. The Buyer will advise Respondents if they have been shortlisted or not. Being shortlisted does not constitute acceptance by the Buyer of the Respondent's Proposal, or imply or create any obligation on the Buyer to enter into negotiations with, or award a Contract for delivery of the Requirements to any shortlisted Respondent/s. At this stage in the RFP process the Buyer will not make public the names of the shortlisted Respondents.

## 6.9 Negotiations



- a. The Buyer may invite a Respondent to enter into negotiations with a view to contract. Where the outcome is unsatisfactory the Buyer may discontinue negotiations with a Respondent and may then initiate negotiations with another Respondent.
- b. The Buyer may initiate concurrent negotiations with more than one Respondent. In concurrent negotiations the Buyer will treat each Respondent fairly, and:
  - i. prepare a negotiation plan for each negotiation
  - ii. advise each Respondent, that it wishes to negotiate with, that concurrent negotiations will be carried out
  - iii. hold separate negotiation meetings with each Respondent.
- c. Each Respondent agrees that any legally binding contract entered into between the Successful Respondent and the Buyer will be essentially in the form set out in Section 5, the Proposed Contract.

## 6.10 Respondent's debrief



- a. At any time after shortlisting Respondents the Buyer will offer all Respondents who have not been shortlisted a debrief. Each Respondent will have 30 Business Days, from the date of offer, to request a debrief. When a Respondent requests a debrief, the Buyer will provide the debrief within 30 Business Days of the date of the request, or of the date the Contract is signed, whichever is later.
- b. The debrief may be provided by letter, email, phone or at a meeting. The debrief will:
  - i. provide the reasons why the Proposal was or was not successful
  - ii. explain how the Proposal performed against the pre-conditions (if applicable) and the evaluation criteria
  - iii. indicate the Proposal's relative strengths and weaknesses
  - iv. explain, in general terms, the relative advantage/s of the successful Proposal
  - v. seek to address any concerns or questions from the Respondent
  - vi. seek feedback from the Respondent on the RFP and the RFP process.

## 6.11 Notification of outcome



- a. At any point after conclusion of negotiations, but no later than 30 Business Days after the date the Contract is signed, the Buyer will inform all unsuccessful Respondents of the name of the Successful Respondent, if any. The Buyer may make public the name of the Successful Respondent and any unsuccessful Respondent. Where applicable, the Buyer will publish a Contract Award Notice on GETS.

## 6.12 Issues and complaints



- a. A Respondent may, in good faith, raise with the Buyer any issue or complaint about the RFP, or the RFP process at any time.
- b. The Buyer will consider and respond promptly and impartially to the Respondent's issue or complaint.
- c. Both the Buyer and Respondent agree to act in good faith and use their best endeavours to resolve any issue or complaint that may arise in relation to the RFP.
- d. The fact that a Respondent has raised an issue or complaint is not to be used by the Buyer to unfairly prejudice the Respondent's ongoing participation in the RFP process or future contract opportunities.

# Standard RFP conditions



## 6.13 Buyer's Point of Contact

- a. All enquiries regarding the RFP must be directed by email to the Buyer's Point of Contact. Respondents must not directly or indirectly approach any representative of the Buyer, or



- any other person, to solicit information concerning any aspect of the RFP.
- b. Only the Point of Contact, and any authorised person of the Buyer, are authorised to communicate with Respondents regarding any aspect of the RFP. The Buyer will not be bound by any statement made by any other person.
  - c. The Buyer may change the Point of Contact at any time. The Buyer will notify Respondents of any such change. This notification may be posted on GETS or sent by email.
  - d. Where a Respondent has an existing contract with the Buyer then business as usual communications, for the purpose of managing delivery of that contract, will continue using the usual contacts. Respondents must not use business as usual contacts to lobby the Buyer, solicit information or discuss aspects of the RFP.

#### **6.14 Conflict of Interest**

- a. Each Respondent must complete the Conflict of Interest declaration in the Response Form and must immediately inform the Buyer should a Conflict of Interest arise during the RFP process. A material Conflict of Interest may result in the Respondent being disqualified from participating further in the RFP.

#### **6.15 Ethics**

- a. Respondents must not attempt to influence or provide any form of personal inducement, reward or benefit to any representative of the Buyer in relation to the RFP.
- b. A Respondent who attempts to do anything prohibited by paragraphs 6.13.a. and d. and 6.15.a. may be disqualified from participating further in the RFP process.
- c. The Buyer reserves the right to require additional declarations, or other evidence from a Respondent, or any other person, throughout the RFP process to ensure probity of the RFP process.

#### **6.16 Anti-collusion and bid rigging**

- a. Respondents must not engage in collusive, deceptive or improper conduct in the preparation of their Proposals or other submissions or in any discussions or negotiations with the Buyer. Such behaviour will result in the Respondent being disqualified from participating further in the RFP process. In submitting a Proposal the Respondent warrants that its Proposal has not been prepared in collusion with a Competitor.
- b. The Buyer reserves the right, at its discretion, to report suspected collusive or anti-competitive conduct by Respondents to the appropriate authority and to give that authority all relevant information including a Respondent's Proposal.

#### **6.17 Confidential Information**

- a. The Buyer and Respondent will each take reasonable steps to protect Confidential Information and, subject to paragraph 6.17.c. and without limiting any confidentiality undertaking agreed between them, will not disclose Confidential Information to a third party without the other's prior written consent.
- b. The Buyer and Respondent may each disclose Confidential Information to any person who is directly involved in the RFP process on its behalf, such as officers, employees, consultants, contractors, professional advisors, evaluation panel members, partners, principals or directors, but only for the purpose of participating in the RFP.
- c. Respondents acknowledge that the Buyer's obligations under paragraph 6.17.a. are subject to requirements imposed by the Official Information Act 1982 (OIA), the Privacy Act 1993, parliamentary and constitutional convention and any other obligations imposed by law. The Buyer will not be in breach of its obligations if Confidential Information is disclosed by the Buyer to the appropriate authority because of suspected collusive or anti-competitive tendering behaviour. Where the Buyer receives an OIA request that relates to a Respondent's Confidential Information the Buyer will consult with the Respondent and may ask the Respondent to explain why the information is considered by the Respondent to be confidential or commercially sensitive.





## 6.18 Confidentiality of RFP information

- a. For the duration of the RFP, to the date of the announcement of the Successful Respondent, or the end of the RFP process, the Respondent agrees to keep the RFP strictly confidential and not make any public statement to any third party in relation to any aspect of the RFP, the RFP process or the award of any Contract without the Buyer's prior written consent.
- b. A Respondent may disclose RFP information to any person described in paragraph 6.17.b. but only for the purpose of participating in the RFP. The Respondent must take reasonable steps to ensure that such recipients do not disclose Confidential Information to any other person or use Confidential Information for any purpose other than responding to the RFP.

## 6.19 Costs of participating in the RFP process

- a. Each Respondent will meet its own costs associated with the preparation and presentation of its Proposal and any negotiations.

## 6.20 Ownership of documents

- a. The RFP and its contents remain the property of the Buyer. All Intellectual Property rights in the RFP remain the property of the Buyer or its licensors. The Buyer may request the immediate return or destruction of any or all RFP documents and any copies. Respondents must comply with any such request in a timely manner.
- b. All documents forming the Proposal will, when delivered to the Buyer, become the property of the Buyer. Proposals will not be returned to Respondents at the end of the RFP process.
- c. Ownership of Intellectual Property rights in the Proposal remain the property of the Respondent or its licensors. However, the Respondent grants to the Buyer a non-exclusive, non-transferable, perpetual licence to retain, use, copy and disclose information contained in the Proposal for any purpose related to the RFP process.

## 6.21 No binding legal relations

- a. Neither the RFP, nor the RFP process, creates a process contract or any legal relationship between the Buyer and any Respondent, except in respect of:
  - i. the Respondent's declaration in its Proposal
  - ii. the Offer Validity Period
  - iii. the Respondent's statements, representations and/or warranties in its Proposal and in its correspondence and negotiations with the Buyer
  - iv. the Evaluation Approach to be used by the Buyer to assess Proposals as set out in Section 3 and in the RFP-Terms (as varied by Section 1, paragraph 1.6, if applicable)
  - v. the standard RFP conditions set out in paragraphs 6.13 to 6.26
  - vi. any other matters expressly described as binding obligations in Section 1, paragraph 1.6.
- b. Each exception in paragraph 6.21.a. is subject only to the Buyer's reserved rights in paragraph 6.23.
- c. Except for the legal obligations set out in paragraph 6.21.a. no legal relationship is formed between the Buyer and any Respondent unless and until a Contract is entered into between those parties.

## 6.22 Elimination

- a. The Buyer may exclude a Respondent from participating in the RFP if the Buyer has evidence of any of the following, and is considered by the Buyer to be material to the RFP:
  - i. the Respondent has failed to provide all information requested, or in the correct format, or materially breached a term or condition of the RFP
  - ii. the Proposal contains a material error, omission or inaccuracy



- iii. the Respondent is in bankruptcy, receivership or liquidation
- iv. the Respondent has made a false declaration
- v. there is a serious performance issue in a historic or current contract delivered by the Respondent
- vi. the Respondent has been convicted of a serious crime or offence
- vii. there is professional misconduct or an act or omission on the part of the Respondent which adversely reflects on the integrity of the Respondent
- viii. the Respondent has failed to pay taxes, duties or other levies
- ix. the Respondent represents a threat to national security or the confidentiality of sensitive government information
- x. the Respondent is a person or organisation designated as a terrorist by New Zealand Police.

### 6.23 Buyer's additional rights

- a. Despite any other provision in the RFP the Buyer may, on giving due notice to Respondents:
  - i. amend, suspend, cancel and/or re-issue the RFP, or any part of the RFP
  - ii. make any material change to the RFP (including any change to the timeline, Requirements or Evaluation Approach) on the condition that Respondents are given a reasonable time within which to respond to the change.
- b. Despite any other provision in the RFP the Buyer may:
  - i. accept a late Proposal if it is the Buyer's fault that it is received late
  - ii. in exceptional circumstances, accept a late Proposal where it considers that there is no material prejudice to other Respondents. The Buyer will not accept a late Proposal if it considers that there is risk of collusion on the part of a Respondent, or the Respondent may have knowledge of the content of any other Proposal
  - iii. in exceptional circumstances, answer a question submitted after the Deadline for Questions, if applicable
  - iv. accept or reject any Proposal, or part of a Proposal
  - v. accept or reject any non-compliant, non-conforming or alternative Proposal
  - vi. decide not to accept the lowest priced conforming Proposal unless this is stated as the Evaluation Approach
  - vii. decide not to enter into a Contract with any Respondent
  - viii. liaise or negotiate with any Respondent without disclosing this to, or doing the same with, any other Respondent
  - ix. provide or withhold from any Respondent information in relation to any question arising in relation to the RFP. Information will usually only be withheld if it is deemed unnecessary, is commercially sensitive to a Respondent, is inappropriate to supply at the time of the request or cannot be released for legal reasons
  - x. amend the Proposed Contract at any time, including during negotiations with a shortlisted Respondent
  - xi. waive irregularities or requirements in or during the RFP process where it considers it appropriate and reasonable to do so.
- c. The Buyer may request that a Respondent/s agrees to the Buyer:
  - i. selecting any individual element/s of the Requirements that is offered in a Proposal and capable of being delivered separately, unless the Proposal specifically states that the Proposal, or elements of the Proposal, are to be taken collectively
  - ii. selecting two or more Respondents to deliver the Requirements as a joint venture or consortium.



## 6.24 New Zealand law

- a. The laws of New Zealand shall govern the RFP and each Respondent agrees to submit to the exclusive jurisdiction of the New Zealand courts in respect of any dispute concerning the RFP or the RFP process.

## 6.25 Disclaimer

- a. The Buyer will not be liable in contract, tort, equity, or in any other way whatsoever for any direct or indirect damage, loss or cost incurred by any Respondent or any other person in respect of the RFP process.
- b. Nothing contained or implied in the RFP, or RFP process, or any other communication by the Buyer to any Respondent shall be construed as legal, financial or other advice. The Buyer has endeavoured to ensure the integrity of such information. However, it has not been independently verified and may not be updated.
- c. To the extent that liability cannot be excluded, the maximum aggregate liability of the Buyer, its agents and advisors is \$1.

## 6.26 Precedence

- a. Any conflict or inconsistency in the RFP shall be resolved by giving precedence in the following descending order:
  - i. Section 1, paragraph 1.6
  - ii. Section 6 (RFP-Terms)
  - iii. all other Sections of this RFP document
  - iv. any additional information or document provided by the Buyer to Respondents through the Buyer's Point of Contact or GETS.
- b. If there is any conflict or inconsistency between information or documents having the same level of precedence the later information or document will prevail.

# Definitions

In relation to the RFP the following words and expressions have the meanings described below.

<b>Advance Notice</b>	A notice published by the buyer on GETS in advance of publishing the RFP. An Advance Notice alerts the market to a contract opportunity. Where used, an Advance Notice forms part of the RFP.
<b>Business Day</b>	Any week day in New Zealand, excluding Saturdays, Sundays, New Zealand (national) public holidays and all days from Boxing Day up to and including the day after New Year's Day.
<b>Buyer</b>	The Buyer is the government agency that has issued the RFP with the intent of purchasing the goods or services described in the Requirements. The term Buyer includes its officers, employees, contractors, consultants, agents and representatives.
<b>Competitors</b>	Any other business that is in competition with a Respondent either in relation to the goods or services sought under the RFP or in general.
<b>Confidential Information</b>	Information that: <ol style="list-style-type: none"> <li>1. is by its nature confidential</li> <li>2. is marked by either the Buyer or a Respondent as 'confidential', 'commercially sensitive', 'sensitive', 'in confidence', 'top secret', 'secret', classified' and/or 'restricted'</li> </ol>

	<p>3. is provided by the Buyer, a Respondent, or a third party in confidence</p> <p>4. the Buyer or a Respondent knows, or ought to know, is confidential.</p> <p>Confidential information does not cover information that is in the public domain through no fault of either the Buyer or a Respondent.</p>
<b>Conflict of Interest</b>	<p>A Conflict of Interest arises if a Respondent's personal or business interests or obligations do, could, or be perceived to, conflict with its obligations to the Buyer under the RFP or in the provision of the goods or services. It means that the Respondent's independence, objectivity or impartiality can be called into question. A Conflict of Interest may be:</p> <ul style="list-style-type: none"> <li>▪ actual: where the conflict currently exists</li> <li>▪ potential: where the conflict is about to happen or could happen, or</li> <li>▪ perceived: where other people may reasonably think that a person is compromised.</li> </ul>
<b>Contract</b>	The written Contract/s entered into by the Buyer and Successful Respondent/s for the delivery of the Requirements.
<b>Contract Award Notice</b>	Government Rules of Sourcing, Rule 45 requires a Buyer to publish a Contract Award Notice on GETS when it has awarded a contract that is subject to the Rules.
<b>Deadline for Proposals</b>	The deadline that Proposals are to be delivered or submitted to the Buyer as stated in Section 1, paragraph 1.2.
<b>Deadline for Questions</b>	The deadline for suppliers to submit questions to the Buyer as stated in Section 1, paragraph 1.2, if applicable.
<b>Evaluation Approach</b>	The approach used by the Buyer to evaluate Proposals as described in Section 3 and in Section 6 (as varied by Section 1, paragraph 1.6, if applicable).
<b>GETS</b>	Government Electronic Tenders Service available at <a href="http://www.gets.govt.nz">www.gets.govt.nz</a>
<b>GST</b>	The goods and services tax payable in accordance with the New Zealand Goods and Services Tax Act 1985.
<b>Intellectual Property</b>	All intellectual property rights and interests, including copyright, trademarks, designs, patents and other proprietary rights, recognised or protected by law.
<b>Offer Validity Period</b>	The period of time when a Proposal (offer) is held open by the Respondent for acceptance by the Buyer as stated in Section 1, paragraph 1.6.
<b>Point of Contact</b>	The Buyer and each Respondent are required to appoint a Point of Contact. This is the channel to be used for all communications during the RFP process. The Buyer's Point of Contact is identified in Section 1, paragraph 1.3. The Respondent's Point of Contact is identified in its Proposal.
<b>Price</b>	The total amount, including all costs, fees, expenses and charges, to be charged by the Successful Respondent for the full delivery of the Requirements. Each Respondent's Proposal must include its Price.
<b>Proposal</b>	The response a Respondent submits in reply to the RFP. It comprises the Response Form, the Respondent's bid, financial and pricing information and all other information submitted by a Respondent.
<b>Proposed Contract</b>	The Contract terms and conditions proposed by the Buyer for the delivery of the Requirements as described in Section 5.
<b>RFP</b>	Means the Request for Proposal.
<b>Registration of</b>	A formal request by a Buyer asking potential suppliers to register their interest in a

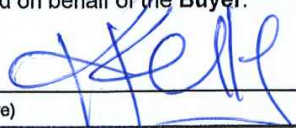
<b>Interest</b>	procurement. It is the first step in a multi-step tender process.
<b>Request for Proposal (RFP)</b>	The RFP comprises the Advance Notice (where used), the Registration of Interest (where used), this RFP document (including the RFP-Terms) and any other schedule, appendix or document attached to this RFP, and any subsequent information provided by the Buyer to Respondents through the Buyer's Point of Contact or GETS.
<b>RFP-Terms</b>	Means the Request for Proposal - Process, Terms and Conditions as described in Section 6.
<b>RFP Process, Terms and Conditions (shortened to RFP-Terms)</b>	The government's standard process, terms and conditions that apply to RFPs as described in Section 6. These may be varied at the time of the release of the RFP by the Buyer in Section 1, paragraph 1.6. These may be varied subsequent to the release of the RFP by the Buyer on giving notice to Respondents.
<b>Requirements</b>	The goods and/or services described in Section 2 which the Buyer intends to purchase.
<b>Respondent</b>	A person, organisation, business or other entity that submits a Proposal in response to the RFP. The term Respondent includes its officers, employees, contractors, consultants, agents and representatives. The term Respondent differs from a supplier, which is any other business in the market place that does not submit a Proposal.
<b>Response Form</b>	The form and declaration prescribed by the Buyer and used by a Respondent to respond to the RFP, duly completed and submitted by a Respondent as part of the Proposal.
<b>Successful Respondent</b>	Following the evaluation of Proposals and successful negotiations, the Respondent/s who is awarded a Contract/s to deliver all or part of the Requirements.

GMC Form 2 SERVICES (2nd Edition)

<b>Contract for Services</b>
<b>Strategic waste reviews [AD16-4376]</b>

The Parties	
<b>Hutt City Council</b>	<b>(Buyer)</b>
30 Laings Road, Private Bag 31912, Lower Hutt 5040, New Zealand	
and	
<b>Morrison Low &amp; Associates Ltd</b>	<b>(Supplier)</b>
Level 1, 8 Lion Place, Newmarket, Auckland 1023	

The Contract	
<b>Agreement</b>	
The Buyer appoints the Supplier to deliver the Services described in this Contract and the Supplier accepts that appointment. This Contract sets out the Parties' rights and obligations.	
<b>The documents forming this Contract are:</b>	
1. This page	<b>Page 1</b>
2. Contract Details and Description of Services	<b>Schedule 1</b>
3. Standard Terms and Conditions	<b>Schedule 2</b>
GMC Form 2 SERVICES   Schedule 2 (2nd Edition) available at: <a href="http://www.procurement.govt.nz">www.procurement.govt.nz</a>	
4. Any other attachments described at Schedule 1.	
<b>How to read this Contract</b>	
5. Together the above documents form the whole Contract.	
6. Any Supplier terms and conditions do not apply.	
7. Clause numbers refer to clauses in Schedule 2.	
8. Words starting with capital letters have a special meaning. The special meaning is stated in the Definitions section at clause 17 (Schedule 2).	

Acceptance			
In signing this Contract each Party acknowledges that it has read and agrees to be bound by it.			
For and on behalf of the <b>Buyer</b> :		For and on behalf of the <b>Supplier</b> :	
			
(signature)		(signature)	
<b>name:</b>	Kim Kelly	<b>name:</b>	Dan Bonikant
<b>position:</b>	GM City Transformation	<b>position:</b>	Managing Director
<b>date:</b>	17/9/2018	<b>date:</b>	14 September 2018

GMC Form 2 SERVICES (2nd Edition)

## Schedule 1

### Contract Details and Description of Services

<b>Start Date</b>	1 September 2018	Reference Schedule 2 clause 1
<b>End Date</b>	15 March 2019	Reference Schedule 2 clause 1

<b>Contract Managers</b> Reference Schedule 2 clause 4	Buyer's Contract Manager		Supplier's Contract Manager
	<b>Name:</b>	Jörn Scherzer	Alice Grace
	<b>Title / position:</b>	Manager Sustainability and Resilience	Senior Consultant
	<b>Address:</b>	30 Laings Road, Lower Hutt	Level 1, 8 Lion Place, Newmarket, Auckland
	<b>Phone:</b>	021-1250997	+64 9 523 0122
	<b>Email:</b>	joern.scherzer@huttcity.govt.nz	a.grace@morrisonlow.com

<b>Addresses for Notices</b> Reference Schedule 2 clause 14	Buyer's address		Supplier's address
	<b>For the attention of:</b>	Jörn Scherzer	Alice Grace
	<b>c.c. Contract Manager</b>	as above	as above
	<b>Delivery address:</b>	as above	as above
	<b>Postal address:</b>	Private Bag 31912, Lower Hutt 5040, New Zealand	PO Box 9126, Newmarket, Auckland 1149
	<b>Email:</b>	joern.scherzer@huttcity.govt.nz	a.grace@morrisonlow.com

<b>Description of Services</b>			
<b>Context</b>			
<p>Hutt City Council is undertaking three reviews, and the development of associated business cases, for Hutt City Council for three waste management areas: Hutt City Council's kerbside collection system, the case regarding a resource recovery facility, and the management of hazardous waste.</p> <p>The work is required in order to systematically address key actions relating to Hutt City Council as set out in the current Waste Management and Minimisation Plan (WMMP) 2017-2023. The key outcome in each of the three waste management areas is expected to be that Hutt City Council has certainty about the costs and benefits of various options (eg what kind of kerbside collection system Hutt City Council should operate in the future), before commencing relevant tender processes, or implementing resulting actions.</p>			
<b>Description of Services</b>			
<p>The work required is outlined in three documents attached to this contract:</p> <ul style="list-style-type: none"> <li>• Terms of Reference: Kerbside collection system v1.3</li> <li>• Terms of Reference: Resource recovery centre v1.3</li> <li>• Terms of Reference: Hazardous waste management v1.3</li> </ul> <p>In addition, Morrison Low Ltd's proposal to deliver on the Terms of Reference is also attached to this contract.</p>			
<b>Deliverables</b>			
Deliverable	Performance Standards	Due date	Amount due (exc GST)
Draft Better Business Case for Kerbside Collection System	Client acceptance of business case	15 January 2019	30,500
Completed Better Business Case for Kerbside Collection System	Client acceptance of business case	28 February 2019	3,500

2

GMC Form 2 SERVICES (2nd Edition)

Draft Better Business Case for Resource Recovery Centre	Client acceptance of business case	15 January 2019	23,500
Completed Better Business Case for Resource Recovery Centre	Client acceptance of business case	28 February 2019	2,500
Draft Better Business Case for Hazardous Waste Management	Client acceptance of business case	15 January 2019	13,500
Completed Better Business Case for Hazardous Waste Management	Client acceptance of business case	28 February 2019	1,500
<b>Total (exc GST)</b>			<b>\$75,000</b>

Supplier's Reporting Requirements	Report to:	Type of report	Due date
Reference Schedule 2 clause 5	Contract Manager	Email or phone updates on progress of work (fortnightly)	From 1 September 2018

**CHARGES:** The following section sets out the Charges. Charges are the total maximum amount payable by the Buyer to the Supplier for delivery of the Services. Charges include *Fees*, and where agreed, *Expenses* and *Daily Allowances*. The Charges for this Contract are set out below.

<b>Fees</b> Reference Schedule 2 clause 3	<p>The Supplier's Fees will be calculated as follows:</p> <p><b>Fixed Fee</b></p> <p>A fixed Fee of \$75,000 excluding GST.</p>
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<b>Expenses</b> Reference Schedule 2 clause 3	<p><b>Actual and reasonable — general Expenses</b></p> <p>The Buyer will pay the Supplier's actual and reasonable Expenses (including agreed travel and incidentals) incurred in delivering the Services, provided that:</p> <ol style="list-style-type: none"> <li>the Buyer has given prior written consent to the Supplier incurring the Expense</li> <li>the Expense is charged at actual and reasonable cost, and</li> <li>the claim for Expenses is supported by GST receipts.</li> </ol>
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<b>Invoices</b> Reference Schedule 2 Subject to clauses 3 and 11.7	<p>The Supplier shall send the Buyer an invoice at the end of each month for work to deliver the draft business cases, with total amounts as follows:</p> <ul style="list-style-type: none"> <li>Draft Better Business Case for Kerbside Collection System: \$30,500</li> <li>Draft Better Business Case for Resource Recovery Centre: \$23,500</li> <li>Draft Better Business Case for Hazardous Waste Management: \$13,500</li> </ul> <p>The remainder shall be invoiced on completion of the completion of the finalised business cases, as follows:</p> <ul style="list-style-type: none"> <li>Completed Better Business Case for Kerbside Collection System: \$3,500</li> <li>Completed Better Business Case for Resource Recovery Centre: \$2,500</li> <li>Completed Better Business Case for Hazardous Waste Management: \$1,500</li> </ul>
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GMC Form 2 SERVICES (2nd Edition)

<b>Address for invoices</b> Reference Schedule 2 clause 3	<b>Buyer's address</b>	
	<b>For the attention of:</b>	Jörn Scherzer
	<b>Email:</b>	joern.scherzer@huttcity.govt.nz
<b>Insurance</b> Reference Schedule 2 Clause 8.1	<b>INSURANCE: (clause 8.1 Schedule 2)</b> It is the Supplier's responsibility to ensure its risks of doing business are adequately covered, whether by insurance or otherwise. The Buyer does not require any specific insurance under this Contract.	
<b>Changes to Schedule 2 and additional clause/s</b>	<b>Schedule 2 of this Contract is amended as follows:</b> Replace Clause 12.2 with the following clause: Intellectual property prepared or created by the Consultant in carrying out the Services ("New Intellectual Property") shall be jointly owned by the Client and the Consultant. The Client and the Consultant hereby grant to each other a royalty-free license in perpetuity to copy or use New Intellectual Property. The ownership of data and factual information collected by the Consultant and paid for by the Client shall, after payment by the Client, lie with the Client. The Consultant does not warrant the suitability of New Intellectual Property for any purpose other than the Services or any other use stated in the Agreement.	
<b>Attachments</b> Reference 'Contract documents' described at Page 1	<ul style="list-style-type: none"> <li>• Terms of Reference: Kerbside collection system v1.3</li> <li>• Terms of Reference: Resource recovery centre v1.3</li> <li>• Terms of Reference: Hazardous waste management v1.3</li> <li>• Morrison Low Ltd proposal to deliver on the above Terms of Reference</li> </ul>	

## Schedule 2

### Standard Terms and Conditions - Services

#### 1. Length of Contract

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- 1.1 This Contract starts on the Start Date. Services must not be delivered before the Start Date.
- 1.2 This Contract ends on the End Date unless terminated earlier.

#### 2. The Services

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##### Both Parties' obligations

- 2.1 Both Parties agree to:
  - a. act in good faith and demonstrate honesty, integrity, openness and accountability in their dealings with each other
  - b. discuss matters affecting this Contract or the delivery of the Services, whenever necessary
  - c. notify each other immediately of any actual or anticipated issues that could:
    - i. significantly impact on the Services or the Charges
    - ii. receive media attention, and
  - d. comply with all applicable laws and regulations.

##### Buyer's obligations

- 2.2 The Buyer must:
  - a. provide the Supplier with any information it has reasonably requested to enable the delivery of the Services
  - b. make decisions and give approvals reasonably required by the Supplier to enable delivery of the Services. All decisions and approvals must be given within reasonable timeframes, and
  - c. pay the Supplier the Charges for the Services as long as the Supplier has delivered the Services and invoiced the Buyer, all in accordance with this Contract.

##### Supplier's obligations

- 2.3 The Supplier must deliver the Services:
  - a. on time and to the required performance standards or quality set out in Schedule 1 or reasonably notified by the Buyer to the Supplier from time to time
  - b. within the amounts agreed as Charges, and
  - c. with due care, skill and diligence, and to the appropriate professional standard or in accordance with good industry practice as would be expected from a leading supplier in the relevant industry.
- 2.4 The Supplier must:
  - a. ensure that its Personnel have the necessary skills, experience, training and resources to successfully deliver the Services
  - b. provide all equipment and resources necessary to deliver the Services, and

- c. comply with the *Standards of Integrity and Conduct* issued by the State Services Commission (see [www.ssc.govt.nz](http://www.ssc.govt.nz)) and any other relevant codes of conduct listed in Schedule 1 or notified by the Buyer to the Supplier from time to time.
- 2.5 Where an Approved Personnel has been authorised by the Buyer in Schedule 1, the Supplier must use the Approved Personnel in delivering the Services. The Supplier must obtain the Buyer's prior written approval if it wishes to change any Approved Personnel.
- 2.6 If the Supplier is at the Buyer's premises, the Supplier must observe the Buyer's policies and procedures, including those relating to health and safety, and security requirements. The Buyer must tell the Supplier what the relevant policies and procedures are, and either give the Supplier a copy of them or provide an internet link.
- 2.7 If the nature of the Services requires it, the Supplier will deliver Services:
  - a. in a manner that is culturally appropriate for Māori, Pacific and other ethnic or indigenous groups, and
  - b. that respects the personal privacy and dignity of all participants and stakeholders.

### **3. Charges and payment**

#### **Charges & invoices**

- 3.1 The Charges are the total maximum amount payable by the Buyer to the Supplier for delivery of the Services. Charges include Fees and, where agreed, Expenses and Daily Allowances.
- 3.2 The Supplier must provide valid tax invoices for all Charges on the dates or at the times specified in Schedule 1. The Buyer has no obligation to pay the Charges set out on an invoice, which is not a valid tax invoice. A valid a tax invoice must:
  - a. clearly show all GST due
  - b. be in New Zealand currency or the currency stated in Schedule 1
  - c. be clearly marked 'Tax invoice'
  - d. contain the Supplier's name, address and GST number, if the Supplier is registered for GST
  - e. contain the Buyer's name and address and be marked for the attention of the Buyer's Contract Manager or such other person stated in Schedule 1
  - f. state the date the invoice was issued
  - g. name this Contract and provide a description of the Services supplied, including the amount of time spent in the delivery of the Services if payment is based on an Hourly Fee Rate or Daily Fee Rate
  - h. contain the Buyer's contract reference or purchase order number if there is one
  - i. state the Charges due, calculated correctly, and
  - j. be supported by GST receipts if Expenses are claimed and any other verifying documentation reasonably requested by the Buyer.

#### **Payment**

- 3.3 If the Buyer receives a valid tax invoice on or before the 3<sup>rd</sup> Business Day of the month, the Buyer must pay that tax invoice by the 20<sup>th</sup> calendar day of that month. Any valid tax invoice received after the 3<sup>rd</sup> Business Day of the month will be paid by the Buyer on the 20<sup>th</sup> calendar day of the month following the month it is received. The Buyer's obligation to pay is subject to clauses 3.2, 3.4 and 11.10.
- 3.4 If the Buyer disputes a tax invoice or any part of a tax invoice that complies with clause 3.2, the Buyer must notify the Supplier within 10 Business Days of the date of receipt of the tax invoice. The Buyer must pay the portion of the tax invoice that is not in dispute. The Buyer may withhold payment of the disputed portion until the dispute is resolved.

## **4. Contract management**

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### **Contract Manager**

- 4.1 The persons named in Schedule 1 as the Contract Managers are responsible for managing the Contract, including:
- a. managing the relationship between the Parties
  - b. overseeing the effective implementation of this Contract, and
  - c. acting as a first point of contact for any issues that arise.

### **Changing the Contract Manager**

- 4.2 If a Party changes its Contract Manager it must tell the other Party, in writing, the name and contact details of the replacement within 5 Business Days of the change.

## **5. Information management**

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### **Information and Records**

- 5.1 The Supplier must:
- a. keep and maintain Records in accordance with prudent business practice and all applicable laws
  - b. make sure the Records clearly identify all relevant time and Expenses incurred in providing the Services
  - c. make sure the Records are easy to access, and
  - d. keep the Records safe.
- 5.2 The Supplier must give information to the Buyer relating to the Services that the Buyer reasonably requests. All information provided by the Supplier must be in a format that is usable by the Buyer, and delivered within a reasonable time of the request.
- 5.3 The Supplier must co-operate with the Buyer to provide information immediately if the information is required by the Buyer to comply with an enquiry or its statutory, parliamentary, or other reporting obligations.
- 5.4 The Supplier must make its Records available to the Buyer during the term of the Contract and for 7 years after the End Date (unless already provided to the Buyer earlier).
- 5.5 The Supplier must make sure that Records provided by the Buyer or created for the Buyer, are securely managed and securely destroyed on their disposal.

### **Reports**

- 5.6 The Supplier must prepare and give to the Buyer the reports stated in Schedule 1, by the due dates stated in Schedule 1.

## **6. The contractual relationship**

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### **Independent contractor**

- 6.1 Nothing in this Contract constitutes a legal relationship between the Parties of partnership, joint venture, agency, or employment. The Supplier is responsible for the liability of its own, and its Personnel's, salary, wages, holiday or redundancy payments and any GST, corporate, personal and withholding taxes, ACC premiums or other levies attributable to the Supplier's business or the engagement of its Personnel.

### **Neither Party can represent the other**

- 6.2 Neither Party has authority to bind or represent the other Party in any way or for any purpose.

### **Permission to transfer rights or obligations**

- 6.3 The Supplier may transfer any of its rights or obligations under this Contract only if it has the Buyer's prior written approval. The Buyer will not unreasonably withhold its approval.

## **7. Subcontractors**

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### **Rules about subcontracting**

- 7.1 The Supplier must not enter into a contract with someone else to deliver any part of the Services without the Buyer's prior written approval. In selecting an appropriate Subcontractor the Supplier must be able to demonstrate value for money.

### **The Supplier's responsibilities**

- 7.2 The Supplier is responsible for ensuring the suitability of any Subcontractor and the Subcontractor's capability and capacity to deliver that aspect of the Services being subcontracted.
- 7.3 The Supplier must ensure that:
- a. each Subcontractor is fully aware of the Supplier's obligations under this Contract, and
  - b. any subcontract it enters into is on terms that are consistent with this Contract.
- 7.4 The Supplier continues to be responsible for delivering the Services under this Contract even if aspects of the Services are subcontracted.

## **8. Insurance**

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### **Where insurance is a requirement**

- 8.1 It is the Supplier's responsibility to ensure its risks of doing business are adequately covered, whether by insurance or otherwise. If required in Schedule 1, the Supplier must have the insurance specified in Schedule 1 and the Supplier must:
- a. take out insurance, with a reputable insurer, and maintain that insurance cover for the term of this Contract and for a period of 3 years after the End Date, and
  - b. within 10 Business Days of a request from the Buyer provide a certificate confirming the nature of the insurance cover and proving that each policy is current.

## **9. Conflicts of Interest**

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### **Avoiding Conflicts of Interest**

- 9.1 The Supplier warrants that as at the Start Date, it has no Conflict of Interest in providing the Services or entering into this Contract.
- 9.2 The Supplier must do its best to avoid situations that may lead to a Conflict of Interest arising.

### **Obligation to tell the Buyer**

- 9.3 The Supplier must tell the Buyer immediately, and in writing, if any Conflict of Interest arises in relation to the Services or this Contract. If a Conflict of Interest does arise the Parties must discuss, agree and record in writing whether it can be managed and, if so, how it will be managed. Each Party must pay its own costs in relation to managing a Conflict of Interest.

## **10. Resolving disputes**

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### **Steps to resolving disputes**

- 10.1 The Parties agree to use their best endeavours to resolve any dispute or difference that may arise under this Contract. The following process will apply to disputes:
- a. a Party must notify the other if it considers a matter is in dispute
  - b. the Contract Managers will attempt to resolve the dispute through direct negotiation
  - c. if the Contract Managers have not resolved the dispute within 10 Business Days of notification, they will refer it to the Parties' senior managers for resolution, and
  - d. if the senior managers have not resolved the dispute within 10 Business Days of it being referred to them, the Parties shall refer the dispute to mediation or some other form of alternative dispute resolution.
- 10.2 If a dispute is referred to mediation, the mediation will be conducted:
- a. by a single mediator agreed by the Parties or if they cannot agree, appointed by the Chair of LEADR NZ Inc.
  - b. on the terms of the LEADR NZ Inc. standard mediation agreement, and
  - c. at a fee to be agreed by the Parties or if they cannot agree, at a fee determined by the Chair of LEADR NZ Inc.
- 10.3 Each Party will pay its own costs of mediation or alternative dispute resolution under this clause 10.

### **Obligations during a dispute**

- 10.4 If there is a dispute, each Party will continue to perform its obligations under this Contract as far as practical given the nature of the dispute.

### **Taking court action**

- 10.5 Each Party agrees not to start any court action in relation to a dispute until it has complied with the process described in clause 10.1, unless court action is necessary to preserve a Party's rights.

## **11. Ending this Contract**

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### **Termination by the Supplier**

- 11.1 The Supplier may terminate this Contract by giving 20 Business Days Notice to the Buyer, if the Buyer fails to pay Charges that are properly due, and are not in dispute under clause 3.4. The Charges must be overdue by 20 Business Days and the Supplier must have first brought this to the Buyer's attention in writing within this period.
- 11.2 At any time during the term of this Contract the Supplier may notify the Buyer that it wishes to terminate this Contract by giving 20 Business Days Notice. The Buyer will, within 20 Business Days following receipt of the Supplier's Notice, notify the Supplier whether, in its absolute discretion, it consents to the Supplier's Notice of termination. If the Buyer:
- a. consents, the Contract will be terminated on a date that is mutually agreed between the Parties, or
  - b. does not consent, the Contract will continue in full force as if the Supplier's Notice of termination had not been given.
- 11.3 The Supplier may also terminate this Contract under clause 11.9.

### **Termination by the Buyer**

- 11.4 The Buyer may terminate this Contract at any time by giving 20 Business Days Notice to the Supplier.
- 11.5 The Buyer may terminate this Contract immediately, by giving Notice, if the Supplier:
- a. becomes bankrupt or insolvent
  - b. has an administrator, receiver, liquidator, statutory manager, mortgagee's or chargee's agent appointed
  - c. becomes subject to any form of external administration
  - d. ceases for any reason to continue in business or to deliver the Services
  - e. is unable to deliver the Services for a period of 20 Business Days or more due to an Extraordinary Event
  - f. requires the supply of Services within the period of an Extraordinary Event
  - g. is in breach of any of its obligations under this Contract and the breach cannot be remedied
  - h. repeatedly fails to perform or comply with its obligations under this Contract whether those obligations are minor or significant
  - i. does something or fails to do something that, in the Buyer's opinion, results in damage to the Buyer's reputation or business
  - j. has a Conflict of Interest that in the Buyer's opinion is so material as to impact adversely on the delivery of the Services or the Buyer, or
  - k. provides information to the Buyer that is misleading or inaccurate in any material respect.

### **Termination by a Party if a breach has not been remedied**

- 11.6 If a Party fails to meet the requirements of this Contract (defaulting Party) and the other Party (non-defaulting Party) reasonably believes that the failure can be remedied, the non-defaulting Party must give a Notice (default Notice) to the defaulting Party.
- 11.7 A default Notice must state:
- a. the nature of the failure
  - b. what is required to remedy it, and
  - c. the time and date by which it must be remedied.
- 11.8 The period allowed to remedy the failure must be reasonable given the nature of the failure.
- 11.9 If the defaulting Party does not remedy the failure as required by the default Notice, the non-defaulting Party may terminate this Contract immediately by giving a further Notice.
- 11.10 If the Buyer gives a default Notice to the Supplier, the Buyer may also do one or both of the following things:
- a. withhold any payment of Fees due until the failure is remedied as required by the default Notice, and or
  - b. if the failure is not remedied as required by the default Notice, deduct a reasonable amount from any Fees due to reflect the reduced value of the Services to the Buyer.

### **Supplier's obligations on termination or expiry of this Contract**

- 11.11 On giving or receiving a Notice of termination, the Supplier must:
- a. stop providing the Services
  - b. comply with any conditions contained in the Notice, and

GMC Form 2 SERVICES | Schedule 2 (2nd Edition)

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- c. immediately do everything reasonably possible to reduce its losses, costs and expenses arising from the termination of this Contract.
- 11.12 On termination or expiry of this Contract, the Supplier must, if requested by the Buyer, immediately return or securely destroy all Confidential Information and other material or property belonging to the Buyer.

### **Consequences of termination or expiry of this Contract**

- 11.13 The termination or expiry of this Contract does not affect those rights of each Party which:
- a. accrued prior to the time of termination or End Date, or
  - b. relate to any breach or failure to perform an obligation under this Contract that arose prior to the time of termination or End Date.
- 11.14 If this Contract is terminated the Buyer:
- a. will only be liable to pay Charges that were due for Services delivered before the effective date of termination, and
  - b. may recover from the Supplier or set off against sums due to the Supplier, any Charges paid in advance that have not been incurred.

### **Handing over the Services on termination or expiry of this Contract**

- 11.15 The Supplier will, within 10 Business Days of the End Date, provide all reasonable assistance and cooperation necessary to facilitate a smooth handover of the Services to the Buyer or any person appointed by the Buyer.
- 11.16 If the Parties agree, the Supplier will provide additional assistance to support any replacement supplier to deliver the Services. This support may be for a period of up to 3 months from the date of termination and at a reasonable fee to be agreed between the Parties, based on the Fees and Expenses stated in this Contract.

## **12. Intellectual Property Rights**

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### **Ownership of Intellectual Property Rights**

- 12.1 Pre-existing Intellectual Property Rights remain the property of their current owner.
- 12.2 New Intellectual Property Rights in the Deliverables become the property of the Buyer when they are created.
- 12.3 The Supplier grants to the Buyer a perpetual, non-exclusive, worldwide and royalty-free licence to use, for any purpose, all Intellectual Property Rights in the Deliverables that are not owned by the Buyer. This licence includes the right to use, copy, modify and distribute the Deliverables.

### **Supplier indemnity**

- 12.4 The Supplier warrants that it is legally entitled to do the things stated in clause 12.3 with the Intellectual Property Rights in the Deliverables.
- 12.5 The Supplier warrants that Pre-existing and New Intellectual Property Rights provided by the Supplier and incorporated in the Services and Deliverables do not infringe the Intellectual Property Rights of any third party.
- 12.6 The Supplier indemnifies the Buyer in respect of any expenses, damage or liability incurred by the Buyer in connection with any third party claim that the delivery of the Services or Deliverables to the Buyer or the Buyer's use of them, infringes a third party's rights. This indemnity is not subject to any limitation or cap on liability that may be stated elsewhere in this Contract.



### **13. Confidential Information**

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#### **Protection of Confidential Information**

- 13.1 Each Party confirms that it has adequate security measures to safeguard the other Party's Confidential Information from unauthorised access or use by third parties, and that it will not use or disclose the other Party's Confidential Information to any person or organisation other than:
- a. to the extent that use or disclosure is necessary for the purposes of providing the Deliverables or Services or in the case of the Buyer using the Deliverables or Services
  - b. if the other Party gives prior written approval to the use or disclosure
  - c. if the use or disclosure is required by law (including under the Official Information Act 1982), Ministers or parliamentary convention, or
  - d. in relation to disclosure, if the information has already become public, other than through a breach of the obligation of confidentiality by one of the Parties.

#### **Obligation to inform staff**

- 13.2 Each Party will ensure that its Personnel:
- a. are aware of the confidentiality obligations in this Contract, and
  - b. do not use or disclose any of the other Party's Confidential Information except as allowed by this Contract.

### **14. Notices**

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#### **Delivery of Notices**

- 14.1 All Notices to a Party must be delivered by hand or sent by post, courier, fax or email to that Party's address for Notices stated in Schedule 1.
- 14.2 Notices must be signed or in the case of email sent by the appropriate manager or person having authority to do so.

#### **Receipt of Notices**

- 14.3 A Notice will be considered to be received:
- a. if delivered by hand, on the date it is delivered
  - b. if sent by post within New Zealand, on the 3rd Business Day after the date it was sent
  - c. if sent by post internationally, on the 7th Business Day after the date it was sent
  - d. if sent by courier, on the date it is delivered
  - e. if sent by fax, on the sender receiving a fax machine report that it has been successfully sent, or
  - f. if sent by email, at the time the email enters the recipient's information system as evidenced by a delivery receipt requested by the sender and it is not returned undelivered or as an error.
- 14.4 A Notice received after 5pm on a Business Day or on a day that is not a Business Day will be considered to be received on the next Business Day.

## **15. Extraordinary Events**

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### **No fault if failure due to an Extraordinary Event**

- 15.1 Neither Party will be liable to the other for any failure to perform its obligations under this Contract where the failure is due to an Extraordinary Event.

### **Obligations of the affected Party**

- 15.2 A Party who wishes to claim suspension of its obligations due to an Extraordinary Event must notify the other Party as soon as reasonably possible. The Notice must state:
- a. the nature of the circumstances giving rise to the Extraordinary Event
  - b. the extent of that Party's inability to perform under this Contract
  - c. the likely duration of that non-performance, and
  - d. what steps are being taken to minimise the impact of the Extraordinary Event on the delivery of Services.

### **Alternative arrangements requiring immediate termination**

- 15.3 If the Buyer, acting reasonably, requires the Services to be supplied during the period affected by an Extraordinary Event, then despite clause 15.4, the Buyer may terminate this Contract immediately by giving Notice.

### **Termination of Contract**

- 15.4 If a Party is unable to perform any obligations under this Contract for 20 Business Days or more due to an Extraordinary Event, the other Party may terminate this Contract immediately by giving Notice.

## **16. General**

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### **Changes to this Contract**

- 16.1 Any change to this Contract is called a Variation. A Variation must be agreed by both Parties and recorded:
- a. in writing and signed by both Parties, or
  - b. through an exchange of emails where the authors have delegated authority to approve the Variation.

### **This is the entire Contract**

- 16.2 This Contract, including any Variation, records everything agreed between the Parties relating to the Services. It replaces any previous communications, negotiations, arrangements or agreements that the Parties had with each other relating to the Services before this Contract was signed, whether they were verbal or in writing.

### **Waiver**

- 16.3 If a Party breaches this Contract and the other Party does not immediately enforce its rights resulting from the breach that:
- a. does not mean that the Party in breach is released or excused from its obligation to perform the obligation at the time or in the future, and
  - b. does not prevent the other Party from exercising its rights resulting from the breach at a later time.

### **New Zealand law, currency and time**

- 16.4 This Contract will be governed and interpreted in accordance with the laws of New Zealand. All money is in New Zealand dollars, unless Schedule 1 specifies a different currency. Dates and times are New Zealand time.

### Publication of information about this Contract

- 16.5 The Supplier may disclose the existence of this Contract but must obtain the Buyer's prior written approval before making reference to the Buyer or this Contract in its publications, public statements, promotional material or promotional activities about this Contract.
- 16.6 Each Party undertakes not to post on websites or social networking sites and not to publicly display objectionable or derogatory comments about the Services, this Contract, each other or any of its Personnel and to ensure that its Personnel do not do so.

### Signing the Contract

- 16.7 The date of execution is date this Contract is signed. This Contract is properly signed if each Party signs the same copy, or separate identical copies, of Page 1. If this Contract is signed on two separate dates or separate copies are signed, the date of execution is the later of the two dates. Where separate copies are signed the signed copy can be the original document, or a faxed or emailed copy.

### No poaching

- 16.8 During the term of this Contract and for a period of 6 months after the End Date neither Party shall, without the other's written consent, deliberately solicit for employment or hire any person who is or has been employed by the other and involved in the delivery of the Services. This does not apply where a person has responded to a legitimate advertisement.

### Clauses that remain in force

- 16.9 The clauses that by their nature should remain in force on expiry or termination of this Contract do so, including clauses 5 (Information management), 8 (Insurance), 10 (Resolving disputes), 11 (Ending this Contract), 12 (Intellectual Property Rights), 13 (Confidential Information), 16 (General) and 17 (Definitions).

### Precedence

- 16.10 If there is any conflict or difference between the documents forming this Contract (as stated on Page 1) then the order of precedence is:
- a. a Variation agreed between the Parties under clause 16.1
  - b. Schedule 1
  - c. any Attachment to Schedule 1
  - d. Schedule 2.

## 17. Definitions

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- 17.1 When used in this Contract the following terms have the meaning beside them:

**Attachment** Any supplementary document named in Schedule 1 as an Attachment to this Contract.

**Approved Personnel** A person who is engaged by the Supplier to deliver the Services and is named in Schedule 1. The Supplier must use this person in the delivery of the Services and cannot change them without first obtaining the Buyer's written approval.

**Business Day** A day when most businesses are open for business in New Zealand. It excludes Saturday, Sunday, and public holidays. A Business Day starts at 8.30am and ends at 5pm.

**Buyer** The Buyer is the purchaser of the Services and is named as the Buyer on page 1 of this Contract for the purposes of this Contract.

**Charges** The total amount payable by the Buyer to the Supplier as stated in Schedule 1. The Supplier's Charges include Fees and any Expenses and Daily Allowances stated in Schedule 1. Charges are payable on successful delivery of the Services provided a valid tax invoice has been submitted.

**Confidential Information** Information that:

- a. is by its nature confidential
- b. is marked by either Party as 'confidential', 'in confidence', 'restricted' or 'commercial in confidence'
- c. is provided by either Party or a third party 'in confidence'

- d. either Party knows or ought to know is confidential, or
- e. is of a sensitive nature or commercially sensitive to either Party.

**Conflict of Interest** A Conflict of Interest arises if a Party or its Personnel's personal or business interests or obligations do or could conflict or be perceived to conflict with its obligations under this Contract. It means that its independence, objectivity or impartiality can be called into question. A Conflict of Interest may be:

- a. actual: where the conflict currently exists
- b. potential: where the conflict is about to happen or could happen, or
- c. perceived: where other people may reasonably think that a person is compromised.

**Contract** The legal agreement between the Buyer and the Supplier that comprises Page 1 (the front sheet), Schedule 1, this Schedule 2, any other Schedule, and any Variation and Attachment.

**Contract Manager** The person named in Schedule 1 as the Contract Manager. Their responsibilities are listed in clause 4.1

**Daily Allowance** An allowance to cover accommodation, meals and incidentals for the Supplier's Personnel if they are required, in order to deliver the Services or to travel overnight away from their normal place of business. The amount of any Daily Allowance must be agreed to in Schedule 1. A Daily Allowance is similar to a per diem.

**Daily Fee Rate** If the Supplier's fee rate is expressed as a Daily Fee Rate this is the fee payable for each day spent in the delivery of Services. A day is a minimum of 8 working hours.

**Deliverables** A tangible output resulting from the delivery of the Services as stated in Schedule 1. A deliverable may be a document, a piece of equipment, goods, information or data stored by any means including all copies and extracts of the same.

**End Date** The earlier of the date this Contract is due to end as stated in Schedule 1, the date of termination as set out in a Notice of termination or any other date agreed between the Parties as the date the Contract is to end.

**Expenses** Any actual and reasonable out-of-pocket costs incurred by the Supplier in the delivery of the Services and agreed to in Schedule 1.

**Extraordinary Event** An event that is beyond the reasonable control of the Party immediately affected by the event. An Extraordinary Event does not include any risk or event that the Party claiming could have prevented or overcome by taking reasonable care. Examples include:

- a. acts of God, lightning strikes, earthquakes, tsunamis, volcanic eruptions, floods, storms, explosions, fires, pandemics and any natural disaster
- b. acts of war (whether declared or not), invasion, actions of foreign enemies, military mobilisation, requisition or embargo
- c. acts of public enemies, terrorism, riots, civil commotion, malicious damage, sabotage, rebellion, insurrection, revolution or military usurped power or civil war, or
- d. contamination by radioactivity from nuclear substances or germ warfare or any other such hazardous properties.

**Fees** The amount payable to the Supplier for the time spent in delivery of the Services calculated on the basis stated in Schedule 1, excluding any Expenses and Daily Allowances.

**GST** The goods and services tax payable in accordance with the New Zealand Goods and Services Tax Act 1985.

**Hourly Fee Rate** If the Supplier's fee rate is expressed as an Hourly Fee Rate this is the Fee payable for each hour spent delivering the Services.

**Intellectual Property Rights** All Intellectual Property Rights and interests, including copyright, trademarks, designs, patents and other proprietary rights, recognised or protected by law.

**Milestone** A phase or stage in the delivery of Services resulting in a measurable output. Payment of Fees is usually due on the satisfactory delivery of a Milestone.

**New Intellectual Property Rights** Intellectual Property Rights developed after the date of this Contract and incorporated into the Deliverables.

**Notice** A formal or legal communication from one Party to the other that meets the requirements of clause 14.

**Party** The Buyer and the Supplier are each a Party to this Contract, and together are the Parties.

**Personnel** All individuals engaged by either Party in relation to this Contract or the delivery of Services. Examples include: the owner of the business, its directors, employees, Subcontractors, agents, external consultants, specialists, technical support and co-opted or seconded staff. It includes Approved Personnel.

**Pre-existing Intellectual Property Rights** Intellectual Property Rights developed before the date of this Contract. It does not cover later modifications, adaptations or additions.

**Records** All information and data necessary for the management of this Contract and the delivery of Services. Records include, but are not limited to, reports, invoices, letters, emails, notes of meetings, photographs and other media recordings. Records can be hard copies or soft copies stored electronically.

GMC Form 2 SERVICES | Schedule 2 (2nd Edition)

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**Services** All work, tasks and Deliverables, including those stated in Schedule 1, that the Supplier must perform and deliver under this Contract.

**Schedule** An attachment to this Contract with the title 'Schedule'.

**Start Date** The date when this Contract starts as stated in Schedule 1.

**Subcontractor** A person, business, company or organisation contracted by the Supplier to deliver or perform part of the Supplier's obligations under this Contract.

**Supplier** The person, business, company or organisation named as the Supplier on page 1. It includes its Personnel, successors, and permitted assignees.

**Variation** A change to any aspect of this Contract that complies with clause 16.1.



## TERMS OF REFERENCE – “Kerbside collection review”

<b>Project Title</b>	Kerbside collection review
<b>Version</b>	1.3
<b>Project Definition</b>	<ul style="list-style-type: none"> <li>- To develop a business case for identifying a preferred option for kerbside collection of recycling and waste, for implementation from mid-2019</li> </ul>
<b>Background</b>	<ul style="list-style-type: none"> <li>- Under the Waste Management and Minimisation Plan (WMMP) 2017-23, Hutt City Council has committed to two key actions: <ul style="list-style-type: none"> <li>o <i>C.1: Investigate Options and costs of a two-stream recycling collection, by 2019, and</i></li> <li>o <i>C.2: Investigate the use of wheelie bins for kerbside recycling by 2019.</i></li> </ul> </li> <li>- There are three actions in the WMMP that relate to the above actions (changes to the above may impact on these, or they may have to be considered as part of review of the waste management system): <ul style="list-style-type: none"> <li>o <i>C.3: Investigate methods to prevent recycling from being put in council rubbish bags (effectively this is looking at how to improve current recycling rates)</i></li> <li>o <i>C.4: Provide city wide weekly refuse and recycling collection service plus recycling collection stations (albeit this is subject to periodic reviews, such as the one proposed here).</i></li> <li>o <i>IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any).</i></li> </ul> </li> <li>- In parallel, the contract for Hutt City Council's recycling kerbside collection service is coming up for re-tender in the third quarter of 2019.</li> <li>- In line with these actions, and the timing constraint of re-tendering our kerbside collection service contract, a business case is required to inform decisions by the Council on the preferred option for kerbside recycling and waste collection in the future.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- A business case for a preferred option for kerbside collection, including a cost-benefit analysis of the various options identified</li> </ul>
<b>Desired Outcomes</b>	<ul style="list-style-type: none"> <li>- Key outcome: certainty about the costs and benefits of various kerbside collection options</li> <li>- To inform a decision by the Hutt City Council on the preferred option for kerbside collection</li> <li>- Implementation of that decision in a follow-up project (eg tender of preferred model, and selection of a preferred provider for kerbside collection services in Lower Hutt – depending on the preferred approach selected)</li> </ul>
<b>Scope</b>	<p>The review/analysis should cover the following issues:</p> <ul style="list-style-type: none"> <li>- A description of the waste and recycling market for different types of recyclables and waste materials such as organics (eg the value of recyclables in the waste stream, recyclability, markets for those materials such as Type 1 plastics going to 'Flight Plastics' in Lower Hutt), and</li> </ul>



	<p>analysis on the issue of certain markets for recyclables reducing as a result of policy changes in China</p> <ul style="list-style-type: none"> <li>- A description of how the current residential waste system operates in Lower Hutt, and relevant advantages and disadvantages (eg wind-blown litter as a result of open crates), including volumes and the recycling percentage of total waste</li> <li>- A description of other systems, and relevant lessons learnt in other council, including benchmarking Hutt City Council's current system against what other councils are doing in this regard (eg Christchurch City Council), including greenhouse gas emissions performance</li> <li>- Identification and description of all available options for kerbside waste and recycling collection, including status quo (eg fully private vs current mixed vs fully council controlled but tendered out), and types of separation (eg co-mingled vs separated into glass and plastics; the analysis for each option should identify all pros and cons, eg based on experience in other councils</li> <li>- The analysis should consider the benefits and costs of a separate organics collection, including the experience of councils that already have separate organics collection: food waste only (Auckland model) or food waste and green waste (Christchurch model). The analysis should consider the associated greenhouse gas footprint vs the current approach of landfill with methane capture and electricity production</li> <li>- Analysis should consider the issue of some users not requiring weekly kerbside collection (eg bags get put out every few weeks because of little waste creation), including the options and role of pay-as-you-throw wheelee bin systems (this could also include considering recent experience in Auckland where payment tokens were stolen)</li> <li>- Potentially a survey of actual consumer costs of council-provided and private-provided services, including bin vs bag collection</li> <li>- Potentially a survey of, or selected consultation with, residents on their views on what sort of recycling system they would like or be prepared to pay for, what are the public's expectations; the business case should take into account public expectations regarding recycling</li> <li>- A cost-benefit analysis and/or multi criteria analysis of the various options, including a greenhouse gas emission assessment of the various options</li> <li>- Where possible, the CBA should be based on established best practice (e.g. Treasury's Better Business Case approach)</li> <li>- Review should include sensitivity analysis based on different scenarios and/or assumptions.</li> <li>- Analysis should consider the role of local recycling drop off stations. Do they have a role in a revised system? (There are currently five stations, all of which are experiencing instances of illegal dumping and cross-contamination. One is currently in the process of being closed down due to these problems.)</li> <li>- Assessment of whether a potential Resource Recovery Centre could affect the kerbside collection approach in any way (eg organics processing)? What are the potential implications due to a future container deposit scheme as is currently being considered by central government?</li> <li>- How can risks be managed, such as the occurrence of different providers collecting wastes/recyclables on different days, thereby making local streets less attractive due to litter bins being outside several days of the week</li> </ul>
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<b>Exclusions</b>	<ul style="list-style-type: none"> <li>- A cost-benefit analysis of related items such as resource recovery centre is outside the scope</li> </ul>
<b>Who will benefit from the project</b>	<ul style="list-style-type: none"> <li>- The Lower Hutt community will benefit from a more efficient and cost effective service, with a potential increase in the diversion of recyclable waste and a reduction in greenhouse gas emissions</li> </ul>
<b>Assumptions and constraints</b>	<ul style="list-style-type: none"> <li>- The Hutt City Council kerbside collection contract needs to be re-tendered before third quarter of 2019</li> </ul>
<b>HCC contact / project lead</b>	<ul style="list-style-type: none"> <li>- Joern Scherzer (Manager Sustainability and Resilience) or delegated staff member in the Sustainability and Resilience team</li> </ul>
<b>Major Milestones</b>	<ul style="list-style-type: none"> <li>- Review: September 2018 to February 2019</li> <li>- Business case complete: February 2019</li> <li>- Decision on preferred approach: mid-2019</li> <li>- Procurement of provider under new kerbside contract: mid-to-late 2019</li> <li>- Implementation of new model: from late 2019</li> </ul>





## TERMS OF REFERENCE – “Resource Recovery Centre business case”

<b>Project Title</b>	Resource Recovery Centre business case
<b>Version</b>	1.3
<b>Project Definition</b>	<ul style="list-style-type: none"> <li>- To develop a business case for a Resource Recovery Centre (RRC) in the Hutt Valley</li> </ul>
<b>Background</b>	<ul style="list-style-type: none"> <li>- Under the Waste Management and Minimisation Plan 2017-23, there are three Hutt City Council (HCC) actions relevant to a RRC:             <ul style="list-style-type: none"> <li>o <i>IN.3: Investigate the establishment of a free to use recycling waste facility and shop before the landfill gates, implement if found to be economically viable (by 2022)</i></li> <li>o <i>IN.10: Recycling [...] facilities at the transfer station / landfill (to improve recycling at the landfill).</i></li> <li>o <i>IN.11: Increase waste diversion at landfill and increase collection and diversion of reusable and recyclable items</i></li> </ul> </li> <li>- There is also a related action for Upper Hutt City Council: <i>IN.1 Investigate developing a drop-off recovery centre at Silverstream landfill, with Hutt City Council</i></li> <li>- A business case is required in order to inform decisions by HCC on whether a Resource Recovery Centre is justified</li> <li>- Note that a “feasibility study” for an RRC, located in Silverstream, was commissioned in 2017. This was carried out by Eonomia. However, this does not meet the requirements of a full business case.</li> <li>- Note that there two cities in Hutt Valley, Lower Hutt and Upper Hutt.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- A business case for an RRC in the Hutt Valley</li> </ul>
<b>Desired Outcomes</b>	<ul style="list-style-type: none"> <li>- Key outcome: certainty about the advantages and disadvantages, and associated costs and benefits of an RRC in the Hutt Valley</li> <li>- To inform a decision by Hutt City Council and Upper Hutt City Council on whether or not investment in the establishment of such a facility is justified</li> <li>- If found viable, implementation of that decision in a follow-up project</li> </ul>
<b>Scope</b>	<p>The review/analysis should cover the following issues:</p> <ul style="list-style-type: none"> <li>- A description of how the current system operates, and relevant advantages and disadvantages</li> <li>- A description of various types of RRCs (eg including construction wastes vs just a simple “tip shop”); “Earthlink” (Lower Hutt) vs “Trash Palace” (Porirua) vs other types</li> <li>- A description of other systems, and relevant lessons learnt in other councils</li> <li>- A description of the waste and recycling market, ie the value of items that would be collected at the RRC, including whether markets exist for materials/reused products, volumes of the target materials, and the existence of markets in the future (eg 20 years)</li> <li>- Identification of linkages between Upper Hutt and Lower Hutt for recovering</li> </ul>



	<p>resources, including opportunities for cooperation/joint approach</p> <ul style="list-style-type: none"> <li>- Identification of appropriate models for a resource recovery centre, including operating models (eg council owned/operated vs privately owned/operated)</li> <li>- A cost-benefit analysis and/or multi criteria analysis of the various options. This should include relevant effects on other relevant facilities such as Silverstream landfill.</li> <li>- Analysis should consider benefits and costs of the facility in terms of greenhouse gas emissions</li> <li>- An assessment of the level to which such a facility could replace the existing resource recovery operation at the Silverstream landfill (after the landfill gates, currently operated by Earthlink Inc)</li> <li>- Consideration of what incentives or other systems may need to be in place for residents to improve diversion of key waste streams through an RRC. (For example, certain vehicles are not currently weighed at the landfill, ie charges are averaged as opposed to be based on actual weight, but this may disincentivise diversion of certain products and resources prior to the landfill as there is no benefit for users to do so.)</li> <li>- An assessment of the degree to which the various options contribute to WMMP targets</li> <li>- Where the option involves the council owning and operating a relevant facility, it should include an assessment and associated recommendations about the cost/profit share (capital and operating) for this, considering that the Hutt Valley incorporates two cities</li> <li>- Where possible, the CBA should be based on established best practice (e.g. Treasury's Better Business Case approach)</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>- A cost-benefit analysis of related items such as hazardous waste management is outside the scope. However, there may be benefit in considering the possibility of including hazardous waste management as one of the functions of a RRC.</li> </ul>
<b>Who will benefit from the project</b>	<ul style="list-style-type: none"> <li>- Improved environmental outcomes</li> <li>- The Hutt Valley community benefit from a cost effective service in order to recover reusable products/materials</li> <li>- Hutt City Council and Upper Hutt City Council benefit from a cost effective service</li> </ul>
<b>Assumptions and constraints</b>	<ul style="list-style-type: none"> <li>- If there was benefit in establishing such a facility, it would likely need to be located somewhere in the Hutt Valley</li> </ul>
<b>HCC contact / project lead</b>	<ul style="list-style-type: none"> <li>- Joern Scherzer (Manager Sustainability and Resilience) or delegated staff member in the Sustainability and Resilience team</li> </ul>
<b>Major Milestones</b>	<p>There are no critical time frames, apart from the requirement in the WMMP that if viable a facility should be in place no later than 2022</p> <ul style="list-style-type: none"> <li>- Review: September 2018 to February 2019</li> <li>- Business case complete: February 2019</li> <li>- Decision on preferred approach: early to mid-2019</li> <li>- Implementation / procurement: from 2020</li> </ul>



## TERMS OF REFERENCE – “Hazardous waste review”

<b>Project Title</b>	Hazardous waste review
<b>Version</b>	1.3
<b>Project Definition</b>	<ul style="list-style-type: none"> <li>- To review the current management of hazardous waste in the Hutt Valley (with a particular focus on Lower Hutt), and develop a business case for a preferred option for hazardous waste management, for implementation from mid-2019</li> </ul>
<b>Background</b>	<ul style="list-style-type: none"> <li>- Under the Waste Management and Minimisation Plan (WMMP) 2017-23, there are three (Hutt City Council) actions as they relate to hazardous waste management:             <ul style="list-style-type: none"> <li>o <i>C.7: Maintain annual or biannual Hazmobile (hazardous waste) collection day</i></li> <li>o <i>C.8: Review effectiveness, scope and location of Hazmobile (hazardous waste) collection day</i></li> <li>o <i>IN.10: Recycling and hazardous waste facilities at the transfer station / landfill (improve hazardous waste facilities).</i></li> </ul> </li> <li>- In line with these actions, especially C.8, a review of the current approach to hazardous waste management is required, to inform decisions by the Council on the preferred option for hazardous waste management in the future, including whether or not to retain the current Hazmobile collection days.</li> <li>- Note that there are two cities in Hutt Valley, Lower Hutt and Upper Hutt.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- A business case for a preferred option for hazardous waste management in the Hutt valley, albeit with a particular focus on Lower Hutt</li> </ul>
<b>Desired Outcomes</b>	<ul style="list-style-type: none"> <li>- Key outcome: certainty about the advantages and disadvantages, and associated costs and benefits of various hazardous waste management options</li> <li>- To inform a decision by Hutt City Council on the preferred option for hazardous waste management going forward</li> <li>- Implementation of that decision in a follow-up project</li> <li>- Improved environmental risk management in relation to hazardous waste; improved health and safety system</li> </ul>
<b>Scope</b>	<p>The review/analysis should cover the following issues:</p> <ul style="list-style-type: none"> <li>- Clarification on the scope of hazardous waste (what is hazardous waste vs other waste streams) with reference to the relevant legislation and/or standards for each material type</li> <li>- A description of how the current system operates (including the relevant regulatory framework), and relevant advantages and disadvantages, including the volume of hazardous waste in comparison to the total waste produced. This should look at not just Lower Hutt, but also the wider Hutt valley, and if necessary, relevant linkages to other activities in other councils in the Wellington region</li> <li>- A description of other systems, and relevant lessons learnt in other</li> </ul>



	<p>councils</p> <ul style="list-style-type: none"> <li>- A description of what is best practice, and recommended management of various hazardous waste streams</li> <li>- Identification of linkages between management of hazardous waste in Lower Hutt and Upper Hutt, including opportunities for cooperation/joint approach</li> <li>- Identification and description of all available options and operating models for hazardous waste management in the Hutt Valley (eg maintain Hazmobile vs contract a provider to provide relevant services vs working with another council such as Wellington City Council in order to provide hazardous waste services to Hutt Valley residents and businesses)</li> <li>- The analysis for each option should identify all pros and cons based on experience in other councils</li> <li>- A cost-benefit analysis and/or multi criteria analysis of the various options. This should include relevant effects on other relevant facilities such as Silverstream landfill (including the diversion activities at the landfill, which covers waste oil, batteries and paint).</li> <li>- Consideration of what incentives or other systems may need to be in place for residents (and businesses) to improve collection of hazardous waste. (For example, certain vehicles are not currently weighed at the landfill, ie charges are averaged as opposed to be based on actual weight, but this may disincentivise diversion of hazardous waste prior to the landfill as there is no benefit for users to do so.)</li> <li>- If an option involves the establishment of a permanent drop-off facility, an assessment of the level to which such a facility could be run at the Silverstream landfill (after the landfill gates, at the existing drop off point for waste oil, batteries and paint), and if so, what are the capital and operating costs of the option. In addition, what are the incentives, information or systems that may need to be in place to encourage residents and businesses to divert hazardous waste at the transfer station prior to final disposal.</li> <li>- An assessment of the degree to which the various options contribute to WMMP targets</li> <li>- An assessment and associated recommendations about the cost share for developing and operating a relevant service in the future (capital and operating), considering that the Hutt Valley incorporates two cities, if there are benefits in a joint approach</li> <li>- Consideration of whether residents and businesses should be treated differently or the same (eg threshold volumes for dropping off hazardous waste for free vs full user pays, etc)</li> <li>- Where possible, the CBA should be based on established best practice (e.g. Treasury's Better Business Case approach)</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>- A cost-benefit analysis of related items such as a resource recovery centre is outside the scope</li> </ul>
<b>Who will benefit from the project</b>	<ul style="list-style-type: none"> <li>- Improved environmental outcomes from improved hazardous waste management</li> <li>- Residents and businesses will benefit from the most cost effective service in line with recommended practices for hazardous waste</li> </ul>
<b>Assumptions and</b>	<ul style="list-style-type: none"> <li>- As part of the WMMP 17-23, Hutt City Council has committed to maintaining an annual or biannual hazmobile service, unless a review</li> </ul>



<b>constraints</b>	recommends an alternative course of action. In order to comply with the current action, the next hazmobile collection should not be run later than the end of 2019.
<b>HCC contact / project lead</b>	<ul style="list-style-type: none"> <li>- Joern Scherzer (Manager Sustainability and Resilience) or delegated staff member in the Sustainability and Resilience team</li> </ul>
<b>Major Milestones</b>	<ul style="list-style-type: none"> <li>- Review: September 2018 to February 2019</li> <li>- Business case complete: February 2019</li> <li>- Decision on preferred approach: mid-2019</li> <li>- Implementation / procurement: from mid-2019</li> </ul>

30 August 2018

File: (18/1433)

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**Report no: PRC2018/4/250**

## **Strategic Waste Reviews**

### **Purpose of Report**

1. This report provides a brief overview of the scope of three strategic projects to review our waste management system, as well as the upcoming review of Council's Refuse Collection and Disposal Bylaw.

### **Recommendations**

It is recommended that the Committee:

- (i) notes that officers are undertaking reviews and are developing business cases in three waste management areas: kerbside collection, a potential resource recovery centre, and hazardous waste, with the results due by March 2019;
- (ii) notes that officers have commenced a review of Council's Refuse Collection and Disposal Bylaw;
- (iii) notes that officers are planning to conduct a workshop with councillors in early 2019 to assist in problem definition and options analysis for the new bylaw; and
- (iv) notes that a new bylaw will need to be in place by no later than 1 April 2020.

### **Background**

2. In late 2017, the Councils in the Wellington region, including Hutt City Council, approved a new Waste Management and Minimisation Plan (WMMP) 2017-2023.
3. This plan sets out all the waste management and minimisation projects and activities that Council commits to undertake during that period. It comprises both operational projects (such as undertaking various educational activities or funding resource recovery activities at the transfer station at Silverstream landfill) and projects of a more strategic nature.
4. With regard to strategic projects, officers have commenced reviews and the development of business cases, to inform future actions, in the following

three waste management areas: kerbside collection, resource recovery before the landfill gate, and (residential) hazardous waste.

5. Consulting firm Morrison Low, with key expertise in waste management and experience with Treasury's Better Business Case approach, has been selected to assist Council in all three of these reviews. Review work will be undertaken between September 2018 and March 2019, with relevant decisions to be made following that.

## **Discussion**

### *Kerbside collection*

6. The WMMP requires that the current kerbside approach be reviewed, and a business case be developed. The review is timely as the contract for Council's kerbside collection (currently held by Waste Management NZ) is coming up for re-tender during 2019, and in deciding the future approach, there is now an opportunity to consider a number of strategic and operational factors.
7. A key strategic factor is that the waste market is currently under-going significant changes.
8. On the one hand, the viability of collecting some recyclable materials is at risk as China is no longer available as an export market, which has impacted the value of some recyclable materials. Unless new markets can be secured, this could impact the justification and viability for collecting certain types of recyclable materials, particularly plastics type 3-7.
9. On the other hand, the new Labour-led government has shown renewed interest in the waste sector, with several initiatives under investigation. This includes a potential increase in the levy on waste deposited at landfills and renewed interest in approaches where producers take more responsibility for the products they make. For example, the potential introduction of a Container Deposit Scheme in the future could lift recycling rates and reduce litter and marine pollution, but could also affect Council's approach to kerbside collection of recyclable materials (eg it could remove some of the key products normally collected at the kerbside).
10. The review is also an opportunity to test the benefits and costs of alternative operating models. Council's kerbside approach is a mixed model whereby residents have access to a council-operated rubbish bag service (users pay for the weekly service via the fees charged for the bags) but residents are also free to choose their own weekly rubbish bin collection service offered by a number of providers. In addition, Council offers a recycling collection service, and the operation of a small number of recycling stations, which is funded by a targeted rate.
11. However, there are other operating models, ranging from fully privatised to fully council controlled. For example, Kapiti District Council does not offer a council-operated rubbish bag service and all residents are free to choose their own collection service provider. The review is an opportunity to test the benefits and costs of different operating models, and learn from the experience.

12. But the review will also consider some more practical and operational issues. For example, the amount of recycling has increased over time, and open crates to collect these items may no longer be suitable or sufficient. This is especially evident on windy days, where this type of collection approach can contribute significantly to wind-blown litter, which in turn enters storm water drains and ultimately reaches Wellington Harbour and the ocean. Therefore, the review will consider the benefits and costs of using wheelie bins for kerbside recycling, taking into account relevant experience in other councils (eg Porirua City Council recently changed from crates to bins).
13. In summary, the key outcome of the strategic kerbside collection review is expected to be that Council has certainty about the costs and benefits of various kerbside collection options and operating models, before commencing the next tender process. Effectively the review will inform what type of system Council will procure a service provider for.

*Resource Recovery Centre*

14. The WMMP requires that Council investigate the business case regarding the establishment of a Resource Recovery Centre (RRC). In its most basic form, this usually entails a free to use facility and shop where residents can drop off unwanted yet reusable items, before going to the landfill.
15. The review will consider a number of questions regarding a potential resource recovery facility, including but not limited to the following:
  - a. An assessment of the waste and resource recovery market, ie the value of items that could be collected and/or processed at an RRC, including whether markets exist for materials/reused products.
  - b. An assessment of operating models for an RRC (eg council owned/operated vs privately owned/operated), and relevant lessons learnt in other councils.
  - c. A cost-benefit analysis and/or multi criteria analysis of the various options, including its effect on greenhouse gas emissions and the degree to which the various options contribute to WMMP targets.
  - d. An assessment of the level to which such a facility could replace the existing resource recovery activities at the Silverstream landfill, and what incentives or other systems may need to be in place for residents to improve diversion of key waste streams through an RRC.
16. The key outcome of the project is expected to be that Hutt City Council has certainty about the advantages and disadvantages, and associated costs and benefits of an RRC in the Hutt Valley, before committing future funding. Note that such a facility could have benefits for the wider Hutt Valley. Therefore, Upper Hutt City Council is participating in, and contributing to, this review.

*Hazardous waste*

17. Under the WMMP, Council has operated a hazardous waste collection drop-off day ("Hazmobile"), usually annually. In recent years this was held at the



riverside carpark. The justification for this is that various hazardous items such as old paints and garden chemicals require specialist treatment, and thus should not be disposed at the landfill.

18. The WMMP requires that the effectiveness, scope and location of this service be reviewed and this provides an opportunity to consider the management of residential hazardous waste more widely as there are three key shortcomings with the current Hazmobile approach.
19. First, while a collection drop-off day can capture various hazardous waste products, residents may need to dispose of hazardous waste items at other times during the year and may not be able to wait until the next Hazmobile. Hence, the Hazmobile may be ineffective in reaching at least a share of total hazardous wastes originating from households.
20. Second, the Hazmobile may duplicate other services. For example, residents can drop off waste oil, car and boat batteries, paints and gas cylinders at the transfer station at Silverstream landfill, and a voluntary industry-led take-back scheme is in place for paint.
21. And third, the Hazmobile has in the past been run with heavy reliance on untrained volunteers. However, this may not be appropriate considering the hazardous nature of the waste.
22. The review will consider a number of questions regarding hazardous waste management, including but not limited to the following:
  - a. An assessment of the different (residential) hazardous waste streams, and recommended management of these.
  - b. An assessment of the benefits and costs of all available options and operating models for hazardous waste management in the Hutt Valley (eg maintain Hazmobile vs permanent drop-off point vs contract a provider to provide relevant services vs working with other councils in order to provide hazardous waste services).
  - c. Consideration of what incentives or other systems may need to be in place for residents to improve collection and correct disposal of hazardous waste.
23. The key outcome of the review is that Council has certainty about the advantages and disadvantages, and associated costs and benefits of various hazardous waste management options, before committing to the next collection day (or the introduction of an alternative approach). Overall, improved management of hazardous waste from residents should result in improved environmental risk management.
24. The WMMP requires that Council conduct a Hazmobile at least biennially, and the next event should be held (or an alternative approach be implemented) by no later than November 2019. Planning for the next event (or the alternative approach) is scheduled to commence as soon as the review has been completed, and a decision on the preferred option has been made.

25. Note that it is not possible to conduct a Hazmobile while the three strategic reviews are under way. This is because the reviews require significant staff resourcing and funding from a limited budget.

*Refuse Collection and Disposal Bylaw*

26. Council has in place a Refuse Collection and Disposal Bylaw, which provides the Council with the legal powers to regulate refuse-related kerbside collection activities, recycling stations, and various other waste disposal matters. A new bylaw needs to be in place by no later than 1 April 2020.
27. In line with the WMMP action to “investigate and if feasible, develop, implement and oversee monitoring of a regional bylaw or a suite of regionally consistent bylaws”, officers have commenced a project to review the Refuse Collection and Disposal Bylaw.
28. Importantly, as other councils will also need to review their bylaws over the next few years, this review work will be strongly supported by our regional WMMP planner, a resource employed by the eight regional territorial authorities to support the development and implementation of the WMMP. This is to realise efficiencies in assessing and analysing various waste management issues, many of which present similar challenges to the different councils.
29. Challenges to effective and efficient forms of waste management and minimisation within the Wellington region include, but are not limited to, the following:
- a. Comparatively high (per capita) waste disposal rates within the region
  - b. Comparatively low (per capita) kerbside recycling rates within the region
  - c. Unrealised potential to reduce carbon emissions
  - d. Incomplete waste data to inform effective decision-making
  - e. Ensuring the adequate provision of onsite waste and recycling service areas within future multi-unit developments.
30. Council officers plan to conduct a workshop with councillors in early 2019 to assist in problem definition and options analysis, with the legal bylaw process and associated consultation process to take place between the third quarter of 2019 and early 2020.

**Consultation**

31. With regard to the three strategic reviews, no formal consultation with residents or businesses has yet been carried out, although once options with relevant benefits and costs have been developed, a consultation process could be carried out.
32. With regard to the Refuse Collection and Disposal Bylaw, public consultation will be part of the legal bylaw process between the third quarter

210

24 September 2018

of 2019 and early 2020. The exact timing of consultation is yet to be confirmed.

**Legal, financial and other considerations**

33. At this point in time there are no legal, financial or other considerations.

**Appendices**

There are no appendices for this report.

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**Author:** Graham Sewell  
Principal Policy Advisor

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**Approved By:** Kim Kelly  
General Manager, City Transformation

# Waste services business cases Recommended options

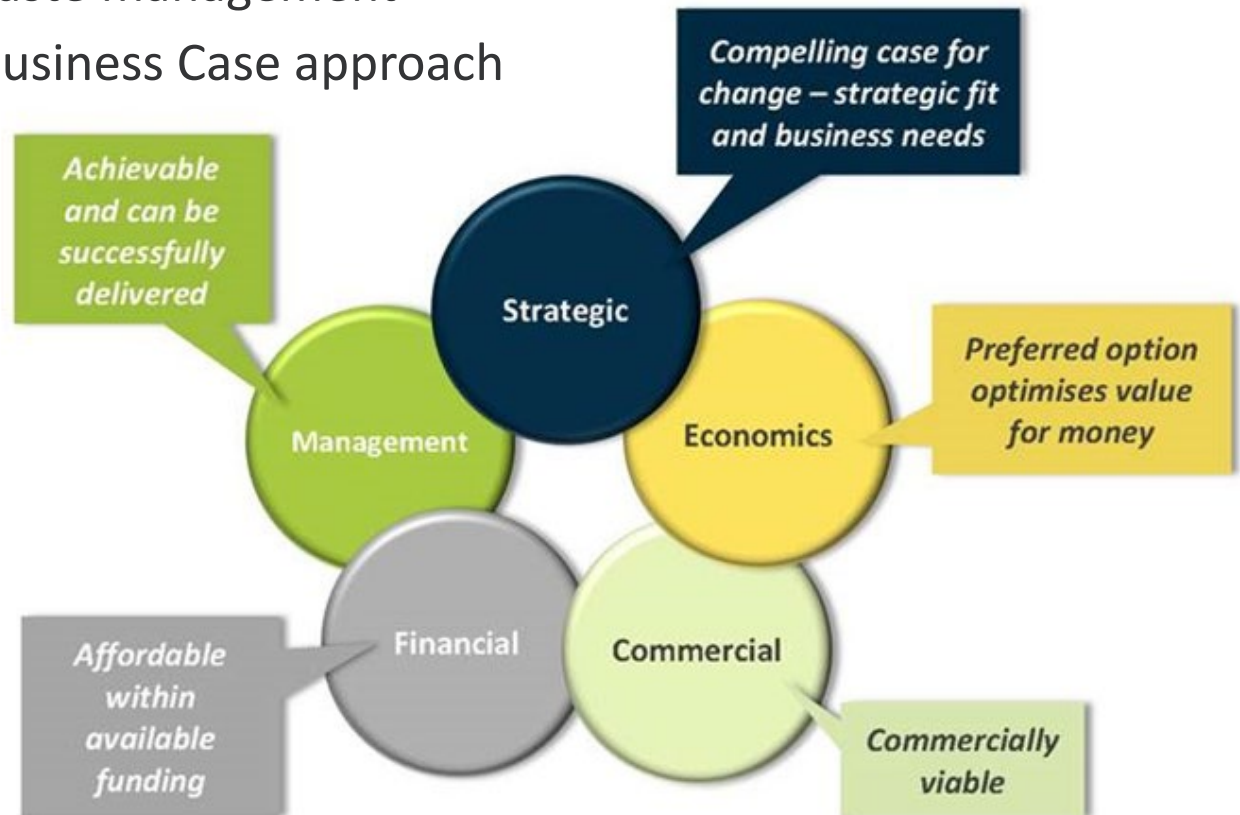
Hutt City Council

6 May 2019



# Introduction

- Three business cases
  - Kerbside collections
  - Resource recovery centre
  - Hazardous waste management
- Following Better Business Case approach



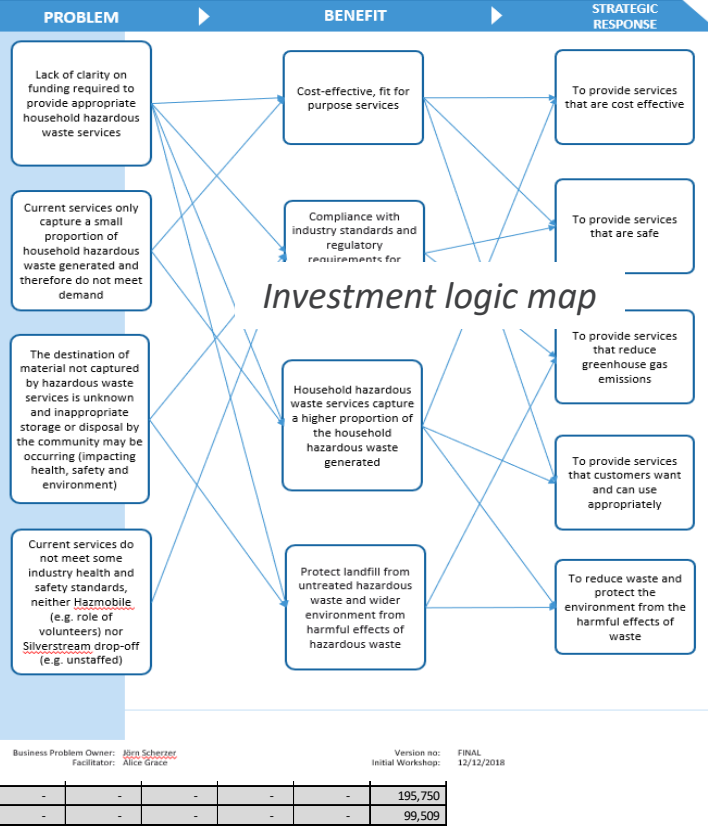


# Supporting assessments

Description of Option:	Scope Options (What)				Service Solution Options (How) Note: education and advocating for national product stewardship common to all options										Service Delivery Options (Who)					
	SC-1	SC-2	SC-3	SC-4	SS-1	SS-2	SS-3	SS-4	SS-5	SS-6	SS-7	SS-8	SS-9	SS-10	SD-1	SD-2	SD-3	SD-4		
	Status quo household hazardous waste, full range	Household hazardous waste, limited range	Household hazardous waste + agricultural chemicals	Household hazardous waste + commercial hazardous waste + agricultural chemicals	Status quo: household hazardous waste + enhanced landfill drop off (unstaffed)	Enhanced landfill drop off (e.g. staffed by qualified handler, quantity restrictors, haz waste fee review, advertise service)	Hazmobile every two years + enhanced landfill drop off	Hazmobile every two years + network of drop off points	Hazmobile six monthly + network of drop off points	Hazmobile every two years, no drop off points	Hazmobile every year, no drop off points	Hazmobile six monthly, no drop off points	Landfill drop off point only (unstaffed)	Network of drop off points	No council service, education and advocacy only	Status quo jointly delivered with UHCC, council staff + contracted specialists	Council alone, council staff only	Council alone, contracted specialists only	Jointly delivered with UHCC, contracted specialists only	Jointly delivered with wider reg contracted specialists only
Investment Objectives	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture	No - high costs provide commercial service alongside domestic	Partial - low cost service but low capture rate and not fully compliant with regulators	Yes - increased cost but chance to improve service and raise awareness	Partial - increased costs by having both enhanced drop off and Hazmobile	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - captures may increase and cost will increase	Yes - economies of scale	Partial - council resources alone may cost more	Yes - cost effective	Yes - economies of scale	Yes - economies of scale	Yes - economies of scale
To provide services that are safe	Yes - encourages safe disposal of hazardous waste	Partial - limited range may increase incorrect disposal	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	No - unstaffed drop off is a health and safety risk	Yes - meets H&S regs and encourages safe disposal of hazardous waste	Yes - meets H&S regs and encourages safe disposal of hazardous waste	Yes - meets H&S regs and encourages safe disposal of hazardous waste	Yes - meets H&S regs and encourages safe disposal of hazardous waste	Yes - meets H&S regs and encourages safe disposal of hazardous waste	Yes - meets H&S regs and encourages safe disposal of hazardous waste	Yes - meets H&S regs and encourages safe disposal of hazardous waste	No - unstaffed drop off	Yes - meets H&S regs and encourages safe disposal of hazardous waste	No - inappropriate	Partial - risk with unstaffed drop off	Yes - contractors	Yes - contractors	Yes - contractors	Yes - contractors
To provide services that reduce greenhouse gas emissions	Partial - no change from status quo	Partial - change status quo	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	No - unstaffed drop off is a health and safety risk	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste	Yes - encourages safe disposal of hazardous waste

Long list assessment

Hutt City Council  
Household hazardous waste  
INVESTMENT LOGIC MAP



Critical Success Factors (as these CSFs are crucial (not just desirable) any options that score a 'no' are automatically discounted from further analysis)

Strategic fit and business needs - Alignment with District Plan, 30yr Infrastructure Strategy & Regional Plans	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Partial - council haz waste services for residential	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives
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Option 2      Option 1: enhanced status quo

Potential value for money price

Project ID: 0

Project Name: Resource Recovery Centre Business Case

Supplier capacity and cap (external)

Discount Rate: 7%

Timeframe (yrs): 10

Potential affordability - are

Year:	0	1	2	3	4
Discount:	1.00	0.93	0.87	0.82	0.76

Potential achievability - are

Summary of Advantages

Overall Assessment:

Costs	Investment Costs					
	Scoping					
Costs	Concept Design					
	Detailed Design					
Costs	Construction/Implementation					-326,250
	Consents					
Costs	Disposal of existing asset					
	TOTAL					-326,250
Costs	PV TOTAL					-326,250
	Annual Costs					
Costs	Maintenance Costs					
	Operating Costs - Earthlink grant					-82,100
Costs	Management Costs					
	Other - reduced LF revenue					-49,624
Costs	TOTAL					-1,317,238
	PV TOTAL					-925,173
Benefits	Annual Benefits					
	Reduction in Maintenance					
Benefits	Reduction in Operations					
	Reduction in Capital / Deferred Works					
Benefits	Residual Value - Storage shed					
	Increased Revenue					
Benefits	TOTAL					195,750
	PV TOTAL					99,509

Net Present Value

PV of Net Benefits (NPV)      -1,151,913.7



# Strategic investment objectives

- To provide services that are cost effective
- To provide services that are safe
- To provide services that reduce greenhouse gas emissions
- To provide services that customers want and can use appropriately
- To reduce waste and protect the environment from the harmful effects of waste



# KERBSIDE COLLECTION SERVICES

# Current services and case for change

- **Kerbside refuse collection**
  - Weekly collection pre-paid official refuse bags
  - Health and safety issues with bags
  - Most customers prefer bins (bag market share 30%)
- **Kerbside recycling collection**
  - Weekly collection 60L crates
  - Wind-blown litter, animal strike, rain damage
  - Volatility in recycling commodity markets
- **Recycling drop-off stations**
  - Servicing of five drop-off stations
  - Unstaffed sites attracting illegal dumping
  - Incorrect use of bins resulting in contamination
- **Kerbside food or green waste collection**
  - No kerbside collection service
  - Represents 45% of domestic refuse and could be diverted

# Shortlisted options

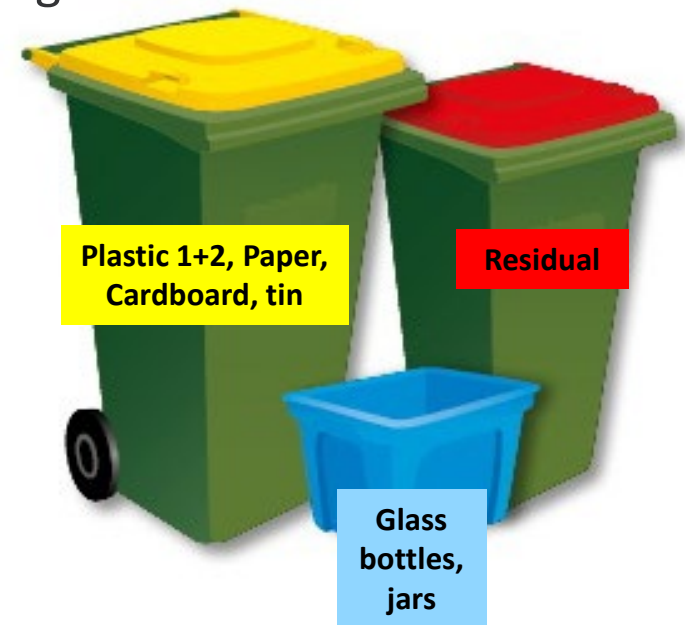
- **Kerbside refuse collection options**
  - Status quo: continue bag collection service
  - Opt out: discontinue Council service
  - Rates-funded refuse bin: provide wheelie bins to all, targeted rate
  - PAYT refuse bin: provide wheelie bins, only charge when use service (PAYT = Pay As You Throw or user-pays)
- **Kerbside recycling collection**
  - Two-stream recycling using 240L wheelie bin for mixed recyclables and a 45L crate for glass collected fortnightly
  - Compared with status quo in economic case
- **Phase out unstaffed recycling stations, retain two strategic locations only**
- **Organics:**
  - No kerbside organics collection service short-listed at this stage due to lack of clear carbon footprint comparison and more market analysis required (eg processing infrastructure and end-market for collected materials)
  - Separate assessment of the ongoing use of greenwaste as landfill cover

# Service costs

Service cost	Refuse Collection				Recycling Collection	
Service option	Pre-paid Official Refuse Bag	Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT Refuse Bins	Crates, Weekly	2-stream, Fortnightly
<b>Total service cost</b>	\$1,078,000	\$0	\$4,522,000	\$3,792,000	\$2,595,000	\$2,164,000
<b>Cost recovery from rates (excl. GST)</b>	\$136,000	\$0	\$4,522,000	\$0	\$2,595,000	\$2,164,000
<b>Annual cost per participating household (incl. GST)</b>	\$130	\$285	\$144	\$234	\$82	\$69

## Recommended options (i)

- Rates-funded refuse bins and 2-stream recycling
- **Rates funded refuse bins:**
  - Addresses health and safety risks associated with bags
  - Most cost-effective bin service from household perspective
  - Range of bin sizes provided (80L / 120L) to match customer needs
  - Ensures Council still providing a service that customers expect
  - Does not require untried PAYT technology but could be implemented in the future
- **2-stream recycling:**
  - Large capacity bins to hold lightweight items, with bin latches, to avoid wind blown litter (automated lifting, all sorting in MRF)
  - Crates for glass only, with colour sorting on trucks to retain product value (households retain existing crates for glass collection)

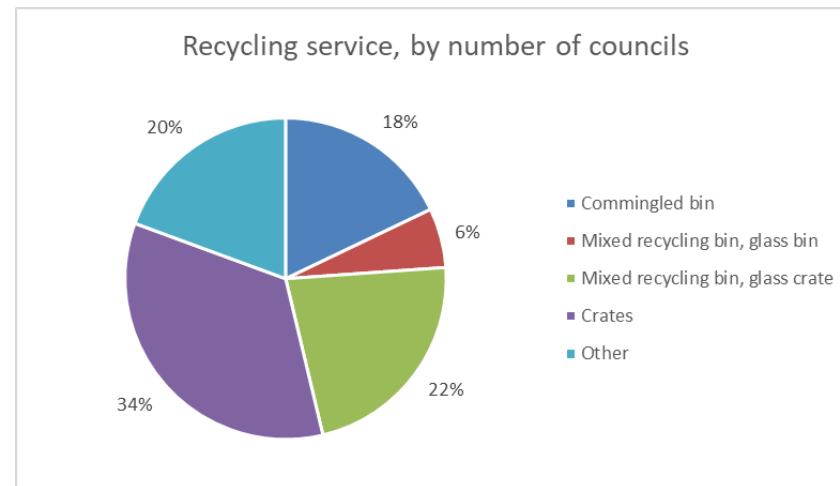
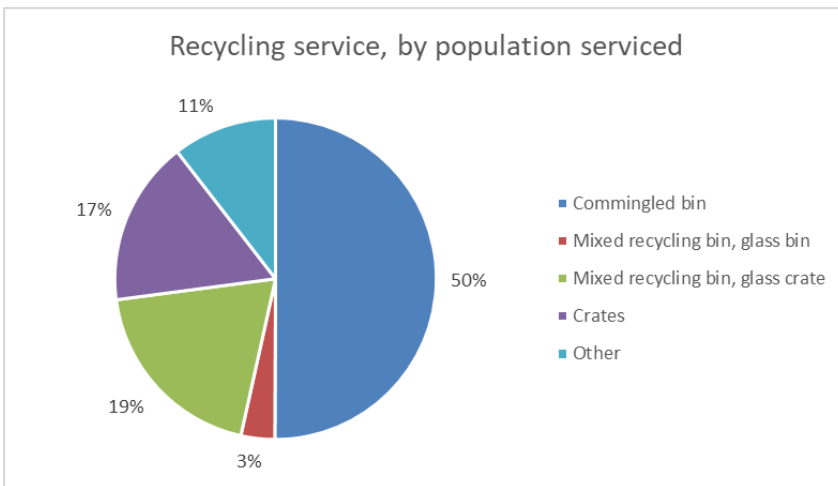


# What are other councils doing?

Currently not possible in Wellington region due to lack of infrastructure

Recycling service	Population serviced	Number of councils
Commingled bin	2,123,319	12
Mixed recycling bin, glass bin	144,504	4
Mixed recycling bin, glass crate	824,278	15
Crates	704,538	23
Other	444,501	13
<b>Total</b>	<b>4,241,140</b>	<b>67</b>

Currently only on trial basis



## Recommended options (ii)

- Implementation
  - Community engagement regarding proposed service changes
  - Procurement of new kerbside collection services
- Risks to be managed
  - Refuse: Messaging of changes from bag-fee to rates-funded service
  - Recycling: Bins + crate more cost-effective option than crates only going forward, but targeted rate would still have to increase compared to current cost
  - Opposition from small private waste collection companies
  - Ongoing volatility in recycling commodity markets

# RESOURCE RECOVERY CENTRE



## Current service and case for change

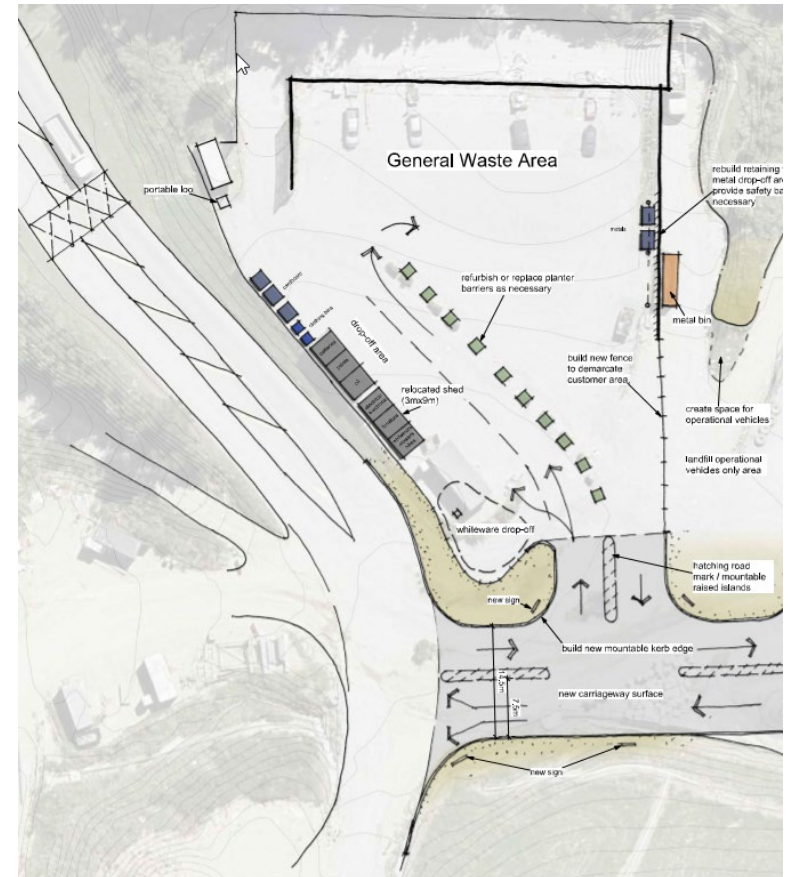
- Resource recovery centre (RRC) at Silverstream landfill
  - Material collected processed and sold at Earthlink's Wingate site
- Customers charged for waste disposal regardless RRC use
- Site layout does not encourage use RRC
- Material dropped off is not protected from the weather
- Drop-off area and resale shop are located at two different sites

# Shortlisted options

- Status quo
  - Continuation of current arrangement
- Enhanced status quo
  - Improved storage for material dropped off
  - Improved traffic flow (already underway)
  - Changes to landfill gate fee structure to incentivise diversion
- Private RRC only
  - No drop-off at Silverstream
  - Customers drop-off material at separate RRC site (e.g. Earthlink)

# Recommended option

- Enhanced status quo preferred because:
  - Higher cost option but achieves higher diversion (of high value items) than other options
  - Site improvements also address health and safety risks (some of which are currently already being considered, see picture)



Silverstream Resource Recovery  
Option 1 Concept Plan

# Recommended option

- Implementation
  - Require capital works project to construct storage facility
  - Possible application to Waste Minimisation Fund for construction costs
  - Adjustments to RRC and landfill contracts to implement fee changes
  - Embed changes in next landfill operations contract
- Risks to be managed:
  - Cost increases due to uncertainty constructing adjacent to landfill
  - Time delays due to complexity obtaining building consent or WMF

# HAZARDOUS WASTE MANAGEMENT

# Current services and case for change

- Current services
  - Annual hazmobile coordinated with Upper Hutt City Council
  - Hazmobile supported by volunteer Council staff
  - Unattended hazardous waste drop off area at Silverstream Landfill
- Only capture small portion of household hazardous waste generated
  - Hazardous waste may be stored or disposed inappropriately
- Do not meet all industry H&S standards with current services
- Lack of clarity on cost to provide effective service

# Shortlisted options

- Status quo: continuation of current services
- Enhanced landfill drop off
  - Upgrade storage facilities, staff at all times with trained personnel
  - Discontinue hazmobile
- Enhanced landfill drop off and hazmobile every two years
  - Drop off facility as above plus hazmobile 2-yearly
- Hazmobile every year
  - Discontinue drop off
- Hazmobile every two years
  - Discontinue drop off

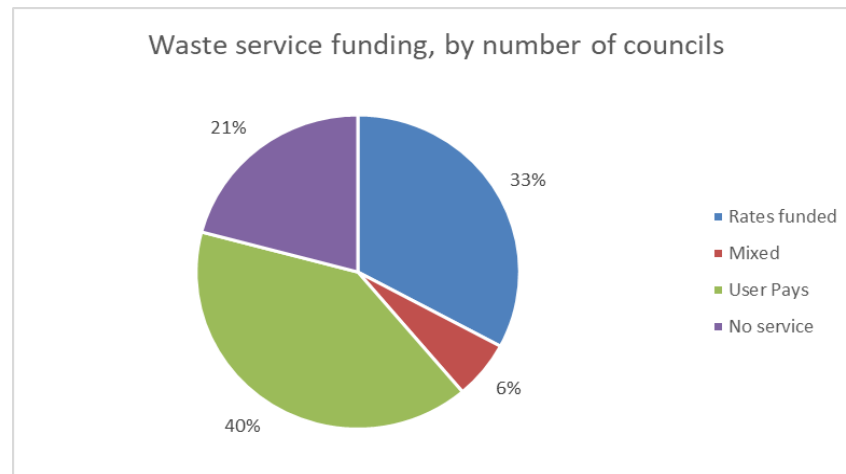
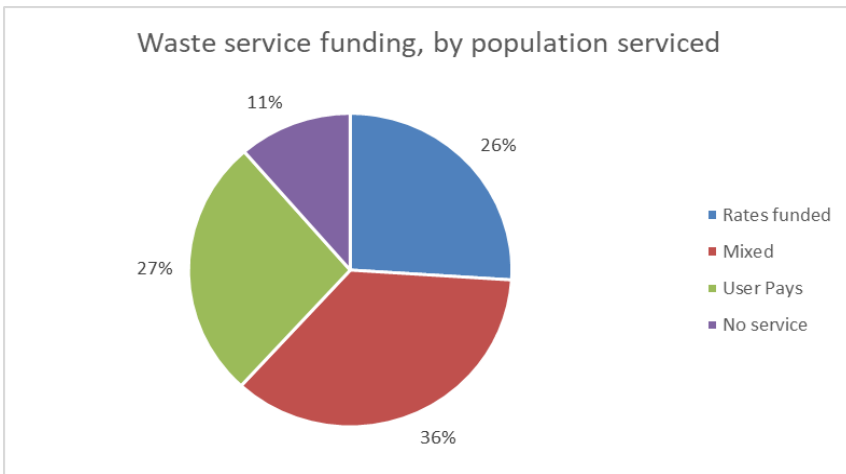
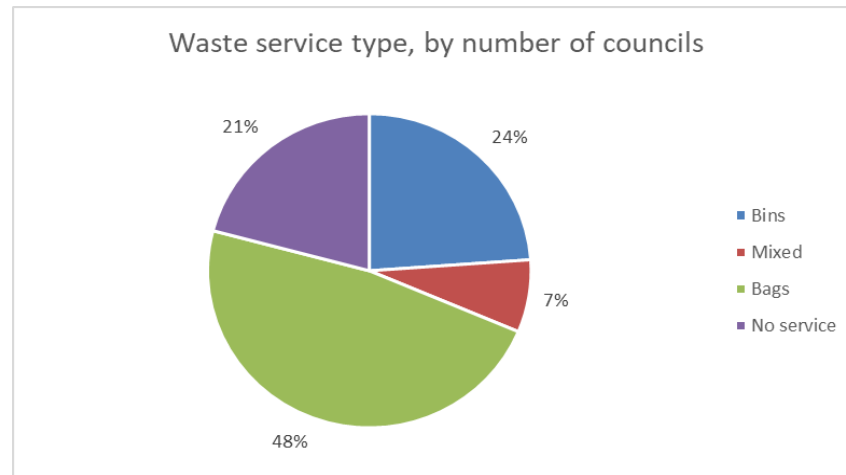
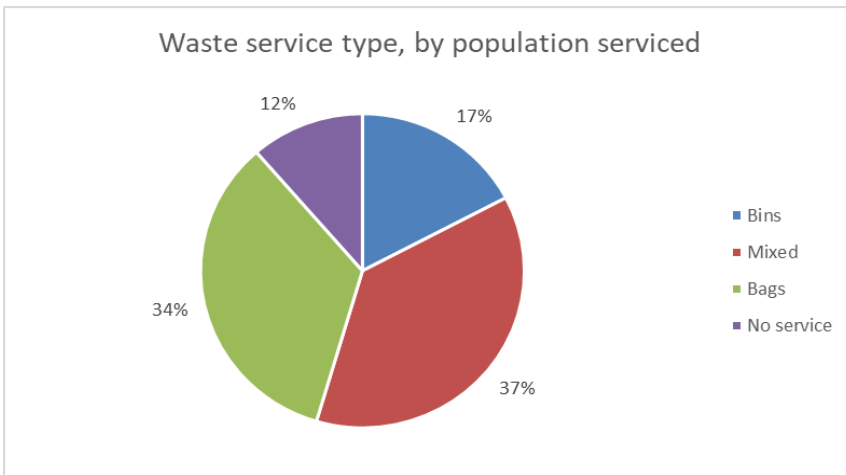
## Recommended option

- Either an annual hazmobile or an enhanced drop off (not both)
- Both are cost-effective, address health and safety risks and ensure large volumes are not stored in the home
- Regardless, small quantities hazardous waste can be disposed in general waste
- Engage with Upper Hutt City Council regarding ongoing joint service
- Staged implementation proposed
  - Annual hazmobile until landfill contract retendered
  - Then consider changing from hazmobile to landfill drop off based on cost comparison at that point in time



# ADDITIONAL SLIDES

# Council waste services



# RRCs and recycling drop-off stations



# Strategic Waste Reviews

# Background

- Waste Minimisation and Management Plan 2017-23 informs the waste work at HCC
- September 2018: Officers commenced strategic reviews into three waste areas
  - Residential hazardous waste
  - Resource recovery
  - Kerbside collection
- Key question: *Are the current services still fit for purpose, and if not, what are the alternatives available?*
- Consultants Morrison Low Ltd, with key expertise in waste management, were commissioned to assist in this process



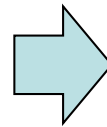
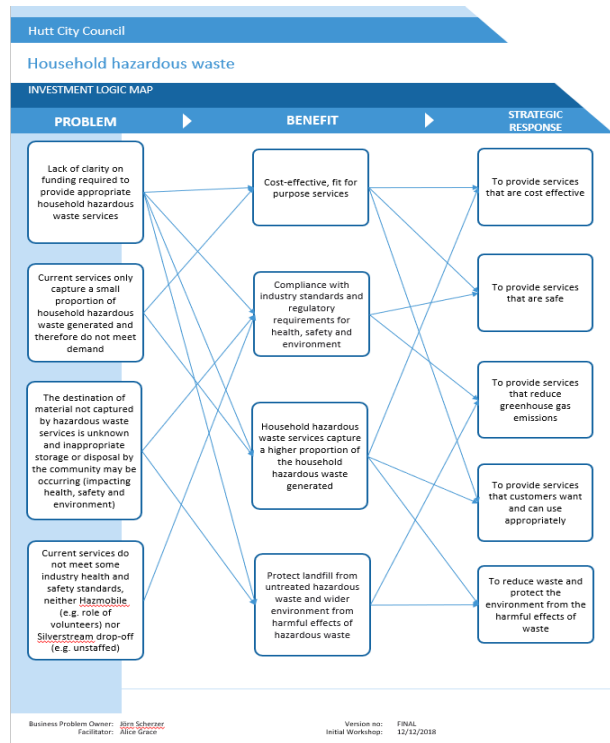
# Business cases?

- A way of systematically thinking through the problem, and determining options
- Our approach follows Treasury's *Better Business Case* model
- Focused on outcomes



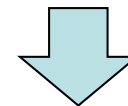
# The process

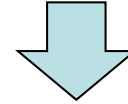
## Investment Logic Map



## Strategic investment objectives

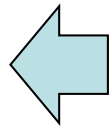
- provide services that are cost effective
- provide services that are safe
- provide services that reduce greenhouse gas emissions
- provide services that customers want and can use appropriately
- reduce waste and protect the environment from the harmful effects of waste



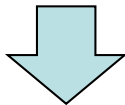


## Long list of options

Short list of options



Economic analysis



Description of Option:	Scope Options (What)				Service Solution Options (How) Note: education and advocacy for national product stewardship common to all options																
	SC1	SC2	SC3	SC4	SS-1	SS-2	SS-3	SS-4	SS-5	SS-6	SS-6a	SS-7	SS-8	SS-9	SS-10	SS-11					
<b>Investment Objectives</b>	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture	No - high cost to provide commercial service alternative	No - high cost to provide commercial service alternative	Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but improved service and staff awareness	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Yes - economies of scale			
To provide services that are safe	Yes - encourages safe disposal of haz waste	Partial - limited range may increase incinerator disposal	Yes - encourages safe disposal of haz waste	Yes - encourages safe disposal of haz waste	Yes - encourages safe disposal of haz waste	No - restricted drop off is a health and safety risk	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	No - hazardous waste off site is a health and safety risk	Partial - risk with council staff volunteering		
To provide services that reduce greenhouse gas emissions	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Yes - option supports this	
To provide services that customers want and can use appropriately	Partial - supported by customers that use service but limited use overall	Partial - a reduction in service	Partial - service available more widely but agricultural sector may prefer existing options, particularly urban area	No - commercial services are discontinued	No - commercial services are discontinued	Partial - service available but limited use by customers	Partial - may still have limited use	Partial - may still have limited use	Yes - increase in service availability that may increase use by customers	Yes - increase in service availability that may increase use by customers	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Yes - option supports this	
To reduce waste and protect the environment from the harmful effects of waste	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Partial - unstaffed drop off can create environmental issues	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Partial - unstaffed drop off can create environmental issues	Yes - option supports this	Partial - a reduction in service but current use is low	Yes - option supports this
<b>Critical Success Factors (as these CSFs are crucial (not just desirable) any options that score a 'no' are automatically discounted from further analysis)</b>																					
Strategic fit and business needs - Alignment with District Plan, Styx Infrastructure Strategy & Regional Plans	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Partial - council has waste services for residential			Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	
Potential value for money - right solution, right time at the right price	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture			Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but improved service and staff awareness	Partial - increased costs by have both enhanced drop off and hazmobile	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - economies of scale	
Supplier capacity and capability - is it a sustainable arrangement (external)	Yes - consistent services in NZ	Yes - consistent services in NZ	Yes - consistent services in NZ	Not assessed	Not assessed	Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - suitable sites may be available	Partial - suitable sites may be available	Yes - similar to status quo	Yes - similar to status quo	Partial - service provides may not have capacity for increased events	Not assessed	Partial - suitable sites may not be available	Not assessed	Partial - suitable sites may not be available	Not assessed	Partial - suitable sites may not be available	Partial - suppliers have indicated using Council staff is not ideal	
Potential affordability - are there no funding constraints	Yes - similar to status quo	Yes - similar to status quo	Partial - increased cost			Yes - current funding	Partial - increased funding would be required	Yes - current/TFP funding	Partial - increased funding required	Partial - increased funding required	Yes - similar to current funding	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Yes - no constraints	
Potential achievability - ability and skills to deliver (internal)	Yes - would be achievable	Yes - would be achievable	Partial - more resources to manage			Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - increased network of sites to manage	Partial - more hazardous events and increased network of sites to manage	Yes - similar to status quo	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - more hazardous events to manage	Partial - increased network of sites to manage	Partial - increased network of sites to manage	Partial - increased network of sites to manage	No - more challenging to coordinate other councils, as well as contractor plus council staff
<b>Summary of Advantages and Disadvantages:</b>																					
Overall Assessment:	Preferred - increases all hazardous waste capture	Possible - reduction in level of service	Discard - increased costs, increased hazardous waste, increased charges, low response to other council	Discard - commercial services are discontinued	Discard - commercial services are discontinued	Does not meet strategic objectives but continue to economic assessment for comparison	Preferred - this option provides best service available for those that want to use it but higher cost	Possible - service available for those that want to use it but higher cost	Discard - difficult to manage a network of hazardous services	Discard - difficult to manage a network of hazardous services	Possible - service available for those that want to use it but only when hazardous scheduled	Possible - service available for those that want to use it but only when hazardous scheduled	Discard - service provides may not have capacity for increased events	Discard - service provides may not have capacity for increased events	Discard - service provides may not have capacity for increased events	Discard - service provides may not have capacity for increased events	Discard - service provides may not have capacity for increased events	Discard - service provides may not have capacity for increased events	Discard - service provides may not have capacity for increased events	Discard - service provides may not have capacity for increased events	Does not meet strategic objectives but continue to economic assessment for comparison
<b>Short listed options:</b>																					
Status Quo	SC1: Full range household hazardous waste				SS-1: Hazmobile annually, landfill drop off																
Option 1: Enhanced landfill drop off					SS-2: Enhanced landfill drop-off, no hazmobile																
Option 2: Enhanced drop-off & hazmobile					SS-3: Enhanced landfill drop-off, hazmobile every 2 years																
Option 3: hazmobile every year					SS-6a: hazmobile every year, no drop off points																
Option 4: hazmobile every two years					SS-4: hazmobile every 2 years, no drop off points																





**Kerbside Collection Services Business Case**

**Strategic Case:**

**Need to Invest**  
 The current contract for Council's kerbside collection service ends in the third quarter of 2019 and requires a tender ahead of this. This contract also includes the provision of five recycling drop-off points in Kaitake, Waikōwhiri, Akitoonui, Heanau, and Seawair. In addition, the current Refuse Collection and Disposal expires in April 2020. There is an opportunity to review the services ahead of re-tendering the contract and then undertaking a bylaw review to support any service changes. Note that the bylaw may be a regional bylaw shared by all Councils in the Greater Wellington Region.

Council's current kerbside collection services are as follows:  
**REFUSE**  
 Weekly user-pays bag collection service to both urban residential and commercial customers. Customers can put out as many bags as they like provided they are paid for. Waste companies also provide refuse wheelie bin services directly to customers (i.e. non-Council services).

Experience throughout New Zealand has shown that customers prefer bins to bags for refuse collection because they are easier to use, less prone to animal strike and less odorous. In Hutt City residents have taken up private wheelie bin services and consequently Council's market share, although stable, sits at around 30%. The service is currently self-funding, however experience in other parts of New Zealand shows that further being cost-effective. A greater market share would increase revenue.

Most private wheelie bin services provide 240L wheelie bins with a maximum of 30 litres of residual refuse. Council's current Refuse Minimisation, Restricting Bin Volume (e.g. via a Solid Waste Bylaw) would reduce the amount of waste collected.

Bag collection services have been identified as higher risk services due to the need to exit the vehicle to complete the collection.

**RECYCLING**  
 Weekly kerbside collection service to residential customers. Council's current recycling services are as follows:  
 Throughout New Zealand Councils have found that customers prefer bins to bags for recycling collection because they are easier to use, less prone to animal strike and less odorous. In Hutt City residents have taken up private wheelie bin services and consequently Council's market share, although stable, sits at around 30%. The service is currently self-funding, however experience in other parts of New Zealand shows that further being cost-effective. A greater market share would increase revenue.

However, the improved convenience of wheelie bins is balanced by the need for post-collection sorting in processing facilities and the inability to detect contamination until wheelie bins are lifted. Overall, these two factors result in greater contamination of recyclables in wheelie bins services. The separation of glass from other recyclables has been shown throughout the country to address a large proportion of the contamination and reduction in recycling quality that results from mixed recycling wheelie bin collections.

Recycling crates services have higher worker health and safety risks than wheelie bins due to the need for workers to exit trucks, manually handle crates and handle recyclables, including sharps.

There are contamination issues at Council's community recycling stations, which are open 24/7 and are unstaffed. The kennel site is the worst, and effectively all material deposited in the recycling bins needs to be sent to landfill due to the high contamination.

Some materials that are collected through Council's recycling service are sold as part of recycling products but are not recycled by third-end processors. For example, plastic grade 37 are included in mixed plastic products from which the valuable grade 1 and 2 plastics are extracted and the residual 3-7 is disposed. Working collaboratively with their contractor, Council needs to ensure that there are appropriate end markets available for the materials collected through Council's recycling services.

There has always been variability in the recycling commodities market, however the commodity prices are currently at an all-time low due to the ban imposed by China on many recycling products.

**ORGANICS**  
 No kerbside collection service provided, although customers can pay for a private greenwaste collection service.

There is a low rate of diversion of organic wastes, with compostable food and green waste accounting for approximately 45% of domestic refuse.

There is an opportunity to increase diversion of kerbside collected waste by targeting organics, however this needs to be balanced by the high cost of organics collection services and the increased transport-related greenhouse gas emissions that result from an additional collection service.

Food and green waste breaks down quickly in landfill and can assist in breaking down other materials, because of the carbon and moisture they introduce. Breaking down quickly, food and green waste do not take up valuable airspace in the landfill. However, the breakdown of organic waste does increase landfill gas production and the risk of increased fugitive emissions of greenhouse gases such as methane.

**Strategic Context**  
 Council waste minimisation and management is governed by the Waste Minimisation Act (WMA). The purpose of the WMA is to "encourage waste minimisation and a decrease in waste disposal in order to (a) protect the environment from harm; and (b) provide environmental, social, economic, and cultural benefits."

To further its aim, the WMA requires councils to promote effective and efficient waste management and minimisation within their district. To achieve this, all councils are required by the legislation to adopt a Waste Management and Minimisation Plan (WAMP).

In 2017 the Councils of the Greater Wellington Region, including Hutt City, adopted a new joint WAMP. The vision for the WAMP is "waste free, together - for people, environment and economy".

The WAMP also outlines Council's vision, goals, objectives and targets for waste minimisation and management in the region and includes both regional and Council-specific action plans. As part of the WAMP Action plan, HCC has committed to further investigate a number of options for ongoing services. The two key actions are:  
 • C.1. Investigate Options and costs of a two-stream recycling collection by 2019  
 • C.4. Provide city-wide weekly refuse and recycling collection service plus recycling stations by 2020

Further, there are three actions in the WAMP that relate to the above actions, these need to be jointly considered:  
 • C.1. Investigate methods to prevent recycling from being put in council refuse bags  
 • C.4. Provide city-wide weekly refuse and recycling collection service plus recycling stations  
 • M.4. Review effectiveness, number, and positions of community recycling stations. Implement agreed changes if any.

In addition to the WMA, kerbside collection services are governed by the Local Government Act and the Health and Safety at Work Act.

Hutt City Council has also adopted a carbon reduction goal of carbon zero by 2050 (subject to approval at 11 December 2018 meeting).

**Investment Objectives and Case for Change**

**Objective 1 To provide services that are cost effective**  
**Status Quo** A user pays bag refuse collection service provides a price incentive to divert waste, with 30% market share. The cost of providing the service is covered by the bag sales, but this may not be the case if bag sales drop. Council's recycling collection costs Council \$1.3 million (incl GST) per annum. Refuse collection costs Council \$1.07 per bag sold or approximately \$108 (incl GST) per annum.  
**Relevant Investment Benefits** The overall suite of Council kerbside services provided is a cost-effective package. Customers are encouraged to divert waste with the right funding mechanism. Fixed cost are shared across sufficient customers to achieve efficiencies from scale.  
**Relevant KPIs** Overall service cost within approved budgets.

**Potential Scope** Changes to Council kerbside collection services and drop-off points are considered as a package from a cost perspective  
 Refuse and recycling collection contract expires in September 2019. The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery and collection methodology and funding mechanisms do not align i.e. user pays refuse wheelie bins). Service costs recovered through rates are unacceptable to Council.

**Objective 2 To provide services that are safe**  
**Status Quo** Council's current kerbside collection services are as follows:  
 Council's services include manual collections of bags and crates, which are generally considered higher risk from a health and safety perspective.  
 Council staff and the general public are kept safe at all times.  
**Relevant Investment Benefits** Safer kerbside collection services reduce the risk of injury to staff and the general public.  
**Potential Scope** Safer kerbside collection services reduce the risk of injury to staff and the general public.  
 Portable incidents associated with Council's hazardous waste services.

**Objective 3 To provide services that reduce greenhouse gas emissions**  
**Status Quo** Transportation emissions associated with weekly refuse and recycling collections, plus general refuse collection vehicles also driving the same streets, emissions from landfill disposal as well as the processing of kerbside collected recycling.  
**Relevant Investment Benefits** Greenhouse gas emissions are unchanged or reduced as a result of service changes.  
**Relevant KPIs** Reduce carbon emissions to zero by 2050  
**Potential Scope** Reduce landfill disposal of material with low risk, and may open Council up to a new H&S liability should a serious incident occur.  
**Greenhouse gas emissions considered as part of service options.**

**Objective 4 To provide services that customers want and use appropriately**  
**Status Quo** Council has received requests from residents for a change to wheelie bins for both refuse and recycling, although the level of satisfaction with the current service is relatively high. In the case of refuse, this only applies to the 30% of residents that use the service, with the remaining 70% of residents opting to use private wheelie bin services.  
**Relevant Investment Benefits** Increased customer satisfaction recorded in Council's annual customer survey.  
**Relevant KPIs** High level of satisfaction with Council's kerbside collection services in Council's annual customer satisfaction survey.  
**Potential Scope** Change in kerbside collection methodology from status quo. Potential introduction of organics collection. Potential changes to recycling drop-off points.  
**Constraints and dependencies** Refuse and recycling collection contract expires in September 2019. The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery.  
**Risks** Residents uncertain how to use the new recycling system, may result in increased contamination.  
**Objective 5 To reduce waste and protect the environment from the harmful effects of waste**  
**Status Quo** Large quantities of recyclable material and organics that could be diverted are currently being landfilled. Material collected as recyclables may be disposed of at the end processor if no market exists for them.  
**Relevant Investment Benefits** Reduction in waste to landfill and improved recycling outcomes. Reduction in contamination of recycling products.  
**Relevant KPIs** Meet regional WAMP diversion targets.  
**Potential Scope** Change in kerbside collection methodology from status quo. Potential introduction of organics collection. Potential changes to recycling drop-off points.  
**Constraints and dependencies** Refuse and recycling collection contract expires in September 2019. Alignment with the implementation of regulatory framework change (i.e. solid waste bylaw). The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery.  
**Risks** Residents uncertain how to use the new recycling system, may result in increased contamination. Markets not available for some recyclables, resulting in the need to landfill these materials.

**Strategic case**

**Economic Case:**

**Determine Potential Value for Money (COSTS ARE INDICATIVE AND FOR COMPARISON ONLY. ACTUAL COSTS WILL DEPEND ON MARKET RESPONSE)**

	Status quo: bags, crates	Opt out refuse, 2-stream recycling	Refuse bins, 2-stream recycling	PAYT refuse bins, 2-stream recycling
Appraisal period (years)	10	10	10	10
Capital costs (\$m)	0.0	0.0	0.0	0.0
Whole of Life Costs (\$m)	-44.2	-27.5	-72.8	-65.5
Cost-Benefit Analysis of (monetary) benefits and costs at the Public Sector Discount Rate				
Net Present Value of Benefits (\$m)	12.4	5.2	5.5	32.6
Net Present Costs (\$m)	31.1	-19.4	-51.2	-46.1
Benefit-Cost Ratio	0.4	0.2	0.08	0.7
Net Present Value (NPV)	-18.7	-14.2	-45.7	-13.5
Multi-criteria Analysis	Low risk - existing diversion	Medium risk - no refuse price control on the diversion	Medium risk - rates funded refuse may encourage more disposal	Low risk - more diversion anticipated

**Financial Case:**

**Financial Costing for 2-stream recycling and range of refuse options**

	Year One	Total
Capital Expenses (\$m)	0.00	0.00
Operating Expenses (\$m)	Refuse \$5m to \$4.5m Recycling \$2.2m	Refuse \$5m to \$4.5m Recycling \$22m
Total Revenue (\$m)	Refuse \$5m to \$4.5m Recycling \$5m (rates funded)	Refuse \$5m to \$4.5m Recycling \$5m (rates funded)
Capital Funding Required (\$m)	0.00	0.00
Operating Funding Required (\$m)	Refuse \$5m to \$4.5m Recycling \$2.2m	Refuse \$5m to \$4.5m Recycling \$22m

**Economic case**

**Financial case**

**Commercial case**

**Financial Case:**

The financial case looks at the overall cost to Council, including the funding required, whether there is any revenue, whether the service is financially viable, the financial case is the HCC's decision on whether to proceed with the service. The funding required for the service depends on the HCC following the funding of the refuse and recycling service. The funding of the refuse and recycling service depends on the HCC following the funding of the refuse and recycling service.

**Management case:**

**Transition to a Two-Stream Recycling System**  
 To successfully implement the preferred option, the following actions are recommended:  
 • Consult with community on proposed service changes for refuse collection, recycling collection and recycling drop-off points.  
 • Undertake process and recycling collection (February 2020)  
 • Mobile and road recycling collection (August 2020)  
 • Progressively deliver stations following recycling collection (onwards)

At a high level, the transition to a two-stream recycling system is identified for implementing the preferred option, with these risks needing to be managed through the project.  
 • TBC Depending on preferred option

# Where are we at

- Have completed
  - Investment Logic Map (problem definition and outcomes sought)
  - Defined strategic objectives
  - Compiled long list of options
  - Short-listed options for more detailed analysis, have commenced detailed analysis
- Currently building a more detailed cost picture, yet to be completed
- Today, present our findings so far

# Hazardous waste

## Relevant WMMP 2017-23 actions:

- **C.8: Review effectiveness, scope and location of hazardous waste collection day**
- **IN.10: [Improve] Recycling and hazardous waste facilities at the transfer station / landfill**

# Current service and case for change

- Annual hazardous waste collection day coordinated with Upper Hutt City Council
- Event supported by volunteer Council staff, but with H&S risks
- Only captures a relatively small portion of household hazardous waste generated
- Hazardous waste may be stored or disposed inappropriately between collection days
- Unattended hazardous waste drop off area at Silverstream Landfill, does not meet best practice H&S standards



# Option 1: Contracted event

- Contracted event once per year, discontinue drop off
- Assumes continued shared costs between HCC and UHCC
- Improved Health and Safety regarding waste materials, but some concerns remaining (eg traffic management)
- Will miss out on some materials as some residents not able to wait until the next event
- Operating costs higher than compared to status quo (~ \$92k vs \$50k) but can be funded from HCC's (ring-fenced) waste levy funding with no impact on rates
- **Sub-option: contracted event every two years**
  - Lower cost than annual event, but higher risk of inappropriate storage by residents, and reduced capture of hazardous materials

## Option 2: Enhanced landfill drop off

- Upgrade storage facilities, staff at all times with trained personnel preferably via the landfill operator, no annual collection event
- Operating costs relatively similar to Option 1 (~ \$100k vs \$92k)
- Some additional upfront investments required, eg bunkers (~ \$50k) but can be funded from HCC's (ring-fenced) waste levy funding with no impact on rates
- Implementation can be staged, eg continue with annual event, and move to enhanced drop off when landfill contracted re-tendered in 2020

### **Sub-option: Enhanced landfill drop off and contracted event every two years**

- Could potentially result in increased capture, but most expensive option due to service duplication

# Resource recovery

## Relevant WMMP 2017-23 action:

- **IN.3: Investigate the establishment of a free to use recycling waste facility and shop before the landfill gates, implement if found to be economically viable**
- **IN.11: Increase waste diversion at landfill and increase collection and diversion of reusable and recyclable items**

# Current service and case for change

- Existing resource recovery drop-off at Silverstream landfill
- Focused on reuse of bric-a-brac, usable furniture, etc
- Collected items are processed and sold at Earthlink's Wingate site and shop
- Customers charged for waste disposal regardless of use of drop-off point
- Current transfer station layout does not encourage use of resource recovery drop-off
- Material dropped off is not protected from the weather
- Drop-off area and resale shop are located at two different sites



# Option 1 – Status quo

- Continuation of current arrangement with Earthlink, but with focus on valuable items (not tonnage per se)
- Traffic flow improvements already under consideration
- Maintain at current financial support (\$82k) from waste levy
- **BUT** continuation of key limitations (no financial incentive to customers, poor weather protection for items, H&S concerns)



# Option 2 – Enhanced status quo

- Improved reception area for items dropped off, preserve value of items
- Better shelter for resource recovery staff
- Incentivise diversion by changes to landfill gate fee (eg discount voucher)
- **BUT:**
  - initial upfront investment to improve storage and drop off point (~ \$300k, one-off) albeit costs could come from HCC's (ring-fenced) waste minimisation reserve fund or an application to the Government's Waste Minimisation Fund
  - Potential reduction in landfill income (estimated at \$50k/year)

# Option 3 – Private site

- Customers drop-off items at separate resource recovery site (eg Earthlink), no drop-off at Silverstream
- Could enable a more fit-for-purpose facility
- **BUT:**
  - customers less likely to go to two separate destinations in one trip
  - would require increased on-going funding support from HCC to maintain viability
  - risk of reduction in diversion as no site close to the immediate drive up to the landfill

# Options not considered further

## **No service**

→ Not assessed as does not meet strategic objectives

## **Expand scope to include construction and demolition waste**

→ unlikely to be demand for expanded service scope as virgin materials available at low cost and waste disposal costs are low (refer recent Tonkin & Taylor report on C&D waste)

# Kerbside collection

## Relevant WMMP 2017-23 actions:

- **C.1: Investigate options and costs of a two-stream recycling collection, by 2019**
- **C.2: Investigate the use of wheelie bins for kerbside recycling by 2019**
- **IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any)**

# Current service and case for change

## **Kerbside refuse collection**

- Weekly collection pre-paid official refuse bags
- Significant health and safety concerns with bags (handling injuries)
- Most customers prefer bins albeit bag market share currently stable at 30%

## **Kerbside recycling collection**

- Weekly collection of 55L crates
- Significant concerns about wind-blown litter and also rain damage

## **Recycling drop-off stations**

- Unstaffed sites attracting illegal dumping and associated costs
- Incorrect use / abuse resulting in bin content contamination

## **Kerbside food or green waste collection**

- Currently no kerbside collection service

# *Recycling*

# Option 1: continue with crates only

- Continued concerns about wind-blown litter and rain damage (some people use nets but they can get damaged and/or lost, and are not mandatory)
- Continued concerns about crate capacity
- Would continue to rely on recycling stations to take overflow, but concerns regarding illegal dumping and bin contamination





# Option 2: two-stream recycling

- Two-stream recycling using wheelie bin for mixed recyclables and a crate for glass collected fortnightly
- Higher capacity bins with latches will reduce wind-blown recycling litter
- Bin option used in many NZ cities: Auckland, Christchurch, Wellington, Dunedin, Porirua, Palmerston North
- Glass in separate crate to protect value of other recycling (paper) and to enable sorting on truck to protect value of colour-sorted glass
- Following roll-out of high capacity kerbside bins, phase out *unstaffed* recycling stations, retain only in two strategic locations (co-located with key staffed waste infrastructure, such as a transfer station)



# Estimated costs recycling

	<b>Current</b>	<b>Estimated future</b>	
System	Crates, weekly	Crates, weekly	2-stream, fortnightly
Annual cost per household	\$40*	\$82 (\$65 - \$100)	\$69 (\$55 - \$85)
Total service cost	\$1.2m	\$2.6m	\$2.2m

- Cost range based on mid-point estimate +/- 20%; total service cost based on mid-point estimate
- Market changes over the last two years means less revenue from recycling for contractor, thus future collection costs for status quo likely higher than at present
- Costs for 2-stream collection in line with current costs in Dunedin (\$66/property) and Porirua (\$74/property)
- Recommend further cost analysis and consult & report back to Council as part of the 2020 annual plan process

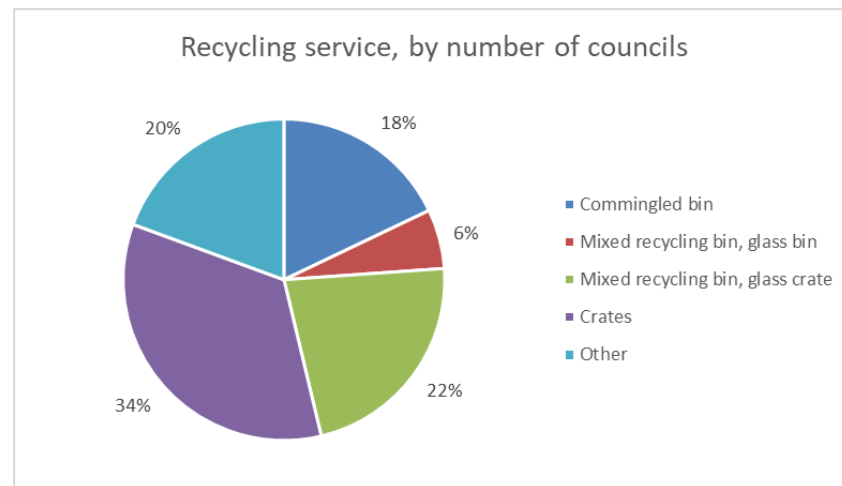
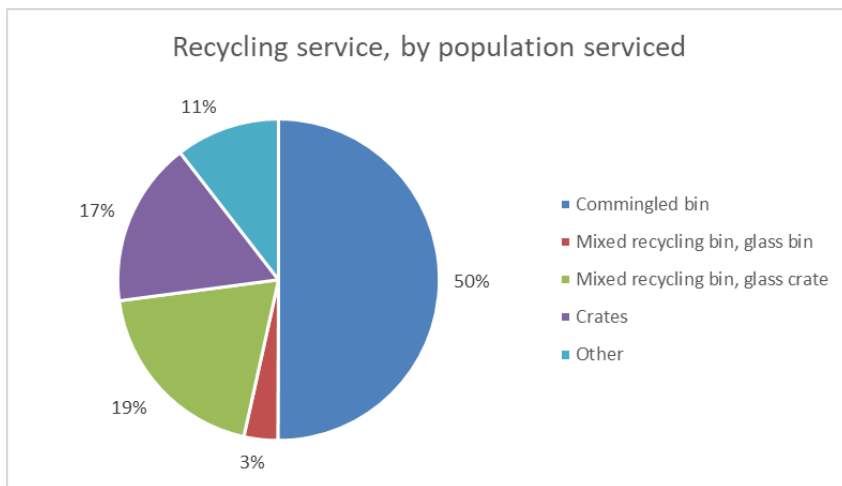
\* Crates and nets are sold on an at-cost basis, not included in the annual targeted rate of \$40 per property

# Recycling: What are other councils doing?

Currently not possible in Wellington region due to lack of infrastructure

Recycling service	Population serviced	Number of councils
Commingled bin	2,123,319	12
Mixed recycling bin, glass bin	144,504	4
Mixed recycling bin, glass crate	824,278	15
Crates	704,538	23
Other	444,501	13
<b>Total</b>	<b>4,241,140</b>	<b>67</b>

Currently only on trial basis



# Options not short-listed

## **No service**

→ Not assessed as does not meet strategic objectives

## **One stream 240L bin for commingled recycling, including glass**

→ Not viable as no infrastructure to deal with commingled glass

## **Separate organics collection**

→ No kerbside organics collection service short-listed at this stage due to lack of clear carbon footprint comparison and further market analysis required (eg processing infrastructure and end-market for collected materials)

→ Wellington City Council trialling a separate food organics collection from later in 2019; opportunity to follow their progress and apply lessons learnt

→ acceptance of green waste at landfill is being assessed separately, still to be completed, but if no longer accepted, would affect landfill revenue

# *Refuse*

# Option 1: continue with bag service

- 30% of users still want this service
- Incentive for waste minimisation, only pay for what you use (\$2.50 per bag)
- Council achieves approximately \$400k in revenue
- **BUT:**
  - Market share currently stable, but there is a risk that costs could increase and this could affect revenue
  - Health and safety concerns (eg injuries, animal strike)



# Bag service: safety issues

Proportion of injuries by collection method

Collection Method	Usage of this method (%)	Total injuries for this method (%)
Automated bin	46	5
Bag	32	36
Non-automated bin (crate)	13	17
Loose materials	9	41

- Automated bin collection makes up nearly half of the systems, but only 5% of the injuries

## Option 2: Discontinue Council service

- Council pulls out of service provision, and users are free to choose their own provider (eg as is done in Kapiti)
- Users do not have to engage a provider, they could share bins
- Private operators do not offer bag collection, so this would effectively mean moving fully to bins (addresses health and safety risks associated with bags)
- **BUT:**
  - Tends to be more costly per household as private operators do not get the economies of scale
  - Council currently achieves \$400k in revenue from its bag service
  - There is still demand for bags and private operators do not offer this





# Option 3: Rates-funded bin

- Addresses health and safety risks associated with bags
- Range of bin sizes can be provided (80L / 120L) to match customer needs
- Could still enable private service providers to operate if Council service is limited to small bin options (eg for those wanting larger bins)
- Ensures Council still provides a service that customers expect
- Can be more cost effective for households currently using small private bins (eg 120L)
- **BUT:**
  - Transfer costs from user pays to rates funding → rates impact, potentially by 5%
  - Unless Council service is limited to only small bins, could reduce options for private operators with potential job losses
  - Can disadvantage those that create little waste (single person household, elderly) and in hilly areas (or where access is difficult)



# Option 4: PAYT bin

- “*Pay As You Throw*”
- Similar to Option 3 but enables households to pay only for bin collection when needed
- On average slightly more expensive than Option 3, but cost effective for households with little waste
- **BUT:**
  - PAYT technology still not full commercialised
  - Council currently achieves \$400k in revenue from its bag service



# Estimated costs

Service option	Pre-paid Official Refuse Bag	Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT Refuse Bins
Annual average cost / household	\$130 - \$143	\$240 - \$342	\$115 - \$175	\$190 - \$280
Frequency assumptions	one bag per week	one bin pick-up/week	one bin pick-up/week	one bin pick-up/week
Household cost assumptions	<p><b>Low:</b> \$2.50/bag in Lower Hutt</p> <p><b>High:</b> \$2.75/bag in Porirua</p>	<p><b>Low:</b> lowest cost offer in Lower Hutt at \$4.62/week for 80L bin</p> <p><b>High:</b> average of advertised prices at \$285 (at \$5.50/pick up) + 20%</p>	<p>Range based on mid-point at \$144 (at \$2.77 per pick up) +/- 20%</p>	<p>Range based on mid-point at \$234 (at \$4.50 / pick up) +/- 20%</p>

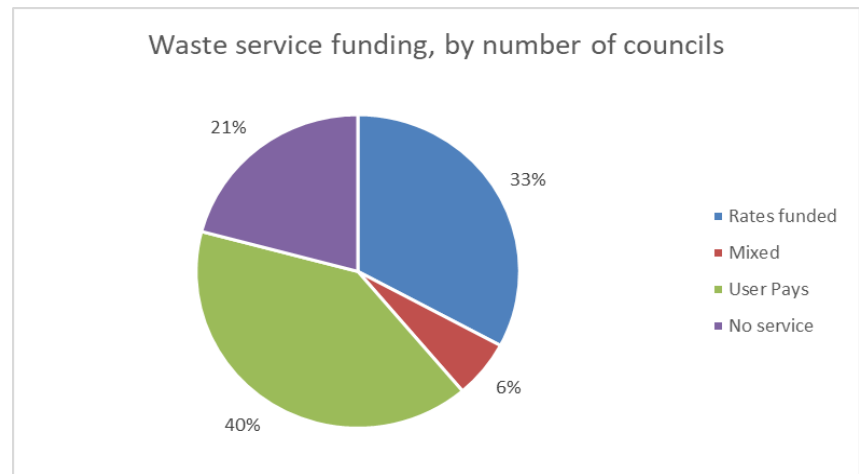
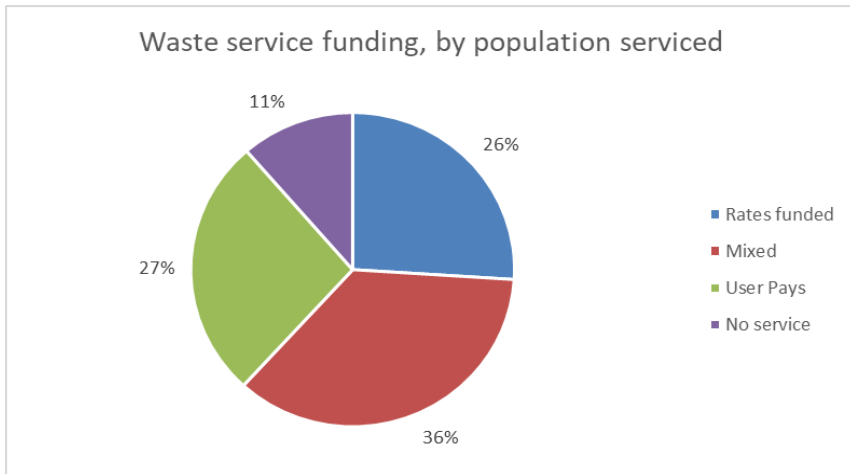
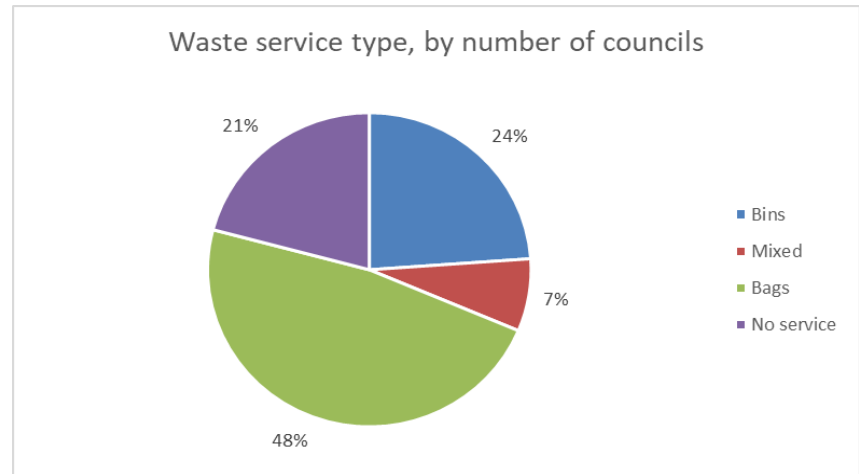
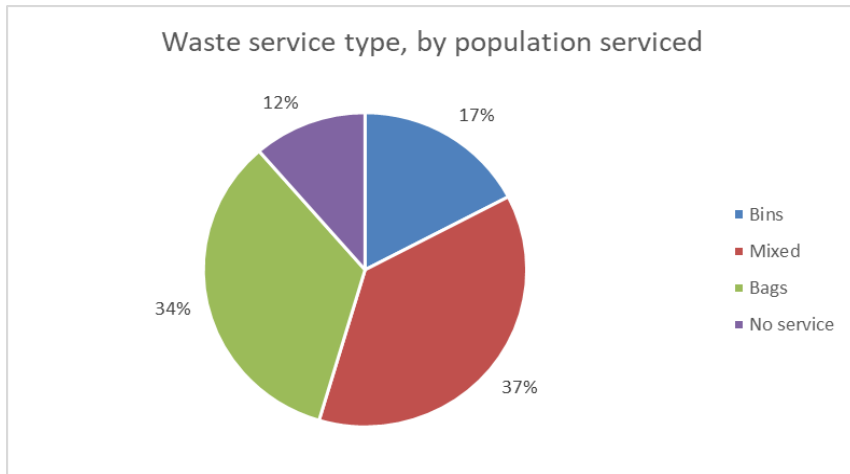
- Changing to bin models could have impact on rates, and/or potentially lead to \$400k loss in council revenue (due to loss of bag service), but could also be more cost effective for households
- Recommend further cost analysis and consult & report back to Council as part of the 2020 annual plan process

# Household cost scenarios

Service option	Pre-paid Official Refuse Bag	Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT Refuse Bins
<b>Assumptions</b>	\$2.50/bag in Lower Hutt	\$4.62/wk for 80L bin or \$5.50/wk for 120l	\$2.77/wk for 120l bin	\$4.50 per pick up for 120l bin
<b>Household A: One person, 60l of rubbish every three weeks</b>				
Estimated cost	\$43	\$240	\$144	\$58.50 (pick up four-weekly)
<b>Household B: Three people, 120l of rubbish per week</b>				
Estimated cost	\$260	\$286	\$144	\$234 (pick up weekly)



# Refuse: What are other Councils doing?



# Next steps

# Next steps

- Councillor feedback today and following this workshop on the shortlisted options
- Carry out more detailed cost modelling and analysis for kerbside options
  - *Note: current kerbside contract expires in September 2019, but working on extending by one year, in order to enable the completion of the waste reviews to inform approach for next service contract*
- Undertake community consultation on relevant options as part of the annual plan process in early 2020
- Mid-2020: Council decisions on preferred approach
- Late 2020 / early 2021: New service contract in place



# Low carbon opportunities

# Electric trucks?

- HCC recycling waste services ~ 270 tonnes of CO<sub>2</sub> (trucks)
- Opportunity for Council to move to fully electric trucks for collecting recycling and/or rubbish as part of the roll-out of any new collection approach ~ 80% carbon savings
- EV technology very suitable as short-start operation, and predictable and relatively short routes
- A number of vehicles now in regular operation
- Technology is becoming cost-competitive, but costings would need to be tested as part of the procurement process

# Palmerston North



# Christchurch

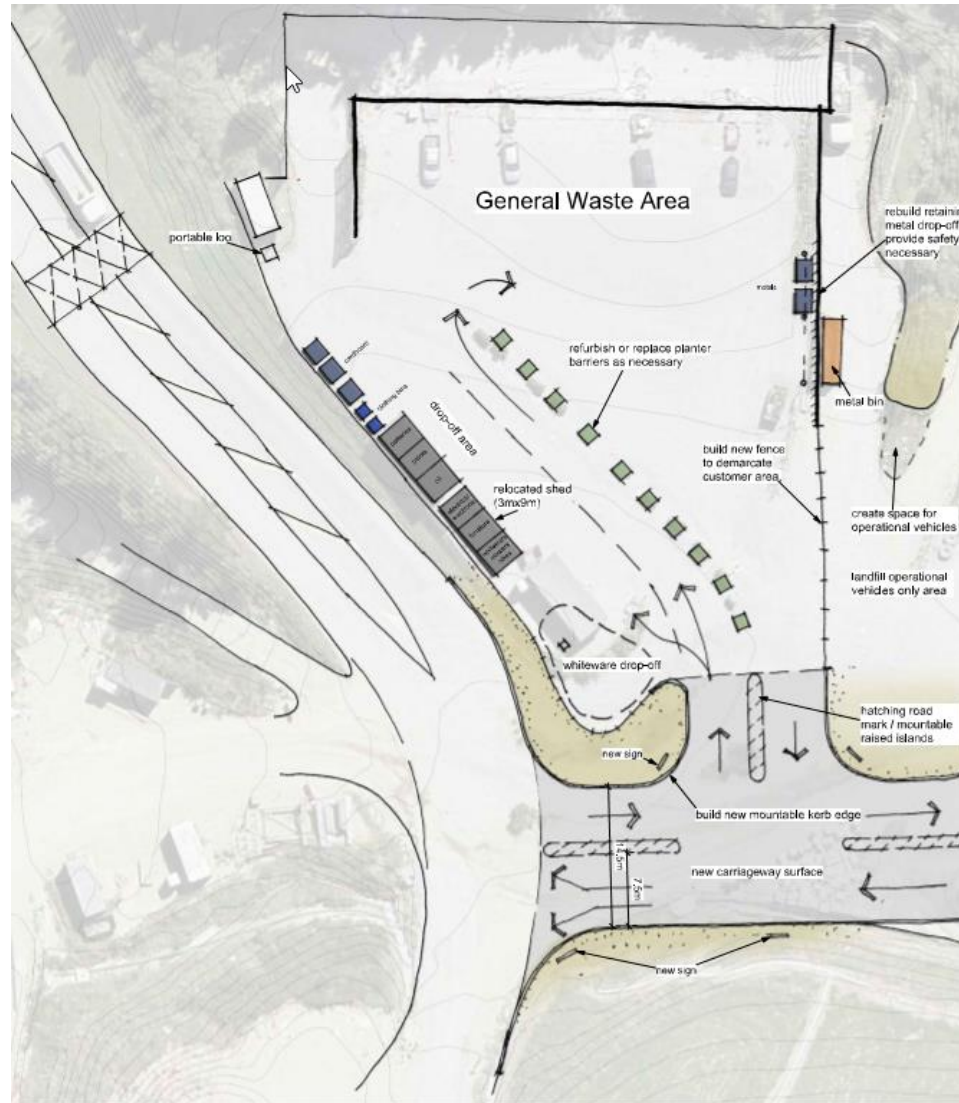


# Civic



# Thank you

# New traffic layout under consideration



Silverstream Resource Recovery  
Option 1 Concept Plan

# Recycling sorting facility







## Business Case Report

### Kerbside Collections

August 2019



**Document status**

<b>Ref</b>	<b>Approving Director</b>	<b>Date</b>
2397, draft	Dan Bonifant	18/04/2019
2397, final draft	Dan Bonifant	30/07/2019
2397, final	Dan Bonifant	08/08/2019

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## Contents

Executive summary	1
Introduction	2
BBC assessment methodology	3
Strategic case – the case for change	4
Refuse collection	4
Recycling collection	4
Recycling stations	6
Organics	6
Longlist assessment	7
Shortlisted options	10
Economic case – identifying the preferred option	10
Service use and tonnes collected	12
Service costs	12
The recommended option	15
Recycling services	15
Refuse collection service	15
Financial case	19
Rates funding	19
Bin and crate purchase	19
PAYT	19
Commercial case	20
Management case – the way forward	20
Appendix 1	Better Business Case Summary
Appendix 2	Investment Logic Map (ILM)
Appendix 3	Longlist Options Assessment
Appendix 4	Financial Modelling for Economic Case
Appendix 5	Hutt City Council Terms of Reference
Appendix 6	Health and Safety of Manual and Automated Collections



## Executive summary

A review of Hutt City Council's refuse and recycling services has been undertaken using the Treasury's Better Business Case (BBC) process. The review also considered the role of recycling drop-off stations and the opportunity to introduce a kerbside organics collection service.

Based on this assessment, the recommended approach for kerbside recycling collection is to move to a 2-stream recycling service, providing households with a 240L wheelie bin for mixed recycling and a 45L crate for glass, both collected fortnightly. Alongside this, the provision of recycling drop-off stations should be reduced from five to two, with the new recycling drop-off stations restricted to locations where drop-off can be supervised when open. Kerbside recycling and the recycling drop-off stations would continue to be funded through rates.

For the kerbside refuse collection service, the recommended approach is a rates-funded wheelie bin collected weekly, available in different sizes to match household needs, with an option to opt-out of the rates-funded service, and a move to pay-as-you-throw (PAYT) when technology enables. Depending on the availability of suitable and cost-effective technology, a PAYT bin service could be a workable alternative to a rates-funded service. This could be confirmed via a procurement process for renewal of Council's kerbside collection services. The PAYT option could be tested in terms of technical feasibility and costs in comparison to the rates-funded bin.

A kerbside organics collection service is not proposed at this point in time. Further analysis of carbon emissions from organics services and learnings from Wellington City's food waste collection trial will be used to inform a decision on this service at a future time.

The recommended options will improve health and safety outcomes, reduce windblown litter and animal strike, and divert more waste from landfill. For an average household, a rates-funded service can deliver both a refuse collection and recycling collection service for less cost than a private refuse collection service alone and is therefore more affordable. Offering the option of smaller bin sizes, opting out and a move to PAYT when technology enables, provides a cost-effective option for smaller households and those that produce less waste.

In order to successfully implement the recommended approach, the following actions are proposed, and a possible timeline is provided:

- Consult with community on proposed service changes for refuse collection, recycling collection and recycling drop-off stations, e.g. through 2020 Annual Plan consultation.
- Undertake procurement for new kerbside refuse and recycling collection services (run in parallel, but only released to market after 2020 Annual Plan deliberations complete, i.e. release to market July 2020, awarded December 2020).
- Based on procurement outcomes, inform community of cost of service changes, e.g. through consultation on 2021-2031 Long Term Plan.
- Mobilise and roll out new kerbside refuse and recycling collection services (mobilise from January 2021 and commence new services July 2021, at the earliest).
- Progressively decommission recycling drop-off stations following introduction of new kerbside recycling collection service (from July 2021 onwards).



## Introduction

Morrison Low was commissioned by Hutt City Council to review the provision of kerbside collection services by completing a business case that considered options for future kerbside collection services. This review was undertaken alongside two other service reviews: resource recovery centre provision, and hazardous waste management. Morrison Low followed the New Zealand Treasury's Better Business Case (BBC) process, which is good practice for public sector decision-making.

The aim of the approach is to provide objective analysis and consistent information to decision-makers, enabling them to make smart investment decisions for public value.<sup>1</sup> It is an ideal tool for the public sector to make long-term decisions regarding service delivery. It looks at financial measures but in a weighted, balanced context with four other factors (strategic, economic, commercial and management) as detailed in Figure 1.



**Figure 1: The Better Business Case Approach**

This report provides an overview of the process followed to develop the BBC, but the key decision-making document that summarises the findings of the BBC assessment with respect to the five cases above is the one-page BBC Summary provided in Appendix 1. In addition, supporting information is provided in the remaining four appendices. The full list of appended documents is:

- Appendix 1 – Better Business Case Summary
- Appendix 2 – Investment Logic Map (ILM)
- Appendix 3 – Longlist options assessment
- Appendix 4 – Financial modelling for Economic Case
- Appendix 5 – Hutt City Council Terms of Reference

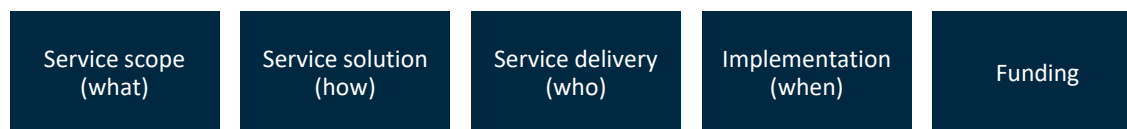
<sup>1</sup> <https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc>



## BBC assessment methodology

The following steps have been undertaken to complete the BBC:

- Project initiation meeting and review of background information, including waste data and financial information and previous studies looking at Council's kerbside collection services.
- Investment Logic Mapping (ILM) workshop with stakeholders representing council staff, staff from neighbouring Upper Hutt City Council, and the existing kerbside collection service provider Waste Management. The ILM identified issues and opportunities with the current services provided. The collections ILM is attached in Appendix 2.
- Development of strategic objectives to address the issues and opportunities from the ILM workshop. These objectives were able to be standardised across the three waste services reviews.
- Completion of the strategic case for change including issues and opportunities to be addressed, the legal context, and for each of the objectives: the scope of the review, the anticipated benefits and risks, and key performance indicators.
- Development of a longlist of options for kerbside collection services and assessment of these options against the strategic objectives and critical success factors. Critical success factors are common to all BBCs and include alignment with Council objectives, supplier capability and capacity, value for money and affordability, and achievability with Council's resources. The options assessed covered the full range of available options across the dimensions shown in Figure 2. The longlist assessment is provided in Appendix 3.



**Figure 2: Longlist option dimensions**

- Review of the longlist assessment at a workshop with key stakeholders.
- Meetings with project steering group members after completion of the strategic case and following review of the longlist assessment to update them on progress.
- Shortlisting of options and an economic assessment of these shortlisted options that included a financial assessment (Net Present Value, NPV) and non-financial assessment (Multi Criteria Assessment, MCA) to identify the preferred option. The NPV analysis for the shortlisted options is provided in Appendix 4.
- For the preferred option, completion of the commercial, financial and management cases.
- Completion of a brief covering report detailing the BBC methodology and outcomes.

The project has been completed to meet the project requirements set out in Council's Terms of Reference, attached in Appendix 5.



## Strategic case – the case for change

The current contract for Council's kerbside collection service ends in the third quarter of 2019 albeit work is currently underway to extend this contract, with a re-tender ahead of this (the recommended extension is to June 2021). This contract also includes the provision of four recycling drop-off points in Kelson, Wainuiomata, Alicetown and Naenae. A fifth recycling drop-off point is available to the community at Waste Management's Seaview transfer station on a commercial basis, i.e. this station is not funded by Council. There is an opportunity to review the services ahead of re-tendering the contracts. A review of Hutt City Council's refuse bylaw is also currently underway and could support any service changes. Note that the bylaw may be a regionally consistent bylaw to achieve better outcomes across the Greater Wellington Region.

Council's current kerbside collection services are discussed in the following sections.

### Refuse collection

A weekly user-pays bag collection service is provided to both urban residential and commercial customers. Customers can put out as many (or as few) bags as they have paid for. Waste companies also provide private refuse wheelie bin services directly to customers (i.e. non-Council service).

Experience throughout New Zealand has shown that customers tend to prefer bins to bags for refuse collection because they are more convenient, easier to use, less prone to animal strike and generally less odorous.

In Lower Hutt, residents (that have the ability to pay or willingness) have taken up private wheelie bin services and consequently Council's market share, although stable, sits at around 30%. The service is currently self-funding and realising a surplus of approximately \$400,000 for Council per year. However, experience in other parts of New Zealand shows that further reductions in market share (e.g. following key changes in the market) may result in the service being less cost-effective. To respond to this, Council could increase the price of its rubbish bags to cover the funding shortfall. However, this may incentivise more customers to move to a wheelie bin service as the cost difference between rubbish bags and a private wheelie bin narrows.

Bag collection services have been identified as higher risk from a worker health and safety perspective than bin collection services due to the need to exit the vehicle to complete the collection, manual handling of bags, and exposure to sharps. The health and safety risks of different collection methodologies are outlined in the discussion paper in Appendix 6.

### Recycling collection

A weekly kerbside collection service is provided to residential customers only. The service is a kerbside sort of 55L<sup>2</sup> crates.

<sup>2</sup> In the past, 45L crates were rolled out, but the current size of crates sold by Council is 55L. The current share of smaller vs larger crates is not known.



Throughout New Zealand councils have found that customers prefer wheelie bins for their recycling collection services because the materials are not impacted by wind and rain and the greater capacity enables customers to recycle more<sup>3</sup>. Hutt City Council continues to see recyclables disposed of in their refuse service despite a recycling service being provided<sup>4</sup>. This has been shown to reduce with wheelie bin recycling services.

However, the improved convenience of wheelie bins is balanced by the need for post-collection sorting in a processing facility and the inability to detect contamination until wheelie bins are lifted. Overall, these two factors result in greater contamination of recyclables in wheelie bin services – albeit there are means to manage this such as checking bin contents ahead of collections (bin audits), cameras on trucks to identify non-compliant households, and providing feedback to them, or withdrawing bins as a last resort. The separation of glass from other recyclables has been shown throughout the country to address a large proportion of the contamination and reduction in recycling quality that results from mixed recycling wheelie bin collections.

Recycling crate services have higher worker health and safety risks than wheelie bins due to the need for workers to exit trucks, manually handle crates, and handle recyclables, including sharps (e.g. broken glass).

In addition, recycling crates, due to their design and lack of effective means to retain recyclables, tend to lead to significant litter production during frequent windy days, as evidenced by frequent resident complaints. This litter tends to enter the storm water system and can end up in Wellington Harbour, leading to ocean and beach pollution.

Note that the existing service option with crates is not a full cost service, i.e. users are expected to pay for their own crates. The use of flexinets to avoid wind-blown litter is voluntary and users are also expected to pay for their own nets. This approach is relatively ineffective in practice, as some residents use their own “containers” (such as cardboard boxes). There is little incentive for them to use the flexinets to avoid wind-blown litter.

Some materials that are collected through Council's recycling service are not recycled. For example, plastic grades 3-7 are sold as part of bales of mixed plastic (grades 1-7), but processors may then separate and recycle the grade 1 and 2 plastics and dispose of the grade 3-7 plastics. Working collaboratively with their contractor, Council needs to ensure that there are appropriate end-markets available for the materials collected through Council's recycling services so that the community can be assured that materials collected for recycling are actually recycled. In May 2019 Council ceased collection of plastic grades 3-7 and undertook an education campaign with customers to ensure plastic grades 3-7 are no longer received through Council's recycling service.

There has always been volatility in the recycling commodities market, however the commodity prices are currently at an all-time low due to the bans imposed by China on many recycling products that have subsequently been followed by other recycling markets.

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<sup>3</sup> 34 councils in NZ (out of 67) use wheelie bins for recycling. A further six councils are currently looking to change to wheelie bins.

<sup>4</sup> Council are planning to undertake a survey of the composition of kerbside refuse and recycling receptacles in September 2019 to confirm this quantity. Results from a similar audit in Napier-Hastings identified 18% of Napier's refuse and 10% of Hastings' refuse could be diverted.





## Recycling stations

In addition to the kerbside collection, Council provides community recycling stations at five locations. There are contamination and significant illegal dumping issues at these stations, which are open 24/7 and are unstaffed. Some sites such as the station in Naenae have had repeated occurrences of loads being too contaminated to allow further processing and being re-directed to the landfill. In relative terms, the Seaview site appears to attract the fewest concerns, likely due to the fact that it is co-located with the Seaview transfer station (e.g. staffing during the day, cameras, good natural surveillance).

It is possible that at least some of the illegal dumping that is occurring is due to residents not understanding the waste collection system that is in place (e.g. language barriers), hardship, or lack of willingness to pay for refuse disposal. However, Council does not have data available to show the exact causes of illegal dumping behaviours.<sup>5</sup>

## Organics

No kerbside collection service is provided for organics, although customers can pay for a private green waste collection service.

There is a low rate of diversion of organics waste, with compostable food and green waste accounting for approximately 45% of domestic refuse.

There is an opportunity to increase diversion of kerbside collected waste by targeting organics, however this needs to be balanced by the high cost of organics collection services.

In addition, food and green waste breaks down quickly in landfill and can assist in breaking down other materials, because of the carbon and moisture they introduce. Breaking down quickly, food and green waste do not take up valuable airspace in the landfill. However, the breakdown of organic waste can cause odour, increases landfill gas production and the risk of increased fugitive emissions of greenhouse gases such as methane. While Silverstream has an effective gas recovery system, it cannot necessarily capture all such emissions (albeit at this point in time, it is not fully clear how the carbon footprint of landfilling at Silverstream compares to alternative options such as composting).

The issues and opportunities with the current kerbside collection services were identified through the ILM process which can be seen in Appendix 2. Further details on the Strategic Case including how these issues are addressed by the strategic objectives can be found in the blue box in the BBC Summary in Appendix 1.

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<sup>5</sup> Council has undertaken various initiatives such as trialling cameras, increased enforcement and education, but this has not resulted in a reduction in illegal dumping occurrences. In some cases, Council has identified repeat offenders and infringements notices do not appear to be effective in stopping such behaviour.



## Longlist assessment

A longlist of future kerbside collection service delivery options was developed using the BBC five option dimensions as demonstrated in Figure 2.

The longlist options were assessed against the strategic objectives developed through the ILM process. These objectives were able to be standardised across the three waste services reviews. The strategic objectives are:

- to provide services that are cost-effective
- to provide services that are safe
- to provide services that reduce greenhouse gas emissions
- to provide services that customers want and can use appropriately
- to reduce waste and protect the environment from the harmful effects of waste.

The longlist options were also assessed against critical success factors. These critical success factors are considered standard practice for BBC analysis:

- Strategic fit and business needs: alignment with the Waste Management and Minimisation Plan 2017-23 and other relevant plans.
- Potential value for money: right solution, right time, at the right price.
- Supplier capacity and capability: is it a sustainable and viable arrangement (external).
- Potential affordability: manageable within funding constraints.
- Potential achievability: ability and skills to deliver (internal).

The longlist of options was assessed against the strategic objectives and critical success factors at the options assessment workshop. Options which did not meet the strategic objectives or critical success factors were discarded from further analysis.

The following tables provide a summary of the longlist assessment for the refuse collection, recycling collection, recycling drop-off stations and organics collection options. The longlist of options is provided in Appendix 3.



Table 1 Assessment of refuse collection options

Option	Overall assessment	Shortlisted for economic case?
Status quo: bags, collect weekly	Does not meet strategic objectives but continue to economic assessment for comparison. Not preferred as bags are being phased out in other areas due to safety concerns	Yes
Bins, size restricted, collect weekly	Possible – cost-effective and safe but less customer choice	Yes
Bins, range of sizes, collect weekly	Preferred – cost-effective, safe and provides customer choice	Yes
Bins with pay-as-you-throw user tags, collect weekly	Possible – cost-effective, customer friendly and safer than bag collections, but added complexity	Yes
Bins with pay-as-you-throw with RFID technology, collect weekly	Discard - unknowns associated with RFID for PAYT. Possible future option when technology enables.	No <sup>6</sup>
Bins (either 1b, 1c, 1d or 1e methodology), collect fortnightly	Discard - only feasible if combined with food waste collection	No
Council opts out of refuse collection	Possible - private sector could provide service but Council may retain administrative function	Yes

Table 2 Assessment of recycling collection options

Option	Overall assessment	Shortlisted for economic case?
Status quo: crates, collect weekly	Does not meet strategic objectives but continue to economic assessment for comparison. Not preferred as crate service generates litter, less safe than bins but better recycling products	Yes
2-stream: 45L glass crate and 240L mixed recycling, collect fortnightly	Possible - crate collection (for glass) less safe than bins, but better recycling products	Yes
2-stream: 80L glass bin and 240L mixed recycling bin, collect fortnightly	Discard - glass bin collections only in trial phase	No
240L fully commingled bin, collect fortnightly	Discard - lower quality recycling products that cost more to process; no current processing capacity in the Wellington region	No
Kerbside service discontinued	Discard - customers expect kerbside service and waste disposal would increase	No

<sup>6</sup> Although possible future option



Table 3 Assessment of recycling drop-off options

Option	Overall assessment	Shortlisted for economic case?
Status quo: four council recycling stations (plus private Seaview)	Does not meet strategic objectives but continue to economic assessment for comparison. Not preferred as high cost for limited diversion and contamination and illegal dumping impacting ability to recycle materials collected	Yes
Increased network of recycling stations	Discard - high cost and reduced diversion due to contamination	No
Drop off at strategic, supervised locations (e.g. RTS, RRC)	Preferred - supervision, enforcement and cameras reduce illegal dumping	Yes
Recycling stations discontinued	Discard - no outlet for customers' excess recyclables	No

Table 4 Assessment of organic collection options

Option	Overall assessment	Shortlisted for economic case?
Status quo: drop off green waste at transfer station, green waste used as landfill cover	Possible - status quo is cost-effective but alternative landfill covers more effective, landfill diversion possible	Yes
Drop off green waste, composted	Possible - diverts green waste from landfill but alternative daily cover required	Yes
25L Bin for food waste only, collect weekly	Discard - high cost, requirement to identify food waste processor, carbon benefits would need confirmation	No
240L bin for food and green waste, collect weekly	Discard - high cost, requirement to identify food waste processor, carbon benefits would need confirmation	No
240L bin for green waste, collect monthly	Discard - additional service to manage, increased cost, however easier to process than food waste	No
No food or green waste services	Discard - community expects green waste service	No



## Shortlisted options

From the longlist assessment, the following options were taken forward for economic assessment. For the kerbside recycling collection service, a change to a two-stream service was clearly preferred over other options. For refuse collection, a number of options were shortlisted for more detailed analysis.

**Table 5 Summary of shortlisted options**

Option Description	Elements common to all options
<p><b>Option 1: Status quo</b></p> <ul style="list-style-type: none"> <li>Continuation of refuse bag collection service</li> </ul>	<ul style="list-style-type: none"> <li>Replacing recycling crates with a two-stream recycling collection service using a 240L wheelie bin for mixed recyclables and a 45L crate for glass collected fortnightly</li> <li>Retain current kerbside collection areas</li> <li>Phase out the unstaffed recycling stations, with drop-off only being retained at two strategic locations (e.g. at the privately-run Seaview transfer station and another suitable location)</li> <li>No kerbside organics collection service introduced at this stage</li> <li>Separate assessment (outside of this report) of the ongoing use of green waste as landfill cover</li> <li>Continuation of outsourced contracts for kerbside collection service delivery, with potential collaboration with Upper Hutt City Council</li> <li>All service delivery changes implemented as part of kerbside collection contract re-tender</li> </ul>
<p><b>Option 2: Opt out</b></p> <ul style="list-style-type: none"> <li>Discontinue Council's refuse collection service, refuse collection provided by private sector</li> </ul>	
<p><b>Option 3: Rates-funded refuse bin</b></p> <ul style="list-style-type: none"> <li>Provide all residents with a wheelie bin for refuse, funded through a targeted rate</li> </ul>	
<p><b>Option 4: PAYT (pay as you throw) refuse bin</b></p> <ul style="list-style-type: none"> <li>Provide all residents with a wheelie bin for refuse, but only charge customers when they use the service</li> </ul>	

## Economic case – identifying the preferred option

The aim of the economic case is to determine the cost-effectiveness of the shortlisted options from both a financial and non-financial perspective and identify a preferred option.

This was determined by three separate assessments:

- **Whole of life cost:** This takes into consideration the Capex and Opex cost of the service over the lifetime of the service. A 10-year assessment period has been used to align with LTP funding envelopes.
- **Net Present Value (NPV):** This is an assessment of monetary benefits and cost. Only direct costs have been considered for this BBC. A typical public sector discount rate of 7% has been used for NPVs.
- **Multi Criteria Analysis:** This method identifies and ranks non-monetary benefits and costs using the following risk areas
  - Political: negative media coverage or negative community feedback
  - Economic: unexpected cost increases
  - Social: risk to public health or working safety



- Technical: untried technology or process
- Legal: council decisions legally challenged
- Environmental: risk of discharge to environment

The economic case is shown in the red box in the BBC summary in Appendix 1 and the NPV calculations are provided in Appendix 4. Table 6 below provides a summary of the economic assessment.

**Table 6 Summary of economic assessment (Net Present Value and Multi Criteria Assessment)**

Assessment criteria	Option 1: Status quo, pre-paid official bag	Option 2: Opt out	Option 3: Rates-funded refuse bin	Option 4: PAYT refuse bin
Net Present Value	-\$18.7 million	-\$14.2 million	-\$45.7 million	-\$13.5 million
Political risk - negative media coverage or negative community feedback	Low risk - continuation of current service	Medium risk - no longer offering council refuse service, private service costs may be high	Medium risk - rates increase may attract coverage	Low risk - improved level of service with bins
Economic risk - unexpected cost increases	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown
Social risk - risk to public health or worker safety (n.b. community opposition assessed under Political)	High risk - manual handling with crates and bags	Medium risk - some manual handling with glass crates	Medium risk - some manual handling with glass crates	Medium risk - some manual handling with glass crates and removal PAYT tags
Technical risk - Untried technology or process	Low risk - approach is common in NZ	Low risk - approach is common in NZ	Low risk - approach is common in NZ	Medium risk - solution not widely used in NZ
Legal risk - Council decisions legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged
Environmental risk - risk of discharge to environment	Medium risk - existing diversion, but some illegal dumping associated with user-pays model	High risk - no refuse price control to drive diversion and no reduction in illegal dumping	Medium risk - rates funded refuse may encourage more disposal, but partially decrease illegal dumping	Medium risk - more diversion anticipated, but some illegal dumping associated with user-pays model



## Service use and tonnes collected

Key information relating to the different options is provided below. This is used throughout the assessment as part of the comparison of shortlisted options.

**Table 7 Refuse and recycling collection service use and tonnes**

Service use and tonnes	Refuse Collection				Recycling Collection	
	Pre-paid Official Refuse Bag	Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT Refuse Bins	Crates, Weekly	2-stream, Fortnightly
Households in Lower Hutt	36,000					
Participation rate	30%	0%	100%	90%	100%	100%
Presentation rate	90%	n/a	90%	60%	90%	90%
Tonnes per year	1,900	0	20,300	16,300	7,800	8,900

The participation rate is the percentage of households that participate in the service, while the presentation rate is the number of participating households that use the service in any given week. A 90% presentation rate is typical in urban areas. For the current pre-paid official refuse bags, 30% of households participate in the service. This compares with all households participating in recycling services and rates-funded refuse services. The PAYT participation rate is estimated at 90% to reflect households opting out at service commencement. The PAYT refuse bin has a 60% presentation rate to reflect that customers will only present their bin for collection when it is full.

The tonnes collected per year are derived from the different participation and presentation rates. For recycling this also recognises that residents will recycle more with the larger volume provided with the two-stream system.

## Service costs

The following table compares the operating costs, revenue and cost per household for the different options. The costs are based on modelling undertaken by Morrison Low using actual household numbers from Lower Hutt, anticipated tonnage based on proposed service changes, and representative costs for collection vehicle lease and operation, fuel, staff, bin supply and maintenance and contract overheads. These costs are representative of actual tendered prices from waste contracts procured throughout New Zealand.

Council's current contract cost for its pre-paid official refuse bag collection service and recycling crate collection service are also provided. For both services, the contracts have been in place for over ten years and, based on Morrison Low's recent procurement experience, significant cost increases are anticipated for these services if re-tendered now.



Table 8 Comparison of refuse and recycling service costs and revenue

Service cost	Refuse Collection				Recycling Collection			
	Pre-paid Official Refuse Bag		Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT <sup>(1)</sup> Refuse Bins	Crates, Weekly		2-stream, Fortnightly
Service option	Current cost	Future cost				Current cost	Future cost	
Collection cost		\$768,000	\$0	\$1,935,000	\$1,706,000		\$2,593,000	\$1,833,000
Disposal/processing cost		\$212,000	\$0	\$2,176,000	\$1,741,000		\$390,000	\$669,000
Recycling revenue		n/a	n/a	n/a	n/a	\$1,300,000	-\$624,000	-\$535,000
Council administration cost <sup>(2)</sup>		\$98,000	\$0	\$411,000	\$345,000		\$236,000	\$197,000
<b>Total service cost</b>		<b>\$1,078,000</b>	<b>\$0</b>	<b>\$4,522,000</b>	<b>\$3,792,000</b>	<b>\$1,300,000</b>	<b>\$2,595,000</b>	<b>\$2,164,000</b>
PAYT revenue <sup>(1)</sup>		\$942,000	\$0	\$0	\$3,858,000	n/a	n/a	n/a
Cost recovery from rates (excl. GST)	<b>\$400,000 surplus from bag sales</b>	<b>\$136,000<sup>(7)</sup></b>	<b>\$0</b>	<b>\$4,522,000</b>	<b>\$0<sup>(3)</sup></b>	<b>\$1,300,000</b>	<b>\$2,595,000</b>	<b>\$2,164,000</b>
<b>Annual average cost per participating household (incl. GST)</b>		<b>\$130<sup>(4)</sup></b>	<b>\$285<sup>(5)</sup></b>	<b>\$144</b>	<b>\$234<sup>(6)</sup></b>	<b>\$40</b>	<b>\$82</b>	<b>\$69</b>

(1) PAYT = pay as you throw or user-pays

(2) Council administration estimated at 10% of collection and processing/disposal costs

(3) Surplus revenue generated not shown here

(4) Average annual cost per participating household is 1 bag x 52 weeks x \$2.50/bag.

(5) Based on the average 120L/140L annual service cost for private collectors operating in Hutt City

(6) Based on \$4.50 per bin tag for 120L bin

(7) This cost recovery from rates for continuing with bags is based on the assumption that the cost per bag remains at \$2.50.





While the above table shows overall costs and estimated average costs per household, the different options have different cost effects on individual households, depending on their size. The below table shows the impact of the different refuse service options for three different household types: small, medium and large.

Service option	Pre-paid Official Refuse Bag	Opt-out Refuse Service <sup>(1)</sup>	Rates Funded Refuse Bins	PAYT Refuse Bins
<b>Assumptions</b>	\$2.50 per bag in Lower Hutt	\$4.62/wk, 80L bin \$5.50/wk, 120L bin \$8.50/wk, 240L bin	\$2.19/wk, 80L bin \$2.77/wk, 120L bin	\$4.50 per pick up for 120L bin
<b>Household A: One person, 60L of rubbish every three weeks</b>				
<b>Estimated annual cost</b>	\$42.50 (17 bags)	\$240	\$114	\$58.50 (pick up four-weekly)
<b>Household B: Three people, 120L of rubbish per week</b>				
<b>Estimated annual cost</b>	\$260 (104 bags)	\$286	\$144	\$234 (pick up weekly)
<b>Household C: Five people, 240L of rubbish per week</b>				
<b>Estimated annual cost</b>	\$520 (208 bags)	\$442	\$288 (two 120L bins)	\$468 (2 pick ups weekly)

(1) Based on private waste collection charges as at May 2019. These are subject to change as private waste companies adjust their service charges in response to competition from other service providers including Council.

### **Refuse collection**

Due to the low participation rates, the total cost of the current pre-paid official refuse bag collection service is significantly lower than refuse bin service options. The participation rates also drive the difference in cost in delivering the rates-funded refuse bin and the PAYT refuse bin.

PAYT revenue either comes from the sale of pre-paid official refuse bags or from pre-paid refuse bin tags (or similar technology enabled solution such as RFID<sup>7</sup>). Any residual costs are funded from rates, with residual revenue used to fund other Council services.

For the opt out option, there are no Council costs associated with refuse collection. Households can choose from the available private services.

The cost per household considers both the rates funding and PAYT components of the service.

### **Recycling collection**

Overall the two-stream recycling service has lower service delivery costs than crates. Higher processing costs and lower recycling revenue are off-set by lower collection costs. All costs are recovered from rates. Note that continuing with crates is significantly higher cost than at present, this is due to the following key reasons:

- Recycling markets are volatile, and the value of recyclables is relatively low at present. This presents a higher risk, with more uncertainty, for providers, which is expected to be reflected in their tender prices
- The option incorporates all costs including Council administration and the cost of crates and nets. These costs are currently excluded from the targeted rate.

<sup>7</sup> RFID = radio frequency identification. While the PAYT RFID option has been ranked as not viable at the moment, this technology is developing rapidly and could be considered by Council instead of the PAYT option with pre-paid refuse bin tags.



## The recommended option

### Recycling services

For the kerbside recycling collection service, a move to 2-stream recycling will provide a more cost-effective service compared to retaining the crate-based service option. It will reduce the health and safety risks associated with kerbside sorting of recyclables. It will also reduce incidences of wind-blown litter and rain damage. The provision of recycling drop-off stations would be reduced from five to two (as the capacity of crates to hold recyclables would be a lesser concern), with the new recycling drop-off stations restricted to locations where drop-off can be supervised when open by existing staff overseeing co-located activities.

No kerbside organics collection services are proposed at this time. This is for two reasons:

- Further analysis should be carried out by undertaking a full carbon emission comparison between alternative options, including composting, anaerobic digestion and landfilling at Silverstream where the gas recovery system appears to be relatively effective.
- Wellington City is planning a trial of a separate food waste collection service, and it would be useful to await its results and apply lessons learnt. It is also likely that there are benefits from economies of scale by cooperating between the councils within the Wellington region on organics processing facilities and identifying the associated end-markets.

### Refuse collection service

The recommended approach is a rates-funded wheelie bin collected weekly for the kerbside refuse collection service. Different bin sizes to match household needs should be available, with an option to opt-out of the rates-funded service, and a move to pay as you throw when technology enables. Depending on the availability of suitable and cost-effective technology, a pay as you throw bin service could be a workable alternative to a rates-funded service. This could be confirmed via a procurement process for renewal of Council's kerbside collection services. The pay as you throw option could be tested in terms of technical feasibility and costs in comparison to the rates-funded bin.

A summary of each option is set out below.

#### ***Status quo: refuse bags***

##### **Advantages**

This option is principally able to provide cost effective disposal for residents, especially smaller households that create small volumes of waste. By paying per bag, residents are also incentivised to minimise waste.

In principle, this option would enable Council to continue to make a small surplus from bag sales, supplementing Council revenue (currently \$400,000 per year), albeit this would likely require an increase in bag costs compared to the present situation. For example, in Porirua bag costs are \$2.75 compared to Lower Hutt's \$2.50 per bag.

Refuse bags are a practical option for rural residents (e.g. Wainuiomata Coast Road) whereby they drop off bags at a dedicated collection point. Rural roads can be too narrow for trucks and there are safety issues associated with trucks stopping on high speed roads.



### **Disadvantages**

Health and safety concerns would continue in this option. These risks are considered too high for most of the major waste collection companies in New Zealand, and these companies will not tender for council contracts that continue refuse bag collection services. In general, the smaller waste companies will still tender for refuse bag collection services. Their health and safety management systems are typically less mature than those of the major waste companies. Therefore, they are not well positioned to take on the higher health and safety risks that they would need to manage with a bag collection service.

Under the current health and safety legislation, Council would have to take on more responsibility for managing the health and safety risks as the specifier of the collection methodology (i.e. safety in design principles). Council would be held more accountable should an incident occur with the bag collection service than it would have if it had followed the wider industry's position of not supporting bag collection services.

As the bag service is a pay as you throw approach, there is scope for residents to avoid rubbish disposal costs by illegally dumping waste. Council employs an Environmental Investigations Officer, and there are costs associated with managing illegally dumped waste. It is possible that at least some of the illegal dumping that is occurring is due to residents not willing to pay for refuse disposal. Therefore, while the Council bag service yields \$400,000 in revenue, this is not necessarily a net yield and does not account for potential costs associated with illegal dumping or account for other Council administrative costs.

As a result, for the kerbside refuse collection service, a continuation of the status quo using refuse bags is not recommended.

The three remaining options are all viable but the cost per household and the level of rates funding varies.

### **Opt-out**

Opting out of refuse collection means rates funding is only required for the recycling collection service as there is no Council-provided service. Households would contract a private waste company to receive a refuse collection service (e.g. as is done on the Kapiti Coast). Already 70% of households in Lower Hutt use this option.

### **Advantages**

Health and Safety incidents are expected to decrease in line with the change to a bin service (private operators do not offer bag collection).

### **Disadvantages**

Based on current advertised prices for private wheelie bin services, households would pay more for their refuse collection services. Costs would also increase significantly for those that currently use Council's bag collection service – albeit residents do have the option of sharing bins, enabling some to avoid higher costs.

Most private wheelie bin services provide 240L wheelie bins on a weekly basis at a price that is attractive to customers. The large volume of the bins does not incentivise waste minimisation.

Council currently achieves approximately \$400,000 in revenue from its bag service; this revenue source would no longer be there.

It is possible that this change could also lead to an increase in illegal dumping, as the costs for rubbish disposal can be avoided in this way.



In addition, Council would have less control over the refuse collection service both in terms of cost and its ability to encourage diversion through restricting wheelie bin volume. Once out, Council cannot easily re-enter the market.

### ***Rates funded bins***

#### **Advantages**

Health and safety incidents are expected to decrease in line with the change to a bin service.

Universally providing a rates-funded refuse bin is more cost-effective than households receiving a private wheelie bin service, at least on average.

A range of bin sizes can be offered to match household needs and the cost could be adjusted to reflect customer choice of bin size. In this way, this option can be relatively cost-effective even for smaller households. In addition, residents could be offered the option to opt out of the Council service and continue with their private collection service.

This option could still provide a market space for private service providers, if Council services are limited to small bin options only such as 80L or 120L. Those wanting larger bins, e.g. 240L, could opt out of the Council service and use a private service.

This option could result in a reduction in illegal dumping, as households choose to use a service they (or their landlord) are already paying for and is convenient, because it is provided to them without them having to make their own arrangements. Therefore, costs associated with managing illegally dumped waste (staff time, contractor costs, disposal costs) could be reduced, albeit the quantum of avoided costs is unclear as illegal dumping will continue to occur for other reasons (e.g. commercial illegal dumping).

For rental properties, the provision of a rates-funded refuse collection service would be paid for by the landlord as part of the property's rates. Experience in other districts has shown this reduces the instances of tenants leaving waste on their rental properties, which becomes a cost to the landlord long term. The choice of bin size and whether to opt out of the service would rest with the landlord, not the tenant.

#### **Disadvantages**

While more cost effective for households on average, additional rates funding of \$4,500,000 per annum is required for Council to provide this service. The associated rates increase may be unacceptable to ratepayers when considered alongside other rate increases. Council would need clear messaging for its communication with residents to explain that any rates increase would be more cost-effective for an average household. Households that currently use a private service would be able to cancel this and obtain a cost saving to them overall.

Very small households (single person, elderly) could see an increase in costs relative to Council's current bag service.

Council currently achieves approximately \$400,000 in revenue from its bag service; this revenue source would no longer be there.

If bin collection is not feasible for rural residents (e.g. Wainuiomata Coast Road) then an alternative collection service would need to be provided, such as rates-funded bags delivered to dedicated collection points (potentially with bigger 660L bins at the drop-off points).



There may be opposition from private wheelie bin service providers, particularly smaller local companies who may see a loss of revenue with the introduction of a Council service. However, under this option commercial services would continue to be outside the Council collection service, as well as those choosing to opt out of Council's service, providing an ongoing market for private waste companies to cater for.

### **PAYT bins**

This option uses a similar funding model to the bag service, except that it uses bins. Households only pay for bin collection when needed (e.g. by purchasing bin tags or alternatively using RFID technology and invoicing of costs directly to households). The technology required to link a recorded bin lift to a customer account is not yet fully established in New Zealand and is the greatest technology barrier to these services being widely introduced at this time.

PAYT refuse bins off-set rates funding by charging participating households a fee (either per pick up or an annual fee) for receiving the service. In order to recover sufficient fees to fund the service, Council would need to charge a similar fee to that currently charged for private wheelie bin services. Rates funding could be eliminated entirely if the bin lift price is set to fully cover operating costs and customers are willing to pay the charge.

### **Advantages**

Health and safety incidents are expected to decrease in line with the change to a bin service.

This option incentivises diversion with households only paying for the disposal volume they use.

PAYT refuse bins are more cost-effective for households compared to them receiving a private wheelie bin service, especially for very small households.

This option could still provide a market space for private service providers who would compete with Council for services, particularly if Council services are limited to smaller bin options such as a standard 120L bin.

Council currently achieves approximately \$400,000 in revenue from its bag service. In principle, this revenue source could still be retained, subject to costs for bin tags or bin lift being slightly higher than operating costs.

### **Disadvantages**

From an average household perspective, the cost would be similar to a private collection service.

The technology and administrative requirements to implement PAYT refuse bins are not yet well advanced in New Zealand, although technology is improving quickly. Depending on the availability of suitable and cost-effective technology, a pay as you throw bin service could be a workable option. This could be confirmed via a procurement process.

If bin collection is not feasible for rural residents (e.g. Wainuiomata Coast Road) then an alternative collection service would need to be provided, such as pre-paid official bags delivered to dedicated collection points (potentially with bigger 660L bins at the drop-off points).

This option may not result in a reduction in illegal dumping, as households can still avoid the rubbish collection service. Therefore, associated costs would continue to arise (e.g. staff time, contractor costs, disposal costs).



## Financial case

The financial case looks at the overall cost to Council, including the funding required, whether there is any revenue to offset the funding, and whether the service is affordable overall. The financial case is shown in the orange box in the BBC summary in Appendix 1.

### Rates funding

The overall targeted rate for both the rates-funded recycling service and rates-funded refuse service is estimated at \$213 per household. This combined cost is lower than what households are currently paying just for a private refuse collection service.

The rates funding required for the recycling collection service, including the two-stream recycling collection and recycling drop-off stations, is estimated at \$2,200,000 per annum or \$69 per household. This estimate is in line with the actual cost per household currently in Porirua City and Dunedin City.

The rates funding required for the universal 120L refuse bin collection service is estimated at \$4,500,000 per annum or \$144 per household. This estimate is in line with actual cost per household in Waimakariri District and Christchurch City.

### Bin and crate purchase

The rollout of wheelie bins and crates for the refuse and recycling collection service can either be financed from capital expenditure or operating expenditure. Generally up-front capital expenditure can be more cost-effective for Council due to lower borrowing costs. It is also possible for the Council's collections contractor to fund the upfront capital cost, with bin capital payback through amortisation over the contract term (this would move this to a Council operating expenditure). In the latter, Council would own the wheelie bins and crates at the end of the contract and could pass this ownership onto the next contractor.

Note, for comparison purposes the wheelie bin and crate purchase has been amortised over the contract term in the financial modelling.

### PAYT

The introduction of PAYT, either through bin tags or an RFID-enabled automated system, would introduce user-pays funding for the refuse collection services, avoiding the requirement for rates funding for this service.



## Commercial case

The commercial case is about confirming that appropriate commercial agreements can be put in place to deliver the services. This includes procurement considerations as well as wider contractual and governance arrangements, risk-sharing approach and procurement timeframes. The commercial case is shown in the yellow box in the BBC summary in Appendix 1.

Implementation of any of the shortlisted options will occur through the procurement of a new kerbside collection service contract. The current contracts expire in September 2019, although work is currently under way to extend this contract, with a re-tender ahead of this (the recommended extension is to June 2021). This means there should be sufficient time for the procurement and mobilisation of the new contracts. It is noted that six to nine months is required for procurement and at least six months is required for the mobilisation period (with contractors preferring at least nine months) to allow enough time for new vehicles, bins and crates to be supplied, recruitment of collection vehicle drivers, and the rollout of new bins and crates prior to the service commencement date. Risk-sharing associated with recycling commodity revenue is recommended to balance the risk associated with the current volatility in commodity markets.

Options for implementing PAYT can be requested from suppliers through this procurement, from which Council can decide whether to implement the changes from the start of its new contracts or reconsider its introduction in future once technology enables.

## Management case – the way forward

In order to successfully implement the recommended approach, the following actions are proposed, and a possible timeline is provided:

- Consult with community on proposed service changes for refuse collection, recycling collection and recycling drop-off stations, e.g. through 2020 Annual Plan consultation.
- Undertake procurement for new kerbside refuse and recycling collection services (run in parallel, but only released to market after 2020 Annual Plan deliberations complete, i.e. release to market July 2020, awarded December 2020).
- Inform community of cost of service changes based on procurement outcomes, e.g. through consultation on 2021-2031 Long Term Plan.
- Mobilise and roll out new kerbside refuse and recycling collection services (mobilise from January 2021 and commence new services July 2021, at the earliest).
- Progressively decommission recycling drop-off stations following introduction of new kerbside recycling collection service (from July 2021 onwards).

At a high level, the following risks have been identified for implementing the preferred option, with these risks needing to be managed through the project:

- Community opposition to rates increases associated with a rates-funded refuse collection service, and kerbside recycling.
- Private collector opposition to a rates-funded refuse collection service that impacts their market share.
- Continued volatility in the recycling commodity markets.
- Tight procurement timeframes for renewing kerbside collection services.



## **Appendix 1      Better Business Case Summary**





**Kerbside Collection Services Business Case**

**Strategic Case:**

**Need to invest**

The current contract for Council's kerbside collection service ends in the third quarter of 2019 albeit work is currently under way to extend this contract. There is an opportunity to review the services ahead of re-tendering the contracts. A review of Hutt City Council's refuse bylaw is also currently under way, and could support any service changes.

**Refuse collection**

A weekly user-pays bag collection service is provided to both urban residential and commercial customers. Customers can put out as many (or as few) bags as they have paid for. Waste companies also provide private refuse wheelee bin services directly to customers (i.e. non-Council service).

Experience throughout New Zealand has shown that customers tend to prefer bins to bags for refuse collection because they are more convenient, easier to use, less prone to animal strike and generally less odorous.

In Lower Hutt, residents (that have the ability to pay or willingness) have taken up private wheelee bin services and consequently Council's market share, although stable, sits at around 30%. The service is currently self-funding and realising a surplus of approximately \$400,000 for Council per year. However, experience in other parts of New Zealand shows that further reductions in market share (e.g. following key changes in the market) may result in the service being less cost-effective. To respond to this, Council could increase the price of its rubbish bags to cover the funding shortfall. However, this may incentivise more customers to move to a wheelee bin service as the cost difference between rubbish bags and a private wheelee bin narrows.

Bag collection services have been identified as higher risk from a worker health and safety perspective than bin collection services due to the need to exit the vehicle to complete the collection, manual handling of bags and exposure to sharps.

**Recycling collection**

A weekly kerbside collection service is provided to residential customers only. The service is a kerbside sort of 55L crates.

Throughout New Zealand councils have found that customers prefer wheelee bins for their recycling collection services because the materials are not impacted by wind and rain and the greater capacity enables customers to recycle more.

However, the improved convenience of wheelee bins is balanced by the need for post-collection sorting in a processing facility and the inability to detect contamination until wheelee bins are lifted.

Recycling crate services have higher worker health and safety risks than wheelee bins due to the need for workers to exit trucks, manually handle crates, and handle recyclables, including sharps (eg broken glass).

Some materials that are collected through Council's recycling service are not recycled. For example, plastic grades 3-7.

**Recycling stations**

In addition to the kerbside collection, Council provides community recycling stations at five locations. There are contamination and significant illegal dumping issues at these stations, which are open 24/7 and are unstaffed.

**Organics**

No kerbside collection service is provided for organics, although customers can pay for a private greenwaste collection service.

There is a low rate of diversion of organics waste, with compostable food and greenwaste accounting for approximately 45% of domestic refuse.

There is an opportunity to increase diversion of kerbside collected waste by targeting organics, however this needs to be balanced by the high cost of organics collection services and the need to confirm greenhouse gas implications.

**Strategic Context**

Council waste minimisation and management is governed by the Waste Minimisation Act (WMA). The purpose of the WMA is to: "encourage waste minimisation and a decrease in waste disposal in order to (a) protect the environment from harm; and (b) provide environmental, social, economic, and cultural benefits."

To further its aims, the WMA requires councils to promote effective and efficient waste management and minimisation within their district. To achieve this, all councils are required by the legislation to adopt a Waste Management and Minimisation Plan (WMMP).

In 2017 the Councils of the Greater Wellington Region, including Hutt City, adopted a new Joint WMMP. The vision for the WMMP is "waste free, together – for people, environment and economy".

The WMMP also outlines Council's vision, goals, objectives and targets for waste minimisation and management in the region and include both regional and Council-specific action plans. As part of the WMMP action plan, HCC has committed to further investigate a number of options of its ongoing waste services. The two key actions are:

- C.1: Investigate Options and costs of a two-stream recycling collection, by 2019
- C.2: Investigate the use of wheelee bins for kerbside recycling by 2019

Further, there are three actions in the WMMP that relate to the above actions, these need to be jointly considered:

- C.3: Investigate methods to prevent recycling from being put in council rubbish bags
- C.4: Provide city wide weekly refuse and recycling collection service plus recycling collection stations
- IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any).

In addition to the WMA, kerbside collection services are governed by the Local Government Act and the Health and Safety at Work Act.

Hutt City Council has also adopted a carbon reduction goal of carbon zero by 2050 (subject to approval at 11 December 2018 meeting).

**Investment Objectives and Case for Change**

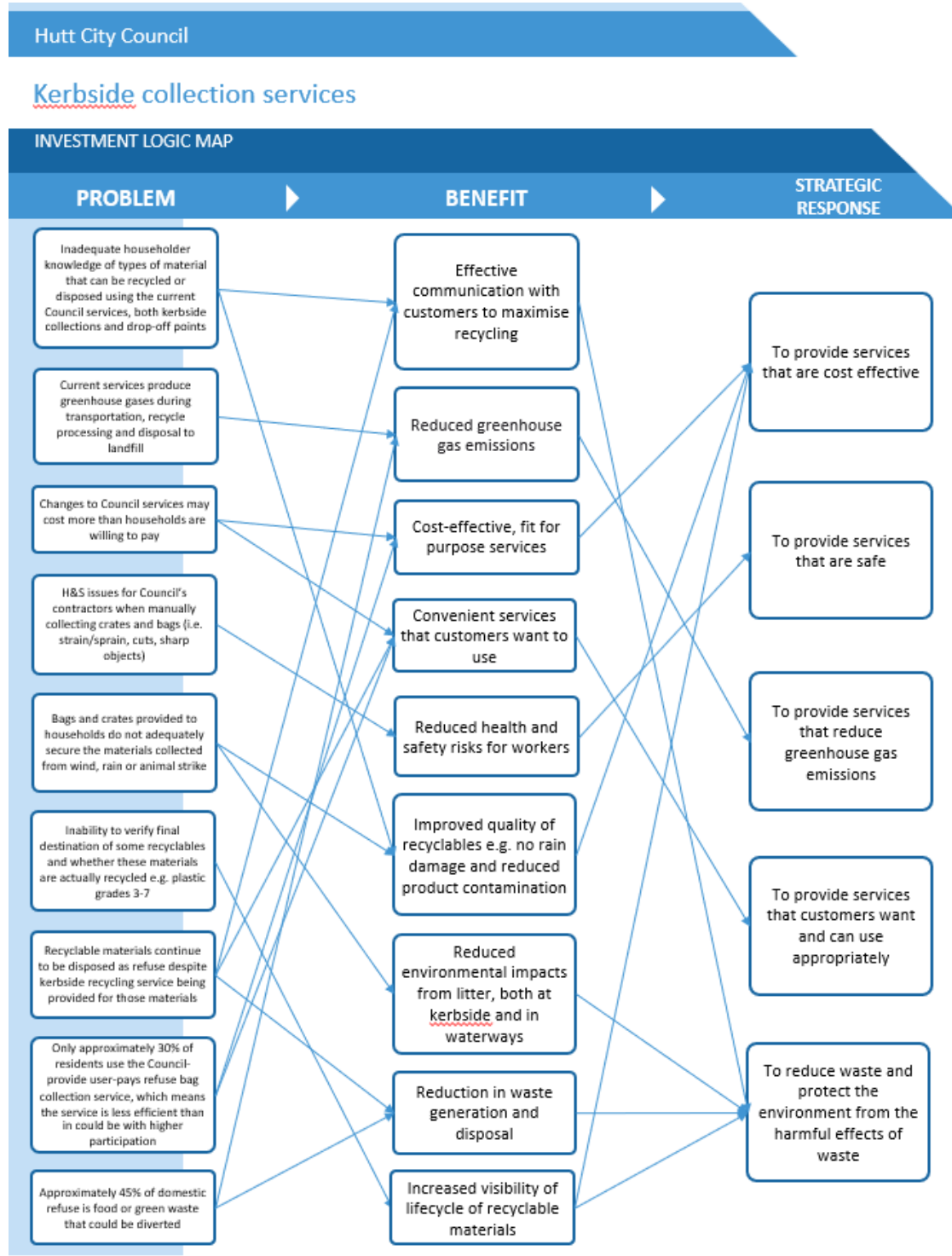
Objective 1	To provide services that are cost effective
<b>Status Quo</b>	A user-pays bag refuse collection service provides a price incentive to divert waste. With 30% market share, the cost of providing the service is covered by the bag sales, but this may not be the case if bag sales drop. Council's recycling collection costs Council \$1.3 million (excl GST) per annum. Refuse collection costs Council \$1.07 per bag sold or approximately \$510K (excl GST) per annum
<b>Relevant Investment Benefits</b>	The overall suite of Council kerbside services provided is a cost-effective package. Customers are encouraged to divert waste with the right funding mechanism. Fixed cost are shared across sufficient customers to achieve efficiencies from scale
<b>Relevant KPIs</b>	Overall service cost within approved budgets
<b>Potential Scope</b>	Changes to Council kerbside collection services and drop-off points are considered as a total package from a cost perspective
<b>Constraints and dependencies</b>	Refuse and recycling collection contract expires in September 2019. The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery
<b>Risks</b>	Preferred collection methodology and funding mechanisms do not align (e.g. user pays and refuse wheelee bins). Service costs recovered through rates are unacceptable to ratepayers
Objective 2	To provide services that are safe
<b>Status Quo</b>	Council's services include manual collections of bags and crates, which are generally considered higher risk from a health and safety perspective
<b>Relevant Investment Benefits</b>	Contractor, council staff and the general public are kept safe at all times
<b>Relevant KPIs</b>	Zero reportable incidents associated with Council's hazardous waste services
<b>Potential Scope</b>	Health and safety considered as part of service options
<b>Constraints and dependencies</b>	Changes to kerbside services must improve health and safety standards and comply with regulatory requirements
<b>Risks</b>	Continuing with bag collection for refuse or crate collection for recycling may not be acceptable to some contractors due to H&S risks, and may open Council up to undue H&S liability should a serious incident occur
Objective 3	To provide services that reduce greenhouse gas emissions
<b>Status Quo</b>	Transportation emissions associated with weekly refuse and recycling collections plus private refuse collection vehicles also driving the same streets. Emissions from landfill disposal as well as the processing of kerbside collected recycling
<b>Relevant Investment Benefits</b>	Greenhouse gas emissions are unchanged or reduced as a result of service changes
<b>Relevant KPIs</b>	Reduce carbon emissions to zero by 2050 Reduce landfill disposal of material with high greenhouse gas generation potential
<b>Potential Scope</b>	Greenhouse gas emissions considered as part of service options
<b>Constraints and dependencies</b>	Changes to kerbside services must reduce or maintain current greenhouse gas emissions
<b>Risks</b>	Changes to services introduce new greenhouse gas emissions not previously considered
Objective 4	To provide services that customers want and can use appropriately
<b>Status Quo</b>	Council has received requests from residents for a change to wheelee bins for both refuse and recycling, although the level of satisfaction with the current service is relatively high. In the case of refuse, this only applies to the 30% of residents that use the service, with the remaining 70% of residents opting to use private wheelee bin services
<b>Relevant Investment Benefits</b>	Reduced contamination of recycling products. Increased customer satisfaction recorded in Council's annual customer survey
<b>Relevant KPIs</b>	High level of satisfaction with Council's kerbside collection services in Council's annual customer satisfaction survey
<b>Potential Scope</b>	Change in kerbside collection methodology from status quo. Potential introduction of organics collection. Potential changes to recycling drop-off points
<b>Constraints and dependencies</b>	Refuse and recycling collection contract expires in September 2019. The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery
<b>Risks</b>	Residents uncertain how to use the new recycling system, may result in increased contamination
Objective 5	To reduce waste and protect the environment from the harmful effects of waste
<b>Status Quo</b>	Large quantities of recyclable material and organics that could be diverted are currently being landfilled. Material collected as recyclables may be disposed of at the end processor if no market exists for them
<b>Relevant Investment Benefits</b>	Reduction in waste to landfill and improved recycling outcomes. Reduction in contamination of recycling products
<b>Relevant KPIs</b>	Meet regional WMMP diversion targets
<b>Potential Scope</b>	Change in kerbside collection methodology from status quo. Potential introduction of organics collection. Potential changes to recycling drop-off points
<b>Constraints and dependencies</b>	Refuse and recycling collection contract expires in September 2019. Alignment with the implementation of regulatory framework change (e.g. solid waste bylaw). The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery
<b>Risks</b>	Residents uncertain how to use the new recycling system, may result in increased contamination. Markets not available for some recyclables, resulting in the need to landfill these materials



Economic Case:					Financial Case:		
Determine Potential Value for Money (COSTS ARE INDICATIVE AND FOR COMPARISON ONLY. ACTUAL COSTS WILL DEPEND ON MARKET RESPONSE)					Financial Costing for 2-stream recycling and range of refuse options		
	Status quo: bags, crates	Opt out refuse, 2-stream recycling	Refuse bins, 2-stream recycling	PAYT refuse bins, 2-stream recycling		Year One	Total
Appraisal period (years)	10	10	10	10	Capital Expenses (\$m)	0.00	0.00
Capital costs (\$m)	0.0	0.0	0.0	0.0	Operating Expenses (\$m)	Refuse \$0m to \$4.5m Recycling \$2.2m	Refuse \$0m to \$45m Recycling \$22m
Whole of Life Costs (\$m)	-44.2	-27.5	-72.8	-65.5	Total Revenue (\$m)	Refuse \$0m to \$4.5m Recycling \$0m (rates funded)	Refuse \$0m to \$45m Recycling \$0m (rates funded)
Cost-Benefit Analysis of (monetary benefits and costs at the Public Sector Discount Rate)							
Net Present Value of Benefits (\$m)	12.4	5.2	5.5	32.6	Capital Funding Required (\$m)	0.00	0.00
Net Present Costs (\$m)	-31.1	-19.4	-51.2	-46.1	Operating Funding Required (\$m)	Refuse \$0m to \$4.5m Recycling \$2.2m	Refuse \$0m to \$45m Recycling \$22m
Benefit Cost Ratio	Not calculated				<b>Affordability and funding</b>		
Net Present Value (NPV, \$m)	-18.7	-14.2	-45.7	-13.5	The overall targeted rate for both the rates-funded recycling service and rates-funded refuse service is estimated at \$213 per household. This combined cost is lower than what households are currently paying just for a private refuse collection service. The rates funding required for the recycling collection service, including the two-stream recycling collection and recycling drop-off stations, is estimated at \$2,200,000 per annum or \$69 per household. The rates funding required for the universal 120L refuse bin collection service is estimated at \$4,500,000 per annum or \$144 per household. The introduction of PAYT, either through bin tags or an RFID-enabled automated system, would introduce user-pays funding for the refuse collection services, avoiding the requirement for rates funding for this service. The rollout of wheeled bins and crates for the refuse and recycling collection service can either be financed from capital expenditure or operating expenditure. Generally up-front capital expenditure can be more cost-effective for Council due to lower borrowing costs. It is also possible for the Council's collections contractor to fund the upfront capital cost, with bin capital payback through amortisation over the contract term (this would move this to a Council operating expenditure). In the latter, Council would own the wheeled bins and crates at the end of the contract and could pass this ownership onto the next contractor.		
Multi-criteria Analysis (ranking of non-monetary benefits and costs, if any)							
<b>Political risk</b> - negative media coverage or negative community feedback	Low risk - continuation of current service	Medium risk - no longer offering council refuse service, private service costs may be high	Medium risk - rates increase may attract coverage	Low risk - improved level of service with bins	<b>Management Case:</b> <b>Plan for Successful Delivery:</b> In order to successfully implement the recommended approach, the following actions are proposed and a possible timeline is provided: - Consult with community on proposed service changes for refuse collection, recycling collection and recycling drop-off stations - Undertake procurement for new kerbside refuse and recycling collection services - Inform community of cost of service changes based on procurement outcomes - Mobilise and roll out new kerbside refuse and recycling collection services - Progressively decommission recycling drop-off stations following introduction of new kerbside recycling collection service  At a high level, the following risks have been identified for implementing the preferred option, with these risks needing to be managed through the project: - Community opposition to rates increases - Private collector opposition to a rates-funded refuse collection service that impacts their market share - Continued volatility in the recycling commodity markets - Tight procurement timeframes for renewing kerbside		
<b>Economic risk</b> - unexpected cost increases	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown			
<b>Social risk</b> - risk to public health or worker safety (n.b. community opposition assessed under Political)	High risk - manual handling with crates and bags	Medium risk - some manual handling with glass crates	Medium risk - some manual handling with glass crates	Medium risk - some manual handling with glass crates and removal PAYT tags			
<b>Technical risk</b> - Untried technology or process	Low risk - approach is common in NZ	Low risk - approach is common in NZ	Low risk - approach is common in NZ	Medium risk - solution not widely used in NZ			
<b>Legal risk</b> - Council decisions legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged			
<b>Environmental risk</b> - risk of discharge to environment	Medium risk - existing diversion, but some illegal dumping assoc. user pays model	High risk - no refuse price control to drive diversion and no reduction in illegal dumping	Medium risk - rates funded refuse may encourage more disposal, but partially decrease illegal dumping	Medium risk - more diversion anticipated, but some illegal dumping assoc. user pays model			
Preferred Option:							
<p><b>The Preferred Option:</b> Based on this assessment, the recommended approach for kerbside recycling collection is to move to a 2-stream recycling service, providing households with a 240L wheeled bin for mixed recycling and a 45L crate for glass, both collected fortnightly. Alongside this the provision of recycling drop-off stations should be reduced from five to two, with the new recycling drop-off stations restricted to locations where drop-off can be supervised when open. Kerbside recycling and the recycling drop-off stations would continue to be funded through rates.</p> <p>For the kerbside refuse collection service, the recommended approach is a rates-funded wheeled bin collected weekly, available in different sizes to match household needs, with an option to opt-out of the rates-funded service, and a move to pay-as-you-throw (PAYT) when technology enables. Depending on the availability of suitable and cost-effective technology, a PAYT bin service could be a workable alternative to a rates-funded service. This could be confirmed via a procurement process for renewal of Council's kerbside collection services. The PAYT option could be tested in terms of technical feasibility and costs in comparison to the rates-funded bin.</p> <p>A kerbside organics collection service is not proposed at this point in time. Further analysis of carbon emissions from organics services and learnings from Wellington City's food waste collection trial will be used to inform a decision on this service at a future time.</p> <p>The recommended options will improve health and safety outcomes, reduce windblown litter and animal strike and divert more waste from landfill. For an average household, a rates-funded service can deliver both a refuse collection and recycling collection service for less cost than a private refuse collection service alone and is therefore more affordable. Offering the option of smaller bin sizes, opting out and a move to PAYT when technology enables, provides a cost-effective option for smaller households and those that produce less waste.</p>							
<b>Commercial Ease:</b>							
<p>Prepare for the Potential Deal: Implementation of any of the shortlisted options will occur through the procurement of a new kerbside collection service contract. The current contracts expire in September 2019, albeit work is currently under way to extend this contract (the recommended extension is to June 2021). This means there should be sufficient time for the procurement and mobilisation of the new contracts. It is noted that six to nine months is required for procurement and at least six months is required for the mobilisation period (with contractors preferring at least nine months) to allow enough time for new vehicles, bins and crates to be supplied, recruitment of collection vehicle drivers and the rollout of new bins and crates prior to the service commencement date. Risk-sharing associated with recycling commodity revenue is recommended to balance the risk associated with the current volatility in commodity markets. Options for implementing PAYT can be requested from suppliers through this procurement, from which Council can decide whether to implement the changes from the start of its new contracts or reconsider its introduction in future once technology enables.</p>							



## Appendix 2 Investment Logic Map (ILM)



Business Problem Owner: Jörn Scherzer  
Facilitator: Alice Grace

Version no: FINAL  
Last modified: 12/12/2018



## **Appendix 3 Longlist Options Assessment**

Response to Waste Issue Complaint 25 June 2020 - Appendix 4 - Timeline and information relating to relevant events



Long-list

Description of Option:	Scope Options (What)			SS-1: Refuse							Service Solution Options (How)							
	SC-1	SC-2	SC-3	SS-1a	SS-1b	SS-1c	SS-1d	SS-1e	SS-1f	SS-1g	SS-2: Kerbside			SS-2: Recycling				
											SS-2a(i)	SS-2a(ii)	SS-2a(iii)	SS-2a(iv)	SS-2a(v)	SS-2b(i)	SS-2b(ii)	SS-2b(iii)
Status quo: current collection areas (including all residents in commercial areas)	Extend to all commercial areas	Extend to schools, early childhood centres and churches	Status quo: bags, collect weekly	Bin, size restricted, collect weekly	Bin, range of sizes, collect weekly	Bins with pay-as-you-throw user tags, collect weekly	Bins with pay-as-you-throw with RFID technology, collect weekly	Bins (either 1b, 1c, 1d or 1e methodology), collect fortnightly	Council opts out of refuse collection	Status quo: crates, collect weekly	2-stream: 45L glass crate and 240L mixed recycling, collect fortnightly	2-stream: 80L glass bin and 240L mixed recycling bin, collect fortnightly	240L fully commingled bin, collect fortnightly	Kerbside service discontinued	Status quo: four council recycling stations (plus private Seaview)	Increased network of recycling stations	Drop off at strategic, supervised locations (e.g. RTS, RRC)	
<b>Investment Objectives</b>																		
To provide services that are cost effective	Yes - cost effective	Partial - cost may be higher for bespoke solution	Yes - potential economies of scale, albeit overall cost increase	Partial - bags cost more than bins to collect	Yes - bins cost less than bags to collect	Partial - a range of size can potentially create efficiencies for collections	Partial - bins cost less to collect than bags but additional cost to manufacture and distribute bags	Partial - potential higher costs because of RFID technology	Yes - fortnightly collections would cost less	Partial - No cost to Council but residents may pay more for private service	Partial - crates more expensive to collect but less expensive to process	Partial - bins less expensive to collect but more expensive to process	Partial - bins less expensive to collect but more expensive to process	No - bins less expensive to collect but more expensive to process (may need transport out of region)	Partial - efficiencies from a citywide service (economies of scale)	No - high cost of service for limited diversion (due to illegal dumping)	No - high cost of service for limited diversion (due to illegal dumping)	Yes - cost shared with RTS or RRC
To provide services that are safe	Yes - does not impact safety	Partial - bespoke services adds complexity	Partial - servicing schools and early childhood centres adds complexity	No - bag collections are being phased out due to safety	Yes - automated bin collections are safer than manual bags	Yes - automated bin collections are safer than manual bags	Partial - removal of bags requires driver to exit truck	Yes - automated bin collections are safer than manual bags	Yes - automated bin collections are safer than manual bags	Yes - no kerbside collection service	Partial - crates are not as safe as bins to collect	Partial - recycling crates (for glass) are not as safe as bins to collect	Yes - automated bin collections are safer than manual crates	Yes - automated bin collections are safer than manual crates	Partial - demand for drop-off sites may increase, increasing H&S management at sites	Partial - potential exposure to hazardous materials illegally dumped	Partial - potential exposure to hazardous materials illegally dumped	Yes - use of recycling station supervised
To provide services that reduce greenhouse gas emissions	Yes - status quo can support this (e.g. electric trucks)	Yes - even though transport requirements would increase, use of electric vehicles could off-set	Yes - even though transport requirements would increase, use of electric vehicles could off-set	Yes - similar to status quo	Yes - similar to status quo	Yes - similar to status quo	Yes - similar to status quo	Yes - similar to status quo	Yes - transport requirements would decrease, also use electric vehicles	Partial - limited Council influence e.g. electric trucks not specified, more trucks driving routes	Yes - status quo can support this (e.g. electric trucks)	Partial - increased transport emissions from two collection runs	Partial - increased transport emissions from two collection runs	Yes - similar to status quo emissions	Yes - no Council transport emissions from kerbside collection service	Partial - customers could use kerbside service alone	Partial - more emissions from customers driving to stations and haulage of recyclables	Yes - use of drop off facility while visiting RTS or RRC
To provide services that customers want and can use appropriately	Yes - satisfaction with status quo	Partial - unclear demand for commercial users	Partial - demand not fully known, although some schools have enquired	Partial - demand from people who produce low waste volumes but only 30 per cent market share	Yes - typically households prefer bins to bags	Yes - typically households prefer bins to bags	Yes - typically households prefer bins to bags	Yes - typically households prefer bins to bags	Partial - fortnightly collection less desirable	Partial - Less customer focused as Council has limited control of the services	Partial - high satisfaction but customers also want bins (complaints about litter, can't take recyclables)	Partial - bins are more popular than crates, but require storage bin and crate	Partial - bins are more popular than crates, but require storage two bins	Yes - bins are more popular than crates	No - customers expect kerbside service	Partial - recycling stations are used but kerbside service used more	Partial - more stations may not increase use as customers prefer kerbside	Partial - less recycling stations available but kerbside service used more
To reduce waste and protect the environment from the harmful effects of waste	Yes - reduces harm and waste	Yes - reduces harm and waste	Yes - reduces harm and waste	Yes - service reduces harm and waste with user pays	Yes - service reduces harm and waste with restricting volume	Partial - bigger bin options may increase waste	Yes - service reduces harm and waste with PAYT	Yes - service reduces harm and waste with PAYT	Yes - service reduces harm and waste with PAYT	Partial - Council has limited control of the services (capacity drives waste increase)	No - crate service generates litter	Yes - service reduces harm and waste	Yes - service reduces harm and waste	Partial - lower quality recycling products result in less recycling overall	No - waste disposal would increase	No - high contamination and mixed recycling as a result	No - high contamination and mixed recycling as a result	Partial - some recycling that does take place may no longer occur
<b>Critical Success Factors (as these CSFs are crucial (not just desirable) any options that score a 'no' are automatically discounted from further analysis</b>																		
Strategic fit and business needs - Alignment with Waste Mgmt and Min Plan 17-23 and other relevant plans	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	No - bag collections are being phased out due to safety	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Partial - community expects a Council service	Partial - some alignment, however some H&S risks with crates	Yes - aligns with strategic objectives	Yes - aligns with strategic objectives	Yes - aligns with strategic objectives	No - contamination limiting recycling		Yes - aligns with strategic objectives	
Potential value for money - right solution, right time at the right price	Yes - cost-effective	Partial - cost may be higher for bespoke solution	Yes - potential economies of scale	Partial - status quo may cost more with limited suppliers	Partial - bins cost less than bags to collect, but fixed volume means low waste producers pay for more capacity than need	Partial - can potentially create efficiencies for collections	Yes - customer focused and cost effective, users only pay for volume used	Partial - potential higher costs because of RFID technology but users only pay for volume used	Yes - fortnightly collections would cost less, but low waste producers may pay for more volume than need	Partial - No cost to Council but residents may pay more for private service	Partial - status quo may cost more reflecting supplier reluctance	Partial - a bin collection service would be higher cost than status quo	Partial - a bin collection service would be higher cost than status quo	Partial - higher processing costs due to glass commingled with other recyclables	Partial - high contamination results in high cost to service for limited diversion		Yes - cost shared with RTS or RRC	
Supplier capacity and capability - is it a sustainable arrangement (external)	Yes - common service across New Zealand	Partial - suppliers may not want to compete	Partial - suppliers may not want to compete	No - the majority suppliers with capability and capacity no longer collect bags	Yes - common service across New Zealand	Yes - common service across New Zealand	Yes - approx 130,000 households receive collections with this method in NZ	No - very limited supplier experience with RFID billing	Yes - common service across New Zealand	Partial - private services common service across New Zealand however Council would need to ensure all areas serviced	Partial - majority suppliers with capability and capacity reluctant to collect crates only	Yes - common service across New Zealand	No - glass bin collections are currently in trial phase	No - Qui MRF does not process commingled glass, would need to transport out of region for processing	Not assessed. Does not meet strategic objectives.	Yes - common service across New Zealand	Not assessed. Does not meet strategic objectives.	Yes - common to combine these activities
Potential affordability - are there no funding constraints	Yes - no constraints	Partial - added rates cost from extending service	Partial - added rates cost from extending service	Partial - status quo may cost more with limited suppliers	Partial - added rates costs	Partial - added rates costs	Yes - option is affordable	Partial - some unknown costs with RFID technology	Partial - added rates costs	Yes - no cost of collection for Council	Partial - status quo may cost more reflecting increasing supplier reluctance	Partial - a bin collection service would be higher cost than status quo	Partial - a bin collection service would be higher cost than status quo	Partial - a bin collection service would be higher cost than status quo	Partial - high contamination resulting in high cost		Yes - reduces funding required	
Potential achievability - ability and skills to deliver (internal)	Yes - would be achievable	Partial - more customers to manage	Partial - more customers to manage	Yes - no change from status quo	Yes - similar management to status quo	Partial - added customer complexity	Partial - option is achievable but some concerns about bin tag theft	Partial - added billing complexity	Yes - similar management to status quo	Partial - residents likely to continue to contact Council regarding collection service	Yes - no change from status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - added complexity in changing to alternative MRF that processes commingled glass	Yes - no change from status quo		Yes - less services to manage	
<b>Summary of Advantages and Disadvantages:</b>																		
Overall Assessment:	Yes - Important to assess status quo against the other options	Discard - limited benefit over status quo	Discard - limited benefit over status quo	Does not meet strategic objectives but continue to economic assessment for comparison	Possible - cost effective and safe but less customer choice	Preferred - cost effective, safe and improves customer choice	Possible - cost effective, customer friendly and safer than bag collections, but added complexity	Discard - unknowns associated with RFID for PAYT	Discard - only feasible if combined with food waste collection	Possible - private sector could provide service but Council may retain administrative function	Does not meet strategic objectives but continue to economic assessment for comparison	Possible - crate collection (for glass) less safe than bins, but better recycling products	Discard - glass bin collections only in trial phase	Discard - lower quality recycling products that cost more to process	Discard - customers expect kerbside service and waste disposal would increase	Does not meet strategic objectives but continue to economic assessment for comparison	Discard - high cost and reduce diversion due to contamination	Preferred - supervision, enforcement and cameras reduce illegal dumping
<b>Short-listed options:</b>																		
Status Quo: refuse bags, crate recycling	SC-1: Current Collection Areas			SS-1a: Weekly bag collection							SS-2(i): Crates, collected weekly				SS-2b(i): Four recycling stations			
Option 1: opt out refuse, 2 stream recycling				SS-1g: Opt out of refuse collection														
Option 2: refuse bins, 2 stream recycling				SS-1b: Restrict bin size, collect weekly							SS-2a(ii): 45L glass crate, 240L mixed recycling bin, collected alternating weeks				SS-2b(ii): Drop off at strategic locations			
Option 3: refuse bins with user pays tags, 2 stream recycling				SS-1d: Range bin sizes with PAYT tags, collect weekly														

Note, Option 1 usually "do minimum", Option 2 "preferred" and Option 3 "more ambitious"

Response to Waste Issue Complaint 25 June 2020 - Appendix 4 - Timeline and information relating to relevant events



Long-list

Description of Option:	SS-3: Organics							Service Delivery Options (Who)									
	SS-2b(v)	SS-2a	SS-3b	SS-3c	SS-3d	SS-3e	SS-3f	SD-1	SD-2	SD-3	SD-4	SD-5	SD-6	SD-7	SD-8	SD-9	
	Recycling stations discontinued	Status quo: drop off green waste at transfer station, green waste used as landfill cover	Drop off green waste, composted	25L Bin for food waste only, collect weekly	240L bin for food and green waste, collect weekly	240L bin for green waste, collect monthly	No food or green waste services	Status quo: council alone, out-sourced contracts	Council alone, in-house resources	Shared service with UHCC	Regional shared service	CCO/CCTO for waste services by council alone	Regional CCO/CCTO for waste services	Council in partnership with private sector e.g. joint venture	Council in partnership with community sector e.g. a trust	No council service, service controlled via bylaw	
<b>Investment Objectives</b>																	
To provide services that are cost effective	Yes - no recycling station costs	Yes - cost effective	Partial - cost increase for composting and need alternative landfill cover	Partial - high cost to deliver food waste collection service	Partial - high cost to deliver food waste collection service	Partial - less cost than food waste	Yes - no cost for service	Yes - cost effective	Partial - in-house may cost more due to inexperience, need to scale up resources and systems	Yes - economies of scale	Yes - economies of scale	No - high start up and management cost	No - high start up and management cost	Partial - services may cost more with less Council control	Partial - Council with community may cost more due to inexperience	Partial - Council has limited control of the services	
To provide services that are safe	Yes - no recycling station service	Yes - service is seen as safe	Yes - service is seen as safe	Partial - manual collection of 25L bins is not as safe as bins to collect	Yes - automated bin collections seen as safer service	Yes - automated bin collections seen as safer service	Yes - no services	Yes - option supports this	No - Council not experienced in managing H&S risks with services	Yes - similar to status quo	Yes - similar to status quo	Yes - similar to status quo	Yes - similar to status quo	Yes - similar to status quo	No - Council and community group not experienced in managing H&S risks with services	Partial - Council has limited control of the services	
To provide services that reduce greenhouse gas emissions	Yes - reduced transport emissions to use and service stations	Partial - emission benefit uncertain in light of effective gas capture	Partial - emission benefit uncertain in light of effective gas capture	Partial - emission benefit uncertain in light of effective gas capture	Partial - emission benefit uncertain in light of effective gas capture	Partial - emission benefit uncertain in light of effective gas capture	Partial - emission benefit uncertain in light of effective gas capture	Yes - option can support this	Yes - option can support this	Yes - option can support this	Yes - option can support this	Yes - option can support this	Yes - option can support this	Yes - option can support this	Yes - option can support this	Yes - option can support this	
To provide services that customers want and can use appropriately	No - no recycling stations available for excess recyclables	Partial - Some use of drop-off services by residents	Partial - Some use of drop-off services by residents	Yes - services are functional and popular	Yes - services are functional and popular	Yes - services are functional and popular	No - customers expect organic waste services are available	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	
To reduce waste and protect the environment from the harmful effects of waste	Partial - some recycling that does take place may no longer occur	Partial - reduces waste to landfill, but more diversion possible	Yes - reduces waste to landfill, soil cover likely to be more effective than greenwaste	Partial - reduces waste to landfill but food waste degrades quickly and does not take up landfill space long term	Yes - reduces waste to landfill, greenwaste takes longer to break down than food waste (wood content)	Yes - reduces waste to landfill, greenwaste takes longer to break down than food waste (wood content)	Partial - increases waste to landfill but some food waste degrades quickly and does not take up landfill space long term	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	Yes - option supports this	
<b>Critical Success Factors (as these CSFs are crucial (not just desirable) any</b>																	
Strategic fit and business needs - Alignment with Waste Mgmt and Min Plan 17-23 and other relevant plans		Partial - green waste landfilled not diverted	Yes - aligns with strategic objectives	Yes - aligns with strategic objectives	Yes - aligns with strategic objectives	Yes - aligns with strategic objectives		Yes - aligns with strategic objectives		Yes - aligns with strategic objectives	Yes - aligns with strategic objectives			Yes - aligns with strategic objectives		Partial - private services may cost more	
Potential value for money - right solution, right time at the right price		Yes - cost effective	Partial - cost increase for composting and need alternative landfill cover	Partial - high cost to deliver food waste collection service	Partial - high cost to deliver food waste collection service	Partial - less cost than food waste		Yes - cost effective		Yes - economies of scale	Yes - economies of scale			Partial - services may cost more with less Council control		Partial - reduced cost for Council, increased cost for ratepayer	
Supplier capacity and capability - is it a sustainable arrangement (external)	Not assessed. Does not meet strategic objectives.	Yes - continue status quo	Yes - common service across New Zealand and existing compost facilities available, use alternative cover materials is common	Partial - collections use common methods but processing requires site with capacity for large volumes food waste	Partial - collections use common methods but processing requires site with capacity for large volumes food waste	Yes - common service across New Zealand	Not assessed. Does not meet strategic objectives.	Yes - common service across New Zealand	Not assessed. Does not meet strategic objectives.	Yes - common service across New Zealand	Yes - common service across New Zealand	Not assessed. Does not meet strategic objectives.	Not assessed. Does not meet strategic objectives.	Partial - suppliers may not favour joint venture	Not assessed. Does not meet strategic objectives.	Yes - common services across New Zealand	
Potential affordability - are there no funding constraints		Yes - cost effective	Partial - cost increase for composting and need alternative landfill cover	No - significant cost increase for Council	No - significant cost increase for Council	Partial - an organics collection would increase costs		Yes - affordable		Yes - possible cost savings	Yes - possible cost savings			Partial - services may cost more with less Council control		Partial - private services may cost more	
Potential achievability - ability and skills to deliver (internal)		Yes - no change from status quo	Yes - similar to status quo	Partial - additional service to manage	Partial - additional service to manage	Partial - additional service to manage		Yes - similar to status quo		Partial - more coordination with shared services with UHCC	No - more coordination with shared services and complexity with services differing between the cities			Partial - may require more Council resources to administer		Yes - reduced council requirement with bylaw admin only	
<b>Summary of Advantages and Disadvantages:</b>																	
Overall Assessment:	Discard - no outlet for customers' excess recyclables	Possible - status quo is cost effective but alternative landfill covers more effective, landfill diversion possible	Possible - diverts green waste from landfill but alternative daily cover required	Discard - high cost, requirement to identify food waste processor, carbon benefits would need confirmation	Discard - high cost, requirement to identify food waste processor, carbon benefits would need confirmation	Discard - additional service to manage, increased cost, however easier to process than food waste	Discard - community expects green waste service	Preferred - status quo is effective, explore collaboration in future	Discard - in-house resources not experienced and qualified to manage services	Possible - potential cost savings and only need coordination with UHCC	Discard - potential cost savings but more coordination	Discard - insufficient scale to warrant high start up and ongoing management cost	Discard - insufficient scale to warrant high start up and ongoing management cost	Discard - does not warrant effort for all waste services. Still possible for particular projects	Discard - Council and community resources not experienced and qualified to manage services	Discard - reduced Council involvement may cost customers more	
<b>Short-listed options:</b>																	
Status Quo: refuse bags, crate recycling																	
Option 1: opt out refuse, 2 stream recycling				SS-3a: Greenwaste drop-off at transfer station, use as landfill cover				SD-1: Council alone, out-sourced contracts (potential collaboration with UHCC)									
Option 2: refuse bins, 2 stream recycling																	
Option 3: refuse bins with user pays tags, 2 stream recycling				SS-3b: Greenwaste drop-off at transfer station, composted													

Note, Option 1 usually "do minimum", Option 2 "preferred" and Option 3 "more a

Response to Waste Issue Complaint 25 June 2020 - Appendix 4 - Timeline and information relating to relevant events



Long-list

	Implementation Options (When)			Funding Options		
	IM-1	IM-2	IM-3	FU-1	FU-2	FU-3
<b>Description of Option:</b>	All at contract expiry	Methodology changes during next contract	Defer to next contract renewal	Status quo: user pays refuse and rates funded diversion (e.g. recycling)	Rates funded refuse, recycling, and organics	Rates funded but opt-in for refuse and organics
<b>Investment Objectives</b>						
To provide services that are cost effective	Yes - cost effective to make all changes at once	Partial - can create inefficiencies	No - increase cost with status quo continuing	Partial - can create inefficiencies if market share low	Yes - cost effective	Partial - can create inefficiencies if opt-in low
To provide services that are safe	Yes - option supports this	Yes - option supports this	No - safety issues with status quo	Yes - option supports this	Yes - option supports this	Yes - option supports this
To provide services that reduce greenhouse gas emissions	Yes - option can support this	Yes - option can support this	No - no reduction emissions	Yes - option can support this	Yes - option can support this	Yes - option can support this
To provide services that customers want and can use appropriately	Yes - option supports this	Yes - option supports this	No - customers seeking change	Yes - status quo supported	Partial - no customer choice of service provider	Yes - option supports this
To reduce waste and protect the environment from the harmful effects of waste	Yes - option supports this	Yes - option supports this	No - at not improvement in waste reduction	Yes - option supports this	Yes - option supports this	Partial - less diversion if organics optional
<b>Critical Success Factors (as these CSFs are crucial (not just desirable) any</b>						
Strategic fit and business needs - Alignment with Waste Mgmt and Min Plan 17-23 and other relevant plans	Yes - aligns with strategic objectives	Yes - aligns with strategic objectives	Not assessed. Does not meet strategic objectives.	Yes - aligns with strategic objectives	Yes - aligns with strategic objectives	Yes - aligns with strategic objectives
Potential value for money - right solution, right time at the right price	Yes - cost effective	Partial - can create inefficiencies		Partial - can create inefficiencies if market share low	Yes - cost effective	Partial - can create inefficiencies if opt-in low
Supplier capacity and capability - is it a sustainable arrangement (external)	Yes - common service across New Zealand	Partial - can create complexity for suppliers		Partial - user pays common with refuse bags united with refuse bin collections	Yes - common service across New Zealand	Partial - limited examples of opt-out in NZ
Potential affordability - are there no funding constraints	Yes - cost effective	Partial - can create inefficiencies		Partial - can create inefficiencies if market share low	Partial - higher rates cost than status quo	Partial - can create inefficiencies if opt-in low
Potential achievability - ability and skills to deliver (internal)	Yes - would be achievable	Partial - can create administrative complexity		Yes - similar to status quo	Yes - similar to status quo	Partial - opt-in requires more administration
<b>Summary of Advantages and Disadvantages:</b>						
<b>Overall Assessment:</b>	Preferred - most cost effective approach	Possible - introduces complexity and potentially cost	Discard - changes are required short term	Possible - impact of the market share on cost, but retains customer choice	Possible - cost effective but reduces customer choice of supplier	Possible - impact of market share on cost, but retains customer choice
<b>Short-listed options:</b>						
Status Quo: refuse bags, crate recycling	IM-1: All at contract expiry			FU-1: User pays refuse, rates funded diversion		
Option 1: opt out refuse, 2 stream recycling				FU-2: rates funded diversion (no refuse service)		
Option 2: refuse bins, 2 stream recycling				FU-2: rates funded refuse and diversion		
Option 3: refuse bins with user pays tags, 2 stream recycling				FU-1: User pays refuse, rates funded diversion		

Note, Option 1 usually "do minimum", Option 2 "preferred" and Option 3 "more a



## **Appendix 4      Financial Modelling for Economic Case**





**Option** Status Quo: refuse bags, crate recycling

ProjectID:	
Project Name:	Kerbside Collection Services Business Case
Discount Rate:	7%
Timeframe (yrs):	10

**Direct benefits and costs**  
 Can be readily quantified and attributed to the organisation. Examples of direct benefits include:  
 - Maintenance improvements - the asset will be better maintained  
 - Reduction in repair costs  
 - Operating improvements - the asset will operate more effectively, or will provide better service.  
 - Revenue generation  
 - Improved asset capacity and/or life

Year:	0	1	2	3	4	5	6	7	8	9	10		
Discount:	1.00	0.93	0.87	0.82	0.76	0.71	0.67	0.62	0.58	0.54	0.51		

		Year:	0	1	2	3	4	5	6	7	8	9	10			
<b>Costs</b>	<b>Investment Costs (-ve)</b>															
	Costs associated with project only.	Scoping														
		Concept Design														
		Detailed Design														
		Construction/Implementation														
		Consents														
		Disposal of existing asset														
	TOTAL	0	-	-	-	-	-	-	-	-	-	-	-	-	-	
	PV TOTAL	0	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Annual Costs (-ve)</b>															
	Costs measured against the status quo.	Maintenance Costs														
		Operating Costs - refuse collections		-980,339	-980,339	-980,339	-980,339	-980,339	-980,339	-980,339	-980,339	-980,339	-980,339	-980,339		
		Operating Costs - recycling collections		-2,987,985	-2,987,985	-2,987,985	-2,987,985	-2,987,985	-2,987,985	-2,987,985	-2,987,985	-2,987,985	-2,987,985	-2,987,985		
		Operating Costs - recycling drop offs		-120,000	-120,000	-120,000	-120,000	-120,000	-120,000	-120,000	-120,000	-120,000	-120,000	-120,000		
		Management Costs - council admin		-334,443	-334,443	-334,443	-334,443	-334,443	-334,443	-334,443	-334,443	-334,443	-334,443	-334,443		
Other																
TOTAL	-44,227,662	-	-4,422,766	-4,422,766	-4,422,766	-4,422,766	-4,422,766	-4,422,766	-4,422,766	-4,422,766	-4,422,766	-4,422,766	-4,422,766	-	-	
PV TOTAL	-31,063,659	-	-4,133,426	-3,863,015	-3,610,295	-3,374,107	-3,153,371	-2,947,076	-2,754,277	-2,574,090	-2,405,692	-2,248,310				

		Year:	0	1	2	3	4	5	6	7	8	9	10			
<b>Benefits</b>	<b>Annual Benefits (+ve)</b>															
	All benefits are measured against the status quo.	Reduction in Maintenance														
		Reduction in Operations														
		Reduction in Capital / Deferred Works														
		Residual Value / Increase in asset life (New DRC at end of analysis period)													372,610	
		Increased Revenue - refuse PAYT		942,334	942,334	942,334	942,334	942,334	942,334	942,334	942,334	942,334	942,334	942,334		
		Increased Revenue - recyclables sales		623,899	623,899	748,678	748,678	898,414	898,414	898,414	898,414	898,414	898,414	898,414	898,414	
	TOTAL	17,931,588	-	1,566,233	1,566,233	1,691,012	1,691,012	1,840,748	1,840,748	1,840,748	1,840,748	1,840,748	1,840,748	2,213,358	-	-
	PV TOTAL	12,385,269	-	1,463,769	1,368,008	1,380,370	1,290,065	1,312,428	1,226,568	1,146,325	1,071,332	1,001,245	1,125,159			

<b>PV of Net Benefits (NPV)</b>	<b>-18,678,389.9</b>
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<b>Benefit Cost Ratio</b>	<b>not calculated</b>
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**Option Opt out refuse, 2 stream recycling**

ProjectID:	0
Project Name:	Kerbside Collection Services Business Case
Discount Rate:	7%
Timeframe (yrs):	10

**Direct benefits and costs**  
 Can be readily quantified and attributed to the organisation. Examples of direct benefits include:

- Maintenance improvements - the asset will be better maintained
- Reduction in repair costs
- Operating improvements - the asset will operate more effectively, or will provide better service.
- Revenue generation
- Improved asset capacity and/or life

Year:	0	1	2	3	4	5	6	7	8	9	10			
Discount:	1.00	0.93	0.87	0.82	0.76	0.71	0.67	0.62	0.58	0.54	0.51			

Costs	Investment Costs														
	Costs associated with project only														
	Scoping														
	Concept Design														
	Detailed Design														
	Construction/Implementation														
	Consents														
	Disposal of existing asset														
	<b>TOTAL</b>	0	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>PV TOTAL</b>	0	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Annual Costs</b>														
	Costs measured against the status quo														
	Maintenance Costs														
	Operating Costs - refuse collections		0	0	0	0	0	0	0	0	0	0	0	0	0
	Operating Costs - recycling collections		-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086
	Operating Costs - recycling drop offs		-120,000	-120,000	-80,000	-80,000	-40,000	-40,000	0	0	0	0	0	0	0
	Management Costs - council admin		-197,318	-197,318	-197,318	-197,318	-197,318	-197,318	-197,318	-197,318	-197,318	-197,318	-197,318	-197,318	-197,318
	Other														
	<b>TOTAL</b>	-27,534,043	-	-2,825,404	-2,825,404	-2,785,404	-2,785,404	-2,745,404	-2,745,404	-2,705,404	-2,705,404	-2,705,404	-2,705,404	-2,705,404	-2,705,404
	<b>PV TOTAL</b>	-19,400,099	-	-2,640,565	-2,467,818	-2,273,720	-2,124,972	-1,957,435	-1,829,379	-1,684,790	-1,574,570	-1,471,561	-1,375,290	-	-

Benefits	Annual Benefits														
	All benefits are measured against the status quo														
	Reduction in Maintenance														
	Reduction in Operations														
	Reduction in Capital / Deferred Works														
	Residual Value / Increase in asset life (New DRC at end of analysis period)												909,963		
	Increased Revenue - refuse PAYT		0	0	0	0	0	0	0	0	0	0	0	0	0
	Increased Revenue - recyclables sales		534,905	534,905	641,887	641,887	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264
	<b>TOTAL</b>	7,885,130	-	534,905	534,905	641,887	641,887	770,264	770,264	770,264	770,264	770,264	770,264	1,680,226	-
	<b>PV TOTAL</b>	5,244,325	-	499,912	467,207	523,971	489,692	549,187	513,259	479,682	448,301	418,973	854,142	-	-

<b>PV of Net Benefits (NPV)</b>	<b>-14,155,773.7</b>
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<b>Benefit Cost Ratio</b>	<b>not calculated</b>
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**Option Refuse bins, 2 stream recycling**

ProjectID: 0  
 Project Name: Kerbside Collection Services Business Case  
 Discount Rate: 7%  
 Timeframe (yrs): 10

**Direct benefits and costs**

Can be readily quantified and attributed to the organisation. Examples of direct benefits include:  
 - Maintenance improvements - the asset will be better maintained  
 - Reduction in repair costs  
 - Operating improvements - the asset will operate more effectively, or will provide better service.  
 - Revenue generation  
 - Improved asset capacity and/or life

Year:	0	1	2	3	4	5	6	7	8	9	10						
Discount:	1.00	0.93	0.87	0.82	0.76	0.71	0.67	0.62	0.58	0.54	0.51						

<b>Costs</b>	<b>Investment Costs (-ve)</b>																		
	Costs associated with project only.	<i>Scoping</i>																	
		<i>Concept Design</i>																	
		<i>Detailed Design</i>																	
		<i>Construction/Implementation</i>																	
		<i>Consents</i>																	
		<i>Disposal of existing asset</i>																	
		<b>TOTAL</b>	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<b>PV TOTAL</b>	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Annual Costs (-ve)</b>																		
	Costs measured against the status quo.	<i>Maintenance Costs</i>																	
		<i>Operating Costs - refuse collections</i>		-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460	-4,117,460
		<i>Operating Costs - recycling collections</i>		-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086
		<i>Operating Costs - recycling drop offs</i>		-120,000	-120,000	-80,000	-80,000	-40,000	-40,000	0	0	0	0	0	0	0	0	0	0
<i>Management Costs - council admin</i>			-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	-609,064	
<i>Other</i>																			
	<b>TOTAL</b>	-72,826,100	-7,354,610	-7,354,610	-7,314,610	-7,314,610	-7,274,610	-7,274,610	-7,234,610	-7,234,610	-7,234,610	-7,234,610	-7,234,610	-7,234,610	-7,234,610	-7,234,610	-7,234,610	-7,234,610	
	<b>PV TOTAL</b>	-51,211,344	-6,873,467	-6,423,801	-5,970,901	-5,580,281	-5,186,696	-4,847,380	-4,505,352	-4,210,609	-3,935,149	-3,677,709							

<b>Benefits</b>	<b>Annual Benefits (+ve)</b>																		
	All benefits are measured against the status quo.	<i>Reduction in Maintenance</i>																	
		<i>Reduction in Operations</i>																	
		<i>Reduction in Capital / Deferred Works</i>																	
		<i>Residual Value / Increase in asset life (New DRC at end of analysis period)</i>																	1,459,390
		<i>Increased Revenue - refuse PAYT</i>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		<i>Increased Revenue - recyclables sales</i>		534,905	534,905	641,887	641,887	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	2,229,654
		<b>TOTAL</b>	8,434,557	534,905	534,905	641,887	641,887	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	2,229,654	
	<b>PV TOTAL</b>	5,523,626	499,912	467,207	523,971	489,692	549,187	513,259	479,682	448,301	418,973	1,133,443							

**PV of Net Benefits (NPV)**      **-45,687,717.9**

**Benefit Cost Ratio**      **not calculated**



**Option Refuse bins with user pays tags, 2 stream recycling**

**Direct benefits and costs**

Can be readily quantified and attributed to the organisation. Examples of direct benefits include:  
 - Maintenance improvements - the asset will be better maintained  
 - Reduction in repair costs  
 - Operating improvements - the asset will operate more effectively, or will provide better service.  
 - Revenue generation  
 - Improved asset capacity and/or life

ProjectID:   
 Project Name:   
 Discount Rate:   
 Timeframe (yrs):

Year:	0	1	2	3	4	5	6	7	8	9	10				
Discount:	1.00	0.93	0.87	0.82	0.76	0.71	0.67	0.62	0.58	0.54	0.51				

Investment Costs (-ve)																
Costs associated with project only.	Scoping															
	Concept Design															
	Detailed Design															
	Construction/Implementation															
	Consents															
	Disposal of existing asset															
<b>TOTAL</b>	<b>0</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>PV TOTAL</b>	<b>0</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Costs (-ve)																
Costs measured against the status quo.	Maintenance Costs															
	Operating Costs - refuse collections		-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902	-3,451,902
	Operating Costs - recycling collections		-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086	-2,508,086
	Operating Costs - recycling drop offs		-120,000	-120,000	-80,000	-80,000	-40,000	-40,000	0	0	0	0	0	0	0	0
	Management Costs - council admin		-542,508	-542,508	-542,508	-542,508	-542,508	-542,508	-542,508	-542,508	-542,508	-542,508	-542,508	-542,508	-542,508	-542,508
	Other															
<b>TOTAL</b>	<b>-65,504,970</b>	-	-6,622,497	-6,622,497	-6,582,497	-6,582,497	-6,542,497	-6,542,497	-6,502,497	-6,502,497	-6,502,497	-6,502,497	-6,502,497	-6,502,497	-6,502,497	
<b>PV TOTAL</b>	<b>-46,069,289</b>	-	-6,189,250	-5,784,345	-5,373,278	-5,021,755	-4,664,710	-4,359,542	-4,049,428	-3,784,512	-3,536,928	-3,305,540	-	-	-	-

Annual Benefits (+ve)																
All benefits are measured against the status quo.	Reduction in Maintenance															
	Reduction in Operations															
	Reduction in Capital / Deferred Works															
	Residual Value / Increase in asset life (New DRC at end of analysis period)														1,404,448	
	Increased Revenue - refuse PAYT		3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383	3,858,383
	Increased Revenue - recyclables sales		534,905	534,905	641,887	641,887	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264	770,264
<b>TOTAL</b>	<b>46,963,442</b>	-	4,393,288	4,393,288	4,500,269	4,500,269	4,628,647	4,628,647	4,628,647	4,628,647	4,628,647	4,628,647	6,033,094	-	-	-
<b>PV TOTAL</b>	<b>32,595,362</b>	-	4,105,877	3,837,268	3,673,560	3,433,234	3,300,161	3,084,263	2,882,488	2,693,914	2,517,677	3,066,919	-	-	-	-

<b>PV of Net Benefits (NPV)</b>	<b>-13,473,926.9</b>
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<b>Benefit Cost Ratio</b>	<b>not calculated</b>
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## **Appendix 5      Hutt City Council Terms of Reference**



## TERMS OF REFERENCE – “Kerbside collection review”

<b>Project Title</b>	Kerbside collection review
<b>Version</b>	1.3
<b>Project Definition</b>	<ul style="list-style-type: none"> <li>- To develop a business case for identifying a preferred option for kerbside collection of recycling and waste, for implementation from mid-2019</li> </ul>
<b>Background</b>	<ul style="list-style-type: none"> <li>- Under the Waste Management and Minimisation Plan (WMMP) 2017-23, Hutt City Council has committed to two key actions: <ul style="list-style-type: none"> <li>o <i>C.1: Investigate Options and costs of a two-stream recycling collection, by 2019, and</i></li> <li>o <i>C.2: Investigate the use of wheelie bins for kerbside recycling by 2019.</i></li> </ul> </li> <li>- There are three actions in the WMMP that relate to the above actions (changes to the above may impact on these, or they may have to be considered as part of review of the waste management system): <ul style="list-style-type: none"> <li>o <i>C.3: Investigate methods to prevent recycling from being put in council rubbish bags</i> (effectively this is looking at how to improve current recycling rates)</li> <li>o <i>C.4: Provide city wide weekly refuse and recycling collection service plus recycling collection stations</i> (albeit this is subject to periodic reviews, such as the one proposed here).</li> <li>o <i>IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any).</i></li> </ul> </li> <li>- In parallel, the contract for Hutt City Council's recycling kerbside collection service is coming up for re-tender in the third quarter of 2019.</li> <li>- In line with these actions, and the timing constraint of re-tendering our kerbside collection service contract, a business case is required to inform decisions by the Council on the preferred option for kerbside recycling and waste collection in the future.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- A business case for a preferred option for kerbside collection, including a cost-benefit analysis of the various options identified</li> </ul>
<b>Desired Outcomes</b>	<ul style="list-style-type: none"> <li>- Key outcome: certainty about the costs and benefits of various kerbside collection options</li> <li>- To inform a decision by the Hutt City Council on the preferred option for kerbside collection</li> <li>- Implementation of that decision in a follow-up project (eg tender of preferred model, and selection of a preferred provider for kerbside collection services in Lower Hutt – depending on the preferred approach selected)</li> </ul>
<b>Scope</b>	<p>The review/analysis should cover the following issues:</p> <ul style="list-style-type: none"> <li>- A description of the waste and recycling market for different types of recyclables and waste materials such as organics (eg the value of recyclables in the waste stream, recyclability, markets for those materials such as Type 1 plastics going to 'Flight Plastics' in Lower Hutt), and</li> </ul>



	<p>analysis on the issue of certain markets for recyclables reducing as a result of policy changes in China</p> <ul style="list-style-type: none"> <li>- A description of how the current residential waste system operates in Lower Hutt, and relevant advantages and disadvantages (eg wind-blown litter as a result of open crates), including volumes and the recycling percentage of total waste</li> <li>- A description of other systems, and relevant lessons learnt in other council, including benchmarking Hutt City Council's current system against what other councils are doing in this regard (eg Christchurch City Council), including greenhouse gas emissions performance</li> <li>- Identification and description of all available options for kerbside waste and recycling collection, including status quo (eg fully private vs current mixed vs fully council controlled but tendered out), and types of separation (eg co-mingled vs separated into glass and plastics; the analysis for each option should identify all pros and cons, eg based on experience in other councils</li> <li>- The analysis should consider the benefits and costs of a separate organics collection, including the experience of councils that already have separate organics collection: food waste only (Auckland model) or food waste and green waste (Christchurch model). The analysis should consider the associated greenhouse gas footprint vs the current approach of landfill with methane capture and electricity production</li> <li>- Analysis should consider the issue of some users not requiring weekly kerbside collection (eg bags get put out every few weeks because of little waste creation), including the options and role of pay-as-you-throw wheelie bin systems (this could also include considering recent experience in Auckland where payment tokens were stolen)</li> <li>- Potentially a survey of actual consumer costs of council-provided and private-provided services, including bin vs bag collection</li> <li>- Potentially a survey of, or selected consultation with, residents on their views on what sort of recycling system they would like or be prepared to pay for, what are the public's expectations; the business case should take into account public expectations regarding recycling</li> <li>- A cost-benefit analysis and/or multi criteria analysis of the various options, including a greenhouse gas emission assessment of the various options</li> <li>- Where possible, the CBA should be based on established best practice (e.g. Treasury's Better Business Case approach)</li> <li>- Review should include sensitivity analysis based on different scenarios and/or assumptions.</li> <li>- Analysis should consider the role of local recycling drop off stations. Do they have a role in a revised system? (There are currently five stations, all of which are experiencing instances of illegal dumping and cross-contamination. One is currently in the process of being closed down due to these problems.)</li> <li>- Assessment of whether a potential Resource Recovery Centre could affect the kerbside collection approach in any way (eg organics processing)? What are the potential implications due to a future container deposit scheme as is currently being considered by central government?</li> <li>- How can risks be managed, such as the occurrence of different providers collecting wastes/recyclables on different days, thereby making local streets less attractive due to litter bins being outside several days of the week</li> </ul>
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<b>Exclusions</b>	<ul style="list-style-type: none"> <li>- A cost-benefit analysis of related items such as resource recovery centre is outside the scope</li> </ul>
<b>Who will benefit from the project</b>	<ul style="list-style-type: none"> <li>- The Lower Hutt community will benefit from a more efficient and cost effective service, with a potential increase in the diversion of recyclable waste and a reduction in greenhouse gas emissions</li> </ul>
<b>Assumptions and constraints</b>	<ul style="list-style-type: none"> <li>- The Hutt City Council kerbside collection contract needs to be re-tendered before third quarter of 2019</li> </ul>
<b>HCC contact / project lead</b>	<ul style="list-style-type: none"> <li>- Joern Scherzer (Manager Sustainability and Resilience) or delegated staff member in the Sustainability and Resilience team</li> </ul>
<b>Major Milestones</b>	<ul style="list-style-type: none"> <li>- Review: September 2018 to February 2019</li> <li>- Business case complete: February 2019</li> <li>- Decision on preferred approach: mid-2019</li> <li>- Procurement of provider under new kerbside contract: mid-to-late 2019</li> <li>- Implementation of new model: from late 2019</li> </ul>





## Appendix 6 Health and Safety of Manual and Automated Collections

### Introduction

Options under consideration for HCC's kerbside refuse and recycling collection services include both manual and automated collection methodologies. This paper presents an assessment of the health and safety risks associated with different refuse and recycling collection services as shown in Table 1.

**Table 1 Refuse and recycling collection services**

Collection service	Collection type	Current or proposed
<b>Recycling</b>		
Recycling crate collection in Wanaka	Manual crate	Current
Two stream recycling with mixed recycling bin and colour sorted glass crate	Automated bin + manual crate	Proposed
<b>Refuse</b>		
Bag collection	Manual	Current
Bin collection	Automated bin	Proposed

Health and safety considerations are consistent across different types of household waste, e.g. applying to both refuse and recycling, and essentially compare risks between manual and automated collection and between bin and bag options.

### Data review

In 2008 Research New Zealand undertook a causation study of injuries in the waste sector, utilising data provided by the country's four largest waste operators. Together these companies represented around 75% of the waste industry workforce and provided both manual (i.e. bag and crate services) and automated (i.e. MGB) collection methodologies.<sup>8</sup>

In 2010 Morrison Low drew upon that data to prepare a Position Report on behalf of the Waste Management Institute New Zealand (WasteMINZ) Health and Safety Sector Group<sup>9</sup>. Table 2 presents data summarised within that Position Report.

<sup>8</sup> Research New Zealand, September 2008 "Solid Waste and Recoverable Resources Industry Injury Causation study (#3726)" study prepared for ACC Injury Prevention

<sup>9</sup> Morrison Low, Updated Final 29 March 2012 "An assessment of the health and safety costs and benefits of manual vs automated waste collections", Position Report prepared for WasteMINZ Health and Safety Sector Group (draws upon data compiled by Research New Zealand for their 2008 report titled "Solid Waste and Recoverable Resources Industry Injury Causation study (#3726)")



Table 2 Total fatalities and Injuries per collection method (based on 2007 national data)

Category	Total	Automated bin collection injuries	Bag collection injuries	Non-automated bin collection injuries*	Loose collection injuries**
<b>Total fatalities and injuries</b>	744	37	270	129	308
<b>Fatality</b>	1****	0	1	0	0
<b>Serious Harm Incidents (SHI)***</b>	13	2	4	4	3
<b>Lost Time injury – non-SHI</b>	50	6	18	4	22
<b>Medical treatment only injury</b>	375	19	136	65	155
<b>First Aid treatment only</b>	305	10	111	56	128

\* Refers to recycling crates

\*\* Refers to inorganic waste collection as well as separate paper, cardboard and green waste collection

\*\*\* Serious Harm Incidents are assumed to also result in lost time. Therefore, total Lost Time injuries is 13 + 50 = 63 Lost Time injuries for 2007

\*\*\*\* ACC coded this fatality as a motor vehicle accident; however it was coded by the company as being an injury from manual waste collections

Of the total injuries, loose collection methods resulted in the most non-fatal injuries at 41%, followed by bag collections at 36%, then non-automated bin collections 17% and automated bin collections (5%) of all non-fatal injuries. When broken down by collection method the first aid treatment injuries for loose collection incidents accounted for 17%, bag collection for 15%, non-automated bin collection for 8%, and automated bin collection for 1%.

For manual collection of loose materials and refuse bags, around half of the injuries were classified as strains or sprains, around 30% were lacerations/cuts and around 10% were bruising injuries. For automated bin (side arm) collection injuries, 51% were classified as strains or sprains, 22% as lacerations/cuts and 24% were bruising. For non-automated bin collection injuries, 35% were classified as strains or sprains, 27% as lacerations/cuts and 26% were bruising.

It is to be expected that bin collections would lead to a reduction in lacerations/cuts, due to reduced exposure to sharp materials compared to bagged or loose waste. In terms of injury type, automated bin collection appears to result in less bruising injuries than manual bin collection but comparatively more strain/sprain injuries.

### **Proportion of injuries by collection method**

Research New Zealand's study analysed the proportion of injuries per collection method, reproduced within Table 3.

Table 3 Overall usage of each method

Collection Method	Usage of this method (%)	Total injuries for this method (%)
<b>Automated bin</b>	46	5
<b>Bag</b>	32	36
<b>Non-automated bin</b>	13	17
<b>Loose materials</b>	9	41
<b>Total</b>	100	100



Automated bin collection accounted for 46% of all collections yet only accounted for 5% of the injuries. (Manual) bag collection was the second most common collection method with 32% of the collections resulting in 36% of the total injuries sustained.

Overall, the Position Report concluded that:

*“The major finding was that overall, when the frequency of injuries sustained in the waste industry was examined by the number of hours worked; employees using automated bin collection methods are much less likely to suffer an injury.”*

### **Potential severity of injuries**

The fatality noted in Table 1 referred to the death of a refuse manual collection runner in 2007. Since 2010 there have been four workplace fatalities associated with Council waste collections.

In December 2017 a Waikato refuse collector died in Tuakau, with early reports being “It appeared (th)at a rubbish collection worker had fallen from a rubbish truck and died after being run over”.<sup>10</sup> Due to the recent nature of this fatality, Worksafe’s investigation has not yet been concluded.

In May 2017 a Gisborne girl died on her way home from school after being hit by a council refuse collection truck. Due to the recent nature of this fatality, Worksafe’s investigation has not yet been concluded.<sup>11</sup>

In August 2015 a collection runner died in Auckland when the brakes on the refuse truck failed, causing the truck to roll off the road and crush the young worker. This fatality led to the prosecution of Auckland Council, its refuse collection contractor, the truck owner, and the vehicle maintenance service provider – all considered to have failed to take all practical steps to ensure that that collection workers were not harmed.<sup>12</sup>

In March 2015 a recycling collector died in Wellington when he became trapped between the bin lifter and the centre pod of his truck as he collected recycling. This fatality led to the prosecution of EnviroWaste, the Council’s recycling collection contractor.<sup>13</sup> EnviroWaste have modified their glass collection vehicles as a result of this incident.

### **Recent Auckland Council experience**

In 2017, Auckland Council changed the kerbside refuse collection service in the Manukau area from bags to bins. This service change was made mid-contract and therefore the same workers were undertaking the new bin collection service as those that had been completing the bag collection service. Auckland Council’s press release at the time stated:

*“From a health and safety perspective it’s also very positive. In the last three years more than 80 Auckland rubbish collectors have been injured on the job due to dangerous items thrown away by residents in rubbish bags. With the move from bags to bins this risk disappears.”<sup>14</sup>*

Since the introduction of the service, the anticipated reduction in injuries has been realised.

<sup>10</sup> Weblink: [http://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=11959709](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11959709)

<sup>11</sup> Weblink: <https://www.stuff.co.nz/national/92165266/gisborne-girl-7-killed-by-rubbish-collection-truck-on-way-home-from-school>

<sup>12</sup> Weblink: <https://www.stuff.co.nz/business/97867792/truck-company-fined-110000-over-death-of-auckland-teen-jane-devonshire>

<sup>13</sup> Weblink: <https://www.stuff.co.nz/business/78241059/enviro-waste-missed-many-opportunities-to-spot-danger-which-killed-20yearold>

<sup>14</sup> <https://ourauckland.aucklandcouncil.govt.nz/articles/news/2017/02/manukau-and-howick-residents-get-to-bin-the-bags/>



## Summary

In summary, the following conclusions are drawn with respect to the assessment of the health and safety risks associated with kerbside collection services.

- Bag collections carry a greater risk of injury than non-automated bin collection (including crates), while automated bin-collection is the least risk option.
- Not only are employees using automated bin collection methods much less likely to suffer an injury than those using manual collection methods, the potential severity of worker injuries are higher for manual collection.

# BRIEFING

**To:** CLT

**Copy:** John Middleton, Dave Dews, Wendy Moore, Andre Kok

**From:** Jörn Scherzer, Manager Sustainability and Resilience

**Date:** 17 October 2019

**Summary:** This briefing presents the results from the review of three waste service areas (residential hazardous waste, resource recovery at Silverstream landfill transfer station, and our recycling and refuse kerbside collection service), and makes recommendations on the next steps.

## SUBJECT: WASTE REVIEW RESULTS AND NEXT STEPS

### Purpose

The purpose of this paper is to provide you with an update on the strategic reviews of three waste management service areas (residential hazardous waste, resource recovery, and kerbside collection), and for CLT to consider recommendations on how to move forward.

### Background

In June 2018, in line with the relevant actions in our Wellington Region Waste Management and Minimisation Plan 2017-23, SLT approved the undertaking of strategic reviews of three waste management service areas. This review project was led by myself, with input from all relevant staff at Hutt City Council (HCC), key staff from Upper Hutt City Council (UHCC), and our service providers, such as Waste Management NZ (*SLT Briefing DOC/18/86441 refers*).

A procurement process for a consultant to lead the work took place between July and August 2018, and Morrison Low (ML) Ltd was chosen as our preferred consultant. The review got formally under way in September 2018.

The review process for all three waste service areas followed the Treasury's Better Business Case (BBC) approach. Its aim is to provide objective analysis by looking at strategic, economic, financial, commercial and management factors. It is used in the public sector in New Zealand to aid in decision making.



The review process involved the following steps:

- In September 2018, ML compiled background information, including previous studies, waste data and financial information as supplied by HCC.
- In October, ML facilitated an Investment Logic Mapping (ILM) workshop with key stakeholders, including council staff, staff from UHCC, and our service providers. In this workshop we identified the problems and issues associated with each service area, the benefits associated with achieving relevant improvements, and the strategic objectives to address the issues and opportunities in each service area. These objectives were able to be standardised across the three waste services reviews, and would later be used to assess options. They are as follows:
  - To provide services that are cost effective
  - To provide services that are safe
  - To provide services that reduce greenhouse gas emissions
  - To provide services that customers want and can use appropriately
  - To reduce waste and protect the environment from the harmful effects of waste
- In December 2018, strategic cases for change were produced for each service area, including the issues and opportunities to be addressed, the legal context, and for each of the objectives: the scope of the review, the anticipated benefits and risks, and key performance indicators.
- ML developed a longlist of options for each service area and drafted assessments of these options against the strategic objectives and other critical success factors. The options assessed covered the full range of available options across the following dimensions: service scope (what), service solution (how), service delivery (who), implementation (when), and funding.
- In late January 2019, ML facilitated a second workshop where Council staff and key stakeholders reviewed the draft longlist assessment (which resulted in changes to the assessment of some options) and shortlisted preferred options for more detailed analysis in order to develop the economic, financial, commercial, and management cases.
- In April 2019, ML provided us with draft business cases, which were presented at a workshop for Councillors on 23 May 2019.
- Following some additional analysis on key aspects of some options, and a further round of feedback with Council staff, ML finalised the business cases in July and August 2019. Copies of the business cases are available alongside this briefing.<sup>1</sup>

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<sup>1</sup> see also DIV/19/4871

## Review results and recommended options for each service area

### Household hazardous waste

#### **Current state**

Over a number of years, HCC, in cooperation with UHCC, has run an annual hazardous waste collection event (“hazmobile”), targeting residents to enable them to dispose of relevant hazardous products such as household and garden chemicals. This annual service complements a relatively basic drop off point for certain products and materials (such as oil containers) at the Silverstream landfill transfer station. The following key issues and problems were identified as part of the ILM process:



as household and garden chemicals. This annual service complements a relatively basic drop off point for certain products and materials (such as oil containers) at the Silverstream landfill transfer station. The following key issues and problems were identified as part of the ILM process:

- Current services do not meet some industry health and safety standards for either the annual hazardous collection event (eg role of volunteers) or the Silverstream drop-off (eg unstaffed).
- Current services only capture a relatively small proportion of hazardous waste generated
- The destination of material not captured by hazardous waste services is unknown and inappropriate storage or disposal by the community may be occurring.

#### **Options**

The following options were shortlisted for further analysis:

Option Description	Elements common to all options
<p><b>Option 1: Status quo</b></p> <ul style="list-style-type: none"> <li>• Continuation of unstaffed landfill drop-off and hazmobile supported by volunteer Council staff</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on household hazardous waste only</li> <li>• Jointly deliver hazardous waste services with Upper Hutt City Council</li> <li>• Implement changes as soon as possible</li> <li>• Funding from waste levy funds or rates</li> </ul>
<p><b>Option 2: Enhanced landfill drop-off</b></p> <ul style="list-style-type: none"> <li>• Upgrade hazardous waste storage facilities and staff drop-off facility with trained personnel at all times</li> <li>• Discontinue hazmobile</li> </ul>	
<p><b>Option 3: Enhanced landfill drop-off and hazmobile every two years</b></p> <ul style="list-style-type: none"> <li>• Upgrade and staff hazardous waste facility at the landfill</li> <li>• Contract an experienced hazardous waste specialist to provide an annual hazmobile event</li> </ul>	
<p><b>Option 4: Hazmobile every year</b></p> <ul style="list-style-type: none"> <li>• Contract an experienced hazardous waste specialist to provide an annual hazmobile event</li> <li>• Discontinue landfill drop-off</li> </ul>	
<p><b>Option 5: Hazmobile every two years</b></p> <ul style="list-style-type: none"> <li>• Contract an experienced hazardous waste specialist to provide a hazmobile event every two years</li> <li>• Discontinue landfill drop-off</li> </ul>	

Note that as part of the long-list assessment, we also considered options to (i) expand the scope of hazardous waste services to include commercial waste, and (ii) expand the scope of hazardous waste services to include agricultural chemicals.

Both were discounted because they do not meet some of the strategic objectives (eg provide services that customers want and can use appropriately). Commercial services tend to be highly specialised, and businesses are expected to manage relevant hazardous waste they produce in line with their sector requirements. In addition, for agricultural chemicals, there is an existing (voluntary) rural recycling programme “Agrecovery” that provides New Zealand farmers and growers with options for container recycling, drum recovery and the collection of unwanted or expired chemicals. Note that the NZ Government is currently looking to declare agrichemicals a ‘priority product’, requiring the establishment of a regulated mandatory product stewardship scheme (see [Ministry for the Environment consultation on proposed priority products](#)).

### **Results**

The choice of a recommended option for household hazardous waste management is driven by the need to ensure appropriate disposal from a health and safety and environmental perspective.

Regardless of the hazardous waste management option chosen, small quantities of household hazardous waste can be safely disposed in the general waste stream, albeit a key aim for any household hazardous waste services option chosen is to ensure that these quantities remain small to reduce risks.

The option of the status quo was not recommended because of the health and safety risks associated with the current approach. The option of providing both, an annual collection event and an enhanced landfill drop-off was also not recommended because it would cost twice as much with limited additional hazardous waste capture.

The option of a collection event every two years was not recommended because, although less cost than the annual event, it meant stored volumes of household hazardous waste may become more significant over this longer period.

ML has recommended that HCC either facilitate an annual hazardous waste collection event with relevant qualified staff, or develop an enhanced landfill drop-off facility. Both options would address the health and safety risks associated with continuing the status quo. Either option would ensure significant quantities of hazardous waste are not stored in the home.

The overall cost of providing either option is broadly similar, albeit costs for both options would be higher than the status quo, which is reflective of the health, safety and environmental improvements. However, the bulk if not all of the funding required to implement either of the two options could continue to come from Council’s dedicated waste minimisation levy funds it receives from the Ministry for the Environment.

Given that there are two options that appear to be equally viable; ML recommended that HCC, in cooperation with UHCC, run an annual hazardous waste collection event for one to three years, while the cost of construction and operation of the enhanced landfill drop-off is confirmed. In addition, the landfill contract is coming up for re-tender, so there is an



opportunity to obtain this information, based on which HCC could confirm its long-term household hazardous waste management solution.

### ***Next steps***

In line with the business case results, HCC has been working with UHCC to procure a service provider for conducting a hazardous waste collection event for one to three years, for the interim until further information about the operating costs of an enhanced landfill drop-off is known. The event is scheduled for 23 and 24 November 2019.

With regard to the landfill re-tender, it is recommended that the scope, methodology and requirements for an enhanced landfill drop-off point for household hazardous waste be explicitly included in the upcoming procurement process for a landfill operator. The procurement process is currently estimated to commence in early 2020.

Note that these recommended changes to our hazardous waste services are of an operational nature, albeit Councillors could be provided with an update of the results of the hazardous waste service review.

### **Resource recovery**

#### ***Current state***

HCC currently has a Resource Recovery Centre (RRC) as part of the transfer station at its Silverstream Landfill. The RRC accepts re-usable and repairable household items dropped off by the public.

The following key issues and problems were identified as part of the ILM process:

- The operation and layout of the current RRC creates health and safety risks for workers including working in inclement weather, due to poor shelter, and working on uneven sloping ground.
- The current RRC does not protect product value due to inadequate shelter for products dropped off at the RRC.
- Customers are charged for disposal ahead of entering the RRC and transfer station, and therefore there is no financial incentive to divert products before proceeding to the disposal area at the transfer station.



## Options

The following options were shortlisted for further analysis:

Option Description	Elements common to all options
<b>Option 1: Status quo</b> <ul style="list-style-type: none"> <li>Continuation of current arrangement</li> </ul>	<ul style="list-style-type: none"> <li>Focus on re-use and repair items only</li> <li>Service delivered by Council alone with outsourced contract to RRC provider</li> <li>Waste levy funding plus a fixed annual operating grant</li> </ul>
<b>Option 2: Enhanced status quo</b> <ul style="list-style-type: none"> <li>Improved storage for material dropped off</li> <li>Improved traffic flow to encourage drop-off (already under consideration, but completion timeframe unclear)</li> <li>Changes to landfill fee structure to incentivise diversion at drop-off point (or similar form of financial incentive for customers)</li> </ul>	
<b>Option 3: Private RRC only</b> <ul style="list-style-type: none"> <li>No drop-off at Silverstream. Customers encouraged to visit private RRC only (e.g. Earthlink site in Wingate or an alternative location)</li> </ul>	

Note that as part of the long-list assessment, we also considered options to (i) not offer a resource recovery centre at all, and (ii) expand the scope of the resource recovery centre to also include the processing of construction and demolition (C&D) waste.

The former was discounted because it does not meet some of the strategic objectives (eg provide services that customers want and can use appropriately). The latter was discounted because a recent Regional C&D Waste Issues and Options Paper (*refer DOC/19/127329*) found that conditions in the Wellington Region C&D market make it unlikely that resource recovery is commercially viable at this point in time (eg low cost disposal options, low cost availability of virgin materials), albeit future policy changes could alter this (eg the NZ Government has flagged it is looking to increase the landfill levy, currently at \$10 per tonne).

## Results

The option of the status quo was not recommended because of the health and safety issues associated with the current approach, and a likely inability to significantly increase diversion of re-usable items.

The option of establishing a private RRC off-site, while feasible, was also not recommended, because it would mean consumers would have to visit both a private RRC and the landfill to drop off material.<sup>2</sup> This was seen as a disincentive for residents to divert, and therefore the private RRC was unlikely to divert as much as an enhanced status quo.

ML has recommended an enhanced status quo. This would include building a more improved goods receiving area and storage facility for re-use items dropped off at the resource recovery area at the landfill transfer station. This will improve health and safety for workers and the public using the resource recovery area, with the drop-off area located under cover.

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<sup>2</sup> Note that there is no suitable land available to co-locate such a private RRC in close vicinity to the landfill, as is done at Wellington City Council's Southern landfill, where the RRC is located immediately before the entry to the Southern landfill.

This option would also include changing the charging regime at the landfill or implementing some other form of financial incentive such that customers that used the resource recovery centre were charged less and were therefore incentivised to divert re-usable items. For example, voucher systems could be possible, including vouchers for discounts at Earthlink's re-sale shop in Wingate or vouchers for discounted landfill gate fees when next visiting the landfill.<sup>3</sup>

The enhanced status quo would also be more likely to achieve higher diversion of re-usable and repairable items than either the status quo or the establishment of a private (off-site) facility.

The operational costs for the enhanced status quo are broadly similar to current costs, funded out of the waste levy funds Council receives from the Ministry for Environment. The capital works required for the enhanced status quo, estimated at \$326,000, could either be funded from HCC's waste minimisation reserve from unspent dedicated waste minimisation levy funds received from the Ministry for the Environment (\$506,213 as at 30 June 2019), or alternatively, they may be able to be funded (at least partly) through the New Zealand Government's Waste Minimisation Fund following an application for a grant from this contestable fund.

Adjustments to both the landfill operations contract and the RRC operation contract may be required to implement the proposed gate fee changes and changes to the operating arrangements following the construction of an improved goods receiving area and storage facility. If the chosen approach to incentivise diversion involves a reduction in landfill gate fees, there may be slight reduction in landfill revenue, estimated by ML to be between \$14,000 and \$49,000 per year.

### **Next steps**

The Manager Solid Waste Contracts is currently considering proposed improvements to the layout and traffic flow at the transfer station at Silverstream landfill (as shown in the aerial view below). These changes are being considered separately from implementing the option for an enhanced resource recovery area, as they have been proposed due to health and safety concerns with the current layout, particularly traffic flows at the intersection.

However, these improvements are effectively a pre-requisite for improvements to the resource recovery area, as it would unlock more space to improve the receiving area for re-usable items. These changes may also be required in order to establish space for a more formal hazardous waste drop-off point, as discussed in the previous section of this briefing.

The design for the traffic flow improvements is expected to be finalised by the end of October 2019, and actual capital works could be completed by March 2020.

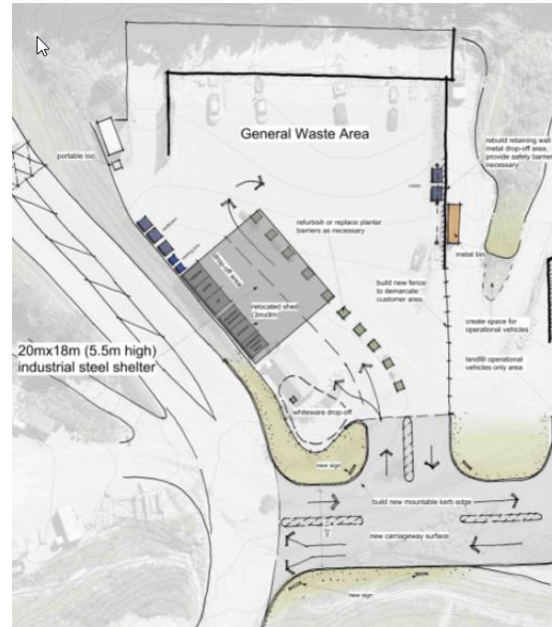
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<sup>3</sup> Note that contrary to other landfills such as Wellington City Council's Southern landfill, users of the transfer station at Silverstream (cars, utes and light trailers) are not weighed, which means there is no financial incentive associated with dropping of valuable items for re-use prior to entering the transfer station.

Current state



Proposed future state



With regard to improvements to the receiving and storage area specific to resource recovery, these have yet to be designed in detail, as they will depend on the new layout of the transfer station, as discussed above. It is recommended that the Manager Solid Waste Contracts work with the Manager Sustainability and Resilience

- to confirm the space and other requirements for an improved receiving and storage area,
- obtain a more detailed cost estimate for the changes,
- provide this cost estimate and capital works improvement proposal as an input to Council's next annual plan or long term plan process, as the case may be, and
- develop an application to the NZ Government's Waste Minimisation Fund, in order to secure funds to help realise these improvements.

With regard to potential changes to the charging regime at the landfill or implementing some other form of financial incentive, it is recommended that the Manager Sustainability and Resilience work with the Manager Solid Waste Contracts (and any other relevant party such as Earthlink Inc and Waste Management NZ as the landfill operator) to develop workable options and associated costs and report back to CLT. If required, the relevant charging regime may need to be reflected in the upcoming procurement process for the landfill operator.

Note that the recommended changes to our resource recovery services go beyond operational changes, in that they will require capital improvements at the transfer station beyond those planned for improved traffic management purposes. This may have long term

plan implications. Therefore, Councillors could be provided with an update on the results of the resource recovery service review and the recommended capital improvements.

### **Kerbside collection**

#### ***Current state of recycling collection***

Hutt City Council has a contract with Waste Management NZ (WMNZ) to provide kerbside collection services for recyclable items such as glass bottles, metal cans and jars, plastic bottles and containers, cardboard and paper in the Lower Hutt area. Funding for this contract is tied to a targeted rate set at \$40 per residential rating unit, recovering the full cost of the service of approximately \$1.5 million for the 2017/18 financial year.



The weekly kerbside collection service with 45 and 55L crates is provided to residential customers only, with collected material pre-sorted on the trucks, with further processing occurring at a materials recovery facility in Seaview, operated by OJI Fibre.

The following key issues and problems were identified as part of the ILM process:

- The recycling crates, due to their design and lack of effective means to retain recyclables, tend to lead to significant litter production during frequent windy days, as evidenced by frequent complaints by residents. This litter tends to enter the storm water system and can end up in Wellington Harbour, leading to ocean and beach pollution.
- The existing service option with crates is not a full cost service, i.e. users are expected to pay for their own crates. This approach is relatively ineffective in practice, as some residents use their own “containers” (such as cardboard boxes). The use of flexinets to minimise wind-blown litter is voluntary and users are also expected to pay for their own nets, the resulting usage appears to be low.
- Recycling crate services tend to have higher worker health and safety risks than wheelie bins due to the need for workers to exit trucks, manually handle crates, and handle recyclables, including sharps (eg broken glass).
- The capacity of the recycling crates is very limited, limiting the amount of material that residents can recycle (or leading to flow-on problems, such as litter due to overflowing crates).
- In addition to the kerbside collection, there are five community recycling stations to cater for occasions when residents have large amounts of glass or cardboard to recycle. There are significant and frequent contamination and illegal dumping issues at these stations, which are open 24/7 and unstaffed.

#### ***Current state of refuse collection***

Hutt City Council has a contract with WMNZ to provide a weekly user-pays bag collection service for both urban residential and commercial customers. Customers can put out as many (or as few) bags as they have paid for.



Waste companies also provide private (non-Council) refuse wheelie bin services contracted directly to customers. Residents that have the ability to pay or willingness have taken up private wheelie bin services and consequently Council's market share, although stable, sits at around 30%.

Council's weekly user-pays bag collection service is currently self-funding and realising a surplus of approximately \$400,000 for Council per year.

The following key issues and problems were identified as part of the ILM process:

- Bag collection services have been identified as significantly higher risk from a worker health and safety perspective than bin collection services due to the need to exit the vehicle to complete the collection, manual handling of bags, and exposure to sharps (*refer to Appendix 6 in the kerbside collection business case report for further detail*).

Collection Method	Usage of this method (%)	Total injuries for this method (%)
Automated bin	46	5
Bag	32	36
Non-automated bin	13	17
Loose materials	9	41

- While Council does not have data available to show the exact causes of illegal dumping behaviour, it is possible that at least some of the frequent illegal dumping that is occurring at various locations, including recycling stations, may be due to residents' lack of willingness, or inability, to pay for refuse disposal (such as via user-pays rubbish bags).

### Options

The following options were shortlisted for further analysis:

Option Description	Elements common to all options
<b>Option 1: Status quo</b> <ul style="list-style-type: none"> <li>• Continuation of refuse bag collection service</li> </ul>	<ul style="list-style-type: none"> <li>• Replacing recycling crates with a two-stream recycling collection service using a 240L wheelie bin for mixed recyclables and a 45L crate for glass collected fortnightly</li> <li>• Retain current kerbside collection areas</li> <li>• Phase out the unstaffed recycling stations, with drop-off only being retained at two strategic locations (e.g. at the privately-run Seaview transfer station and another suitable location)</li> <li>• No kerbside organics collection service introduced at this stage</li> <li>• Separate assessment (outside of this report) of the ongoing use of green waste as landfill cover</li> <li>• Continuation of outsourced contracts for kerbside collection service delivery, with potential collaboration with Upper Hutt City Council</li> <li>• All service delivery changes implemented as part of kerbside collection contract re-tender</li> </ul>
<b>Option 2: Opt out</b> <ul style="list-style-type: none"> <li>• Discontinue Council's refuse collection service, refuse collection provided by private sector</li> </ul>	
<b>Option 3: Rates-funded refuse bin</b> <ul style="list-style-type: none"> <li>• Provide all residents with a wheelie bin for refuse, funded through a targeted rate</li> </ul>	
<b>Option 4: PAYT (pay as you throw) refuse bin</b> <ul style="list-style-type: none"> <li>• Provide all residents with a wheelie bin for refuse, but only charge customers when they use the service</li> </ul>	

Note that as part of the long-list assessment, we also considered options that were ultimately not short-listed for further analysis, for the reasons as outlined below:

- *Council no longer provides a recycling service:* not assessed as does not meet strategic objectives
- *One stream 240L bin for commingled recycling, including glass:* not assessed as not viable due to lack of infrastructure to deal with commingled glass
- *Separate organics collection:*
  - further market analysis and development required (eg currently no suitable processing infrastructure with relevant capacity in the wider Wellington region);
  - Wellington City Council is planning to trial a separate food organics collection, which presents an opportunity to follow their progress and apply lessons learnt and collaborate with them on the development of processing infrastructure and/or capacity

## Results

ML undertook economic analysis of the different options in order to derive total annual service cost and average cost per household. Results are as follows:

### Comparison of refuse and recycling service costs and revenue for various options

Service cost	Refuse Collection					Recycling Collection		
	Pre-paid Official Refuse Bag		Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT <sup>(1)</sup> Refuse Bins	Crates, Weekly		2-stream, Fortnightly
	Current cost	Future cost				Current cost	Future cost	
Collection cost		\$768,000	\$0	\$1,935,000	\$1,706,000	\$1,300,000	\$2,593,000	\$1,833,000
Disposal/processing cost		\$212,000	\$0	\$2,176,000	\$1,741,000		\$390,000	\$669,000
Recycling revenue		n/a	n/a	n/a	n/a		-\$624,000	-\$535,000
Council administration cost <sup>(2)</sup>		\$98,000	\$0	\$411,000	\$345,000		\$236,000	\$197,000
Total service cost		\$1,078,000	\$0	\$4,522,000	\$3,792,000	\$1,300,000	\$2,595,000	\$2,164,000
PAYT revenue <sup>(1)</sup>		\$942,000	\$0	\$0	\$3,858,000	n/a	n/a	n/a
Cost recovery from rates (excl. GST)	\$400,000 surplus from bag sales	\$136,000 <sup>(7)</sup>	\$0	\$4,522,000	\$0 <sup>(3)</sup>	\$1,300,000	\$2,595,000	\$2,164,000
Annual average cost per participating household (incl. GST)		\$130 <sup>(4)</sup>	\$285 <sup>(5)</sup>	\$144	\$234 <sup>(6)</sup>	\$40	\$82	\$69

(1) PAYT = pay as you throw or user-pays

(2) Council administration estimated at 10% of collection and processing/disposal costs

(3) Surplus revenue generated not shown here

(4) Average annual cost per participating household is 1 bag x 52 weeks x \$2.50/bag.

(5) Based on the average 120L/140L annual service cost for private collectors operating in Hutt City

(6) Based on \$4.50 per bin tag for 120L bin

(7) This cost recovery from rates for continuing with bags is based on the assumption that the cost per bag remains at \$2.50.

With regard to **recycling**, ML recommends that Council move to a 240L bin for mixed recyclables and a 45L crate for glass, collected fortnightly. They have estimated that this service model would cost approximately \$69 per household.

The estimated costs for the 2-stream collection are in line with current costs for the same service models in Dunedin (\$66 per property) and Porirua (\$74 per property).



Importantly, ML estimates that due to changes to the recycling market and value of recyclables over the last two years, future collection costs for continuing with the current delivery approach of using crates (sorted at the kerbside) will be significantly higher than at present.

Note that the costs for both future service options are fully inclusive of all costs, including administrative costs and the supply of bins (or crates and nets). Both future service options would require an increase in the cost recovery via the residential targeted rate for recycling.

In addition, ML recommends that when the new system is rolled out, the number of recycling stations is reduced from the five to only two (due to the increased capacity of bins to hold recyclables), with the new recycling drop-off stations restricted to locations where drop-off can be supervised when open by existing staff overseeing co-located activities.

With regard to **refuse collection**, ML recommends that Council introduces a rates-funded bin and discontinues the bag collection service.



This service model can be expected to resolve health and safety concerns associated with the current rubbish bag collection, and reduce the incentive for illegally dumping material, abusing recycling stations and misusing bins<sup>4</sup>.

The cost for this service model is estimated at \$144 per household and per year, which is in line with the actual cost per household for this service model in Christchurch. While a change to this service model implies an increase in rates, when viewed in combination with the change in the recycling model, for an average household, a rates-funded service can deliver both a refuse collection and recycling collection service for less cost than a private refuse collection service alone and is therefore more affordable (\$213 per year vs \$285 per year).

In order to mitigate opposition from those that wish to continue with their own private service, the rates-funded refuse service model could be paired with the ability for households to opt-out of the rates-funded service. However, due to the cost effectiveness of this approach, it is likely that the vast majority of households will participate.

In order to account for the needs of smaller households, the service could be offered with different bin sizes and associated costs to match household needs (eg 80L bin for small households at a reduced rate).

Depending on the availability of suitable and cost-effective technology, a pay as you throw (PAYT) bin service using RFID technology could be offered, potentially via an opt-in approach for the smallest bin size only. PAYT refuse bins could be attractive to very small households as they would only need to pay when needed – albeit this may have to be paired with a minimum pick-up frequency (eg at least every 2-4 weeks), to avoid potential health and odour concerns. The PAYT bin option could be tested during the procurement process in

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<sup>4</sup> Porirua still has a bag collection service, and since their roll-out of 240L recycling bins in July 2018, they have had significant contamination issues, with the content from recycling bins in some areas currently going straight to landfill (eg residents can avoid the cost of refuse collection by hiding rubbish at the bottom of recycling bins).



terms of technical feasibility, complexity and costs in comparison to the rates-funded bin (or as an opt-in add-on to the smallest rates-funded bin).

The estimated relative costs for the different refuse options for a small household (or those who choose to minimise their waste generation) are as follows:

Service option	Pre-paid Official Refuse Bag	Opt-out Refuse Service	Rates Funded Refuse Bins	PAYT Refuse Bins
Assumptions	\$2.75/bag in Lower Hutt <sup>5</sup>	\$4.62/wk for 80L bin \$5.50/wk for 120L bin	\$2.19/wk, 80L bin \$2.77/wk, 120L bin	\$4.50 per pick up for 120L bin
Household A: One person, 60l of rubbish every three weeks				
Estimated cost	\$48	\$240	\$114	\$59 (pick up every four weeks)
Household B: Three people, 120l of rubbish per week				
Estimated cost	\$260	\$285	\$144	\$234 (pick up weekly)

### Challenges

Where refuse and/or recycling bin collection is not feasible for certain types of properties (eg residents on narrow more rural roads), then an alternative collection service would need to be provided, such as via a dedicated drop-off point with larger 660L bins close to the affected properties. Alternatively, and this is administratively less complex, those properties would not be serviced, albeit in that case they would also not be subject to the targeted rate for recycling or refuse.

The options in this paper are only relevant for residential properties. However, note that it is expected that there will be an increasing number of multi-units and high-rise apartments in the future. This will present some challenges, as conventional bins with sizes up to 240L bins may not be appropriate for such situations (eg to avoid having footpaths full of bins on pick-up day, and due to the lack of waste storage areas to hold individual bins for each unit or apartment resident). Two approaches appear possible:

- a) Multi-units and high-rise apartment buildings, over a certain size or meeting certain building characteristics, could be treated like commercial organisations and would not be subject to the Council-provided services. The affected property owners or body corporates could then decide how they wish to manage their refuse, such as by engaging a private operator to service their property with larger commercial bins. While at present there would be no requirement for body corporates to offer recycling to their residents, this could be required as part of the new refuse collection by-law currently under development (ie private waste collectors could be required to offer a

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<sup>5</sup> This comparison already incorporates the increase in bag fees from \$2.50 to \$2.75 for the current financial year.

recycling option to any services they offer to certain types of commercial organisations).

- b) Council would offer an alternative collection service with 660L bins for multi-unit apartment buildings, provided the bins can be accommodated in a dedicated waste management area on the affected property.

Wheelie bins can be challenging for people with disabilities. For this scenario, a wheel-in-and-wheel-out service could be offered and subsidised, albeit it could be subject to qualifying criteria, or could be available at a higher cost to those residents willing to pay for this option. Other Councils offer such service; total costs are likely small in relation to the total service cost. Note that Council has an Accessibility and Inclusiveness Panel with which it could work to design this service offering, to ensure it is fit for purpose and acceptable to the community.

### ***Opportunities***

Note that while a separate (mandatory) organics collection was not shortlisted, it would be feasible to offer an opt-in collection service for green waste only, as there is some processing capacity in place for this (eg via Composting NZ in Kapiti). While such a service is already available for private residents on a commercial basis via Waste Management NZ, scope and pricing could be tested as part of the procurement process for the recycling and refuse services. Making such option available to residents via a Council-advertised service (recovered via the rates bill for that property) could have the potential to significantly increase uptake (and thus increase diversion from landfill).

With regard to Council's carbon zero target, note that moving to battery-electric trucks presents a significant opportunity to reduce greenhouse gas emissions associated with our recycling and refuse collection services. Battery-electric vehicle technology is very suitable for this kind of operation, due to frequent stop-start operations and predictable and relatively short routes. Importantly, a number of operators are investing in this technology, with a number of fully electric trucks in operation in New Zealand, including by our current service provider Waste Management NZ. Relevant outcomes can be achieved through relevant requirements as part of our procurement process for these services.

### ***Next steps***

Within the context of Council's significance policy, the recommended changes to our recycling and refuse collection services will require consultation with the public (eg due to the changes in the scope and associated changes to costs for those services). Ideally, this consultation should take place during the annual plan consultation in early 2020.

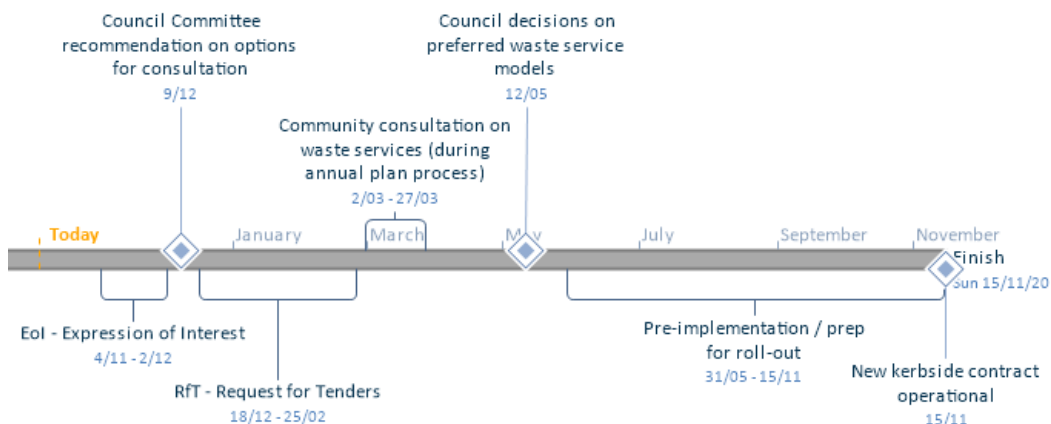
With regard to procurement, I recommend that Council undertake a two-step open competitive procurement process, in alignment with the [New Zealand Government Procurement Rules \(4<sup>th</sup> edition\)](#). The Rules provide a robust framework for large public sector procurements, and in its latest version released this year, incorporates wider public value factors (such as moving to a zero carbon economy) that go beyond value for money.

In the first step, Council would go to market with an Expression of Interest (Eoi), in order to identify suppliers that have the relevant capabilities, and are able to meet Council's requirements, including relevant pre-conditions. This could include relevant requirements around the scope of services that the supplier would need to be able to deliver in line with the

recommended service models and options, information on the feasibility of delivering a PAYT bin service option for at least a part of the services, and their ability to deliver low-carbon services (eg with battery-electric trucks). Based on the information provided, suppliers will be assessed and short-listed. In the second step, shortlisted suppliers would be invited to submit a detailed proposal in response to our Request for Tenders (RfT).

The procurement process should involve key internal stakeholders such as the Manager Solid Waste Contracts, Manager Infrastructure Contracts, and could be facilitated by an external consultant with the relevant technical expertise.

I propose the following process and associated timeline for (i) briefing Council, and enabling Council to consult with the community on its preferences with regard to the recommended service changes, and (ii) undertaking the procurement process to help inform Council decisions and to find our preferred supplier for the respective services. Importantly, I propose that these two processes run in parallel as much as possible. This is so that Council can move to implementation once Council has made decisions on its preferred recycling and refuse approach in about May 2020, with the new system being rolled out in late 2020.



**Risks**

*Delays and incomplete information if processes not run in parallel:* If the second step in the two-step procurement process were to commence after community consultation and Council decisions, then it is likely that a new kerbside contract could not be operational until well into 2021. There is also a risk that Council will have to make decisions on incomplete information (eg lack of actual costings of the different service models).

*Community opposition:* It is possible that parts of the community will oppose rates increases associated with the recycling service model, and the introduction of a rates-funded refuse service. However, this risk can be managed by communicating effectively about the real costs to households (ie lower to the majority of households), by communicating about the existence of rates rebates for those on low incomes, and by potentially offering an opt-out option to households for rates-funded refuse services (although I note the related risk regarding opting-out of refuse collection and potential recycling contamination).

*Tight procurement timeframes:* Timeframes for the procurement processes are relatively tight. This can be managed by communicating proactively with suppliers, and providing them with a heads up on the proposed steps following this briefing.

*Private collector opposition to a rates-funded refuse collection service that impacts their market share:* Commercial recycling and refuse collection services are unaffected by the recommended service changes, and the recommended service models are already in place in New Zealand cities such as Christchurch. Their opposition could be mitigated to a degree by making suppliers proactively aware of our procurement approach, and making it clear that this is an open competitive process. It may also be possible to select more than one supplier to deliver our services (eg recycling vs refuse vs opt-in greenwaste), provided it meets our requirements and it is cost effective.

*Continued volatility in the recycling markets:* Significant decreases in market value of recyclables such as paper/fibre could also impact on the risk profile of our suppliers and the corresponding service costs. Council may have to keep an open mind in terms of suppliers wanting to share some of this risk.

*Recycling contamination:* If Council moves to bins for recycling collection, but retains a system whereby residents can avoid the cost of refuse collection (eg rubbish bags), there is a significant risk of collecting contaminated recyclables (especially in economically disadvantaged suburbs), which will not be accepted by OJI Fibre for processing. Hence, that material would have to go to landfill. Short of removing those recycling bins from affected properties, there are limited ways to address this (eg providing information, sending warning letters).

## Recommendations

It is recommended that you:

1. **Note** that HCC has been working with UHCC to procure a service provider for conducting an annual hazardous waste collection event for one to three years; an event is currently planned for late November 2019
2. **Agree** that the Manager Solid Waste Contracts work with the Manager Sustainability & Resilience to confirm the requirements for an enhanced landfill drop-off point for household hazardous waste in the upcoming procurement process for an operator for Silverstream landfill. Yes/No
3. **Note** that the Manager Solid Waste Contracts is currently considering proposed improvements to the layout and traffic flow at the transfer station at Silverstream landfill for health and safety reasons, with works estimated to be completed by March 2020.

4. **Agree** that the Manager Sustainability and Resilience work with the Manager Solid Waste Contracts to Yes/No
- a. confirm the space and other requirements for an improved receiving and storage area,
  - b. obtain a more detailed cost estimate for the changes,
  - c. provide this cost estimate and capital works improvement proposal as an input to Council's next annual plan or long term plan process, as the case may be, and
  - d. develop an application to the NZ Government's Waste Minimisation Fund, in order to secure funds to help realise these improvements.
5. **Agree** that the Manager Sustainability and Resilience work with the Manager Solid Waste Contracts (and any other relevant party such as Earthlink Inc and Waste Management NZ as the landfill operator) to develop workable options to financially incentivise resource recovery centre users, and report back to CLT in 2020. Yes/No
6. **Agree** that the Manager Sustainability and Resilience, in cooperation with the Managers for Infrastructure Contracts and Solid Waste Contracts, develop a briefing to a Council committee on the results of the waste reviews, by December 2019, with associated recommendations on the preferred service models to be put forward to consultation with the Lower Hutt community. Yes/No
7. **Agree** that the procurement of a new recycling and refuse collection supplier be done via a two-step open competitive process, in alignment with the new NZ Government Procurement Rules, with the first step to commence as soon possible prior to the Council Committee in December, and with second step to take place during or before community consultation in early 2020 Yes/No

**Jörn Scherzer**

**Manager Sustainability and Resilience**

# Waste reviews: A way forward on Hutt City Council's kerbside collection approach

# Recap

- Waste Minimisation and Management Plan 2017-23 informs the work done on waste and waste minimisation at HCC
- September 2018: Officers commenced strategic reviews into three waste areas (kerbside, hazardous waste, resource recovery)
- Key question: *Are the current services still fit for purpose, and if not, what are the alternatives available?*
- Morrison Low Ltd, with key expertise in waste management, were commissioned to assist in this process
- Reported back to Council in May 2019 with shortlisted options
- Finalised business cases by August 2019, now reporting back with recommendations on the way forward

# Objectives

- provide services that are cost effective
- provide services that are safe
- provide services that reduce greenhouse gas emissions
- provide services that customers want and can use appropriately
- reduce waste and protect the environment from the harmful effects of waste



# Recycling collection system problems

- Continued concerns about wind-blown litter and rain damage
- Flexinets are available but they are not mandatory, cost likely presents a barrier to uptake, and they can get damaged and/or lost
- Continued concerns about crate capacity or people using their own “containers” that can exacerbate litter issues
- Due to lack of crate capacity, heavy reliance on recycling stations to take overflow, but unstaffed and concerns regarding illegal dumping and bin abuse resulting in contamination



# Refuse collection system problems

- Health and safety concerns about the collection methodology, less safe compared to wheelie bin collections

Collection Method	Usage of this method (%)	Total injuries for this method (%)
Automated bin	46	5
Bag	32	36
Non-automated bin	13	17
Loose materials	9	41

- Assumed link to illegal dumping behaviour at recycling station as refuse bag costs can be avoided
- Market share currently stable, but there is a risk that costs could increase and this could affect revenue

# Way forward on recycling

- **Two-stream recycling** using wheelie bin for mixed recyclables and a crate for glass collected fortnightly
- Higher capacity bins with latches will reduce wind-blown recycling litter
- Many NZ cities have this approach, or are moving to it: Auckland, Christchurch, Wellington, Dunedin, Porirua, Palmerston North
- Glass in separate crate to protect value of other recycling (paper) and to enable sorting on truck to protect value of colour-sorted glass
- Following roll-out of high capacity kerbside bins, phase out *unstaffed* recycling stations, retain only in two strategic locations (co-located with key staffed waste infrastructure, such as a transfer station)



# Estimated costs recycling

	<b>Current</b>	<b>Estimated future</b>	
System	Crates, weekly	Crates, weekly	2-stream, fortnightly
Annual cost per household	\$40*	\$82	\$69
Total service cost	\$1.2m	\$2.6m	\$2.2m

- Market changes over the last two years means less revenue from recycling for contractor, thus future collection costs for status quo likely higher than at present
- Costs for 2-stream collection in line with current costs in Dunedin (\$66/property) and Porirua (\$74/property)

\* Crates and nets are sold on an at-cost basis, not included in the annual targeted rate of \$40 per property

# Options not taken further

## **No service**

→ Not assessed as does not meet strategic objectives

## **One stream 240L bin for commingled recycling, including glass**

→ Not viable as no infrastructure to deal with commingled glass

## **Separate food organics collection**

→ Insufficient processing infrastructure, further market analysis required

→ Wellington City Council trialling a separate food organics collection; opportunity to follow their progress and apply lessons learnt

## **Separate green waste collection**

→ Not considered as a mandatory feature, but could be added as an opt-in option for those residents that want to participate

# Way forward on refuse collection

- Roll out a **“rates-funded” refuse wheelie bin** to all participating households
- Addresses health and safety risks associated with bags
- Range of bin sizes can be provided to match customer needs
- Ensures Council still provides a service that customers expect
- implies an increase in rates, but more cost effective for approximately 70% of households currently using a private bin service, including larger low-income households
- Continueing with bag service not recommended due to safety concerns
- Not offering a Council service (eg Kapiti model) not recommended as more expensive to residents



# Estimated costs for refuse collection

Service option	Pre-paid Official Refuse Bag	Opt-out Refuse Service <sup>(1)</sup>	Rates Funded Refuse Bins 120L, weekly	Rates Funded Refuse Bins 240L, fortnightly	PAYT Refuse Bins
<b>Assumptions</b>	\$2.75 per bag in Lower Hutt	\$4.62/wk, 80L bin \$5.50/wk, 120L bin \$8.50/wk, 240L bin	\$2.19/wk, 80L bin \$2.77/wk, 120L bin	\$1.73/wk, 120L bin \$2.21/wk, 240L bin	\$4.50 per pick up for 120L bin
<b>Household A: One person, 60L of rubbish every three weeks</b>					
<b>Estimated annual cost</b>	\$46.75 (17 bags)	\$240	\$114	\$90	\$58.50 (pick up four-weekly)
<b>Household B: Three people, 120L of rubbish per week</b>					
<b>Estimated annual cost</b>	\$286 (104 bags)	\$286	\$144	\$115	\$234 (pick up weekly)
<b>Household C: Five people, 240L of rubbish per week</b>					
<b>Estimated annual cost</b>	\$572 (208 bags)	\$442	\$288 (two 120L bins)	\$230 (two 240L bins)	\$468 (2 pick ups weekly)

# What about smaller households

- Rates-funded bin can disadvantage those that create little waste (single person household, elderly) or where access is difficult, but can be managed as follows
  - Consider fortnightly collection service, instead of weekly
  - Provide opt-out facility (eg some people could share bins)
  - Explore pay as you throw technology during procurement
  - offer wheel-in-wheel-out opt-in service as offered in other cities
  - Consider localised drop-off point for inaccessible properties (eg on Wainuiomata Coast Road), albeit will have to monitor inappropriate behaviour (illegal dumping)



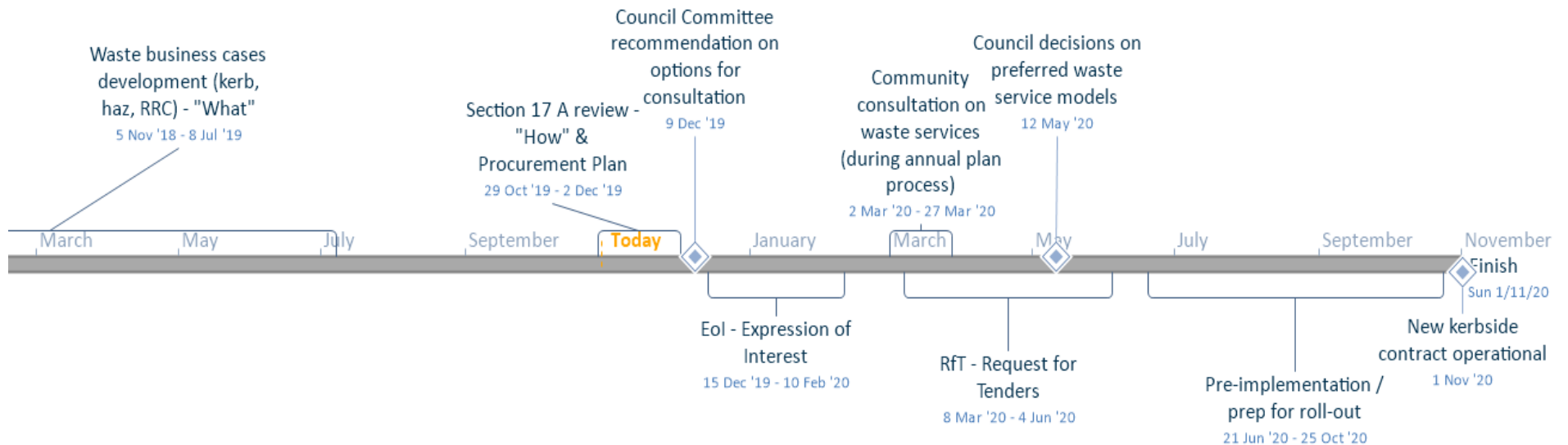
# How to communicate such change

- Important to roll out as a package to avoid distortions (eg bin contamination following Porirua’s recycling changes)
- If seen as a package of change, then about 70% households could see cost savings of over \$100 per year in total

<b>Costs for example household</b>	<b>Now</b>	<b>Future</b>
System	Crates & private refuse bin	Two-stream recycling system & rates-funded bin
Annual cost per household	\$326	\$213

# Next steps

- Report back to Council on 8 December with recommendations
- Undertake community consultation on relevant options as part of the annual plan process in early 2020
- Currently developing procurement plan, to be run in parallel with community consultation
- Mid-2020: Council decisions on preferred approach
- Late 2020 / early 2021: New service contract in place



# Supplementary slides

# Business case process

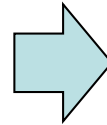
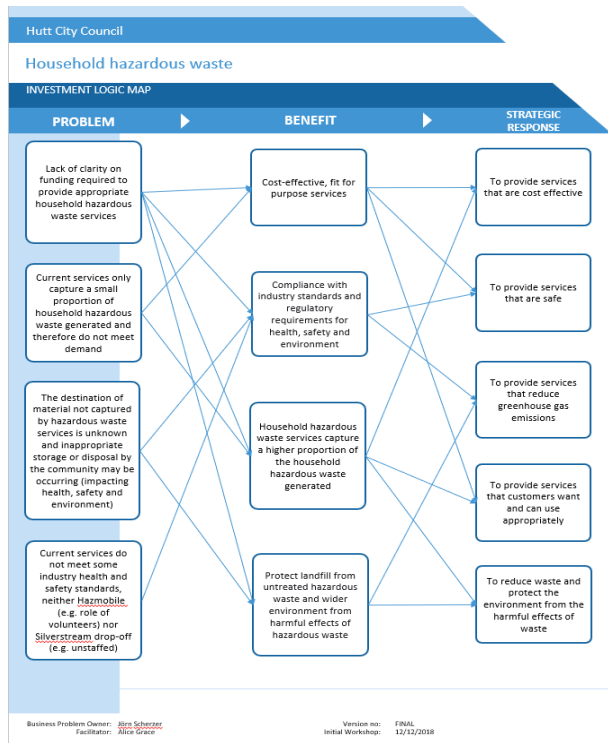
# Business cases?

- A way of systematically thinking through the problem, and determining options
- Our approach follows Treasury's *Better Business Case* model
- Focused on outcomes



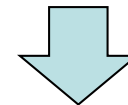
# The process

## Investment Logic Map



## Strategic investment objectives

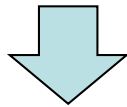
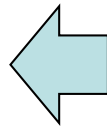
- provide services that are cost effective
- provide services that are safe
- provide services that reduce greenhouse gas emissions
- provide services that customers want and can use appropriately
- reduce waste and protect the environment from the harmful effects of waste





## Long list of options

Short list of options



Economic analysis



Description of Option:	Scope Options (What)					Service Solution Options (How) Note: education and advocating for national product stewardship common to all options												
	SC-1	SC-2	SC-3	SC-4	SC-5	SS-1	SS-2	SS-3	SS-4	SS-5	SS-6	SS-6a	SS-7	SS-8	SS-9	SS-10		
<b>Investment Objectives</b>																		
To provide services that are cost effective	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture	No - high cost to provide commercial service dependent on packaging	No - high cost to provide commercial service dependent on packaging	Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but improve service and full compliance	Partial - increased costs by three fold enhanced drop off and hazmobile	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - capture may increase and cost will increase	Yes - cost effective	Partial - capture may increase and cost will increase	
To provide services that are safe	Yes - encourage safe disposal of haz waste	Partial - limited range may increase incorrect disposal	Yes - encourage safe disposal of haz waste	Yes - encourage safe disposal of haz waste	Yes - encourage safe disposal of haz waste	No - optional drop off is a health and safety concern	Yes - meets H&S regs and encourages safe disposal of haz waste	Yes - meets H&S regs and encourages safe disposal of haz waste	Yes - meets H&S regs and encourages safe disposal of haz waste	Yes - meets H&S regs and encourages safe disposal of haz waste	Yes - meets H&S regs and encourages safe disposal of haz waste	Yes - meets H&S regs and encourages safe disposal of haz waste	Yes - meets H&S regs and encourages safe disposal of haz waste	Yes - meets H&S regs and encourages safe disposal of haz waste	No - unsafe drop off is a health and safety risk	Yes - meets H&S regs and encourages safe disposal of haz waste	No - hazardous disposal will be gone	
To provide services that reduce greenhouse gas emissions	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo
To provide services that customers want and can use appropriately	Partial - supported by customers that use service but limited use overall	Partial - a reduction in service	No - commercial service may prefer existing options particularly urban area	No - commercial service are specialised	No - commercial service are specialised	Partial - service available but limited use by customers	Partial - may still have limited use	Partial - may still have limited use	Yes - increase in drop off availability that may increase use by customers	Yes - increase in service availability that may increase use by customers	Partial - service only available when hazmobile events run	Partial - service only available when hazmobile events run	Partial - service only available when hazmobile events run	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	
To reduce waste and protect the environment from the harmful effects of waste	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Partial - unsorted drop offs can create environmental issues	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Yes - encourages appropriate disposal of haz waste	Partial - unsorted drop offs can create environmental issues	Yes - option supports this	Partial - a reduction in service but current use is low	
<b>Critical Success Factors (as these CSFs are crucial (not just desirable) any options that score a 'no' are automatically discounted from further analysis)</b>	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Partial - council increase services for residential			Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	
<b>Strategic fit and business needs - Alignment with District Plan, 30yr Infrastructure Strategy &amp; Regional Plans</b>	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Partial - council increase services for residential			Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	Yes - aligned with strategic objectives	
<b>Potential value for money - right solution, right time at the right price</b>	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture			Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but improve service and full compliance	Partial - increased costs by three fold enhanced drop off and hazmobile	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - capture may increase and cost will increase	Yes - cost effective	Partial - capture may increase and cost will increase	
<b>Supplier capacity and capability - is it a sustainable arrangement (external)</b>	Yes - common service in NZ	Yes - common service in NZ	Yes - common service in NZ	Not assessed	Not assessed	Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - suitable sites may not be available	Partial - suitable sites may not be available	Yes - similar to status quo	Yes - similar to status quo	Partial - suitable sites may not be available	Not assessed	Partial - suitable sites may not be available	Not assessed	Partial - suitable sites may not be available	
<b>Potential affordability - are there no funding constraints</b>	Yes - similar to status quo	Yes - similar to status quo	Partial - increased cost			Yes - current funding	Partial - increased funding would be required	Yes - current/LTP funding	Partial - increased funding required	Partial - increased funding required	Yes - similar to current funding	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	
<b>Potential achievability - ability and skills to deliver (internal)</b>	Yes - would be achievable	Yes - would be achievable	Partial - more resources to manage			Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - increased network of sites to manage	Partial - increased network of sites to manage	Yes - similar to status quo	Partial - more hazmobile events to manage	Partial - more hazmobile events to manage	Partial - more hazmobile events to manage	Partial - more hazmobile events to manage	Partial - more hazmobile events to manage	Partial - more hazmobile events to manage	
<b>Summary of Advantages and Disadvantages:</b>																		
<b>Overall Assessment:</b>	Preferred - increases as household hazardous waste collection	Possible - reduction in level of service	Discard - increased cost, alternatives available for agricultural chemicals, low volume in urban environment	Discard - commercial services are specialist	Discard - commercial services are specialist	Does not meet strategic objectives but continue to economic assessment for comparison	Preferred - this option provides best service relative to others and would come at increased cost	Possible - more resources available for those that want to use it but higher cost	Discard - difficult to manage a network of sites and a hazmobile service	Discard - difficult to manage a network of sites and a hazmobile service	Possible - service available for those that want to use it but only when hazmobile scheduled	Possible - service available for those that want to use it but only when hazmobile scheduled	Discard - more resources to manage	Discard - unsorted drop offs to manage	Discard - difficult to manage network of sites	Discard - difficult to manage network of sites	Discard - with no service, inappropriate disposal will increase	
<b>Short-listed options:</b>																		
Status Quo																		
Option 1: Enhanced landfill drop off																		
Option 2: Enhanced drop off & hazmobile																		
Option 3: hazmobile every year																		
Option 4: hazmobile every two years																		





# Resource recovery

## Relevant WMMP 2017-23 action:

- **IN.3: Investigate the establishment of a free to use recycling waste facility and shop before the landfill gates, implement if found to be economically viable**
- **IN.11: Increase waste diversion at landfill and increase collection and diversion of reusable and recyclable items**

# Current service and case for change

- Existing resource recovery drop-off at Silverstream landfill
- Focused on reuse of bric-a-brac, usable furniture, etc
- Collected items are processed and sold at Earthlink's Wingate site and shop
- Customers charged for waste disposal regardless of use of drop-off point
- Current transfer station layout does not encourage use of resource recovery drop-off
- Material dropped off is not protected from the weather
- Drop-off area and resale shop are located at two different sites



# Options not taken further

## **No service**

→ Not assessed as does not meet strategic objectives

## **Expand scope to include construction and demolition waste**

→ unlikely to be commercially viable as virgin materials available at low cost and waste disposal costs are low (refer recent Tonkin & Taylor report on C&D waste)

→ Sufficiently different from current focus on bric-a-brac, consider exploring opportunities at other sites (eg supplementary activity to cleanfill)

## **Alternative private site**

→ Likely to be higher cost (requiring more Council support), with reduced diversion

# Hazardous waste

## Relevant WMMP 2017-23 actions:

- **C.8: Review effectiveness, scope and location of hazardous waste collection day**
- **IN.10: [Improve] Recycling and hazardous waste facilities at the transfer station / landfill**

# Current service and case for change

- Annual hazardous waste collection day coordinated with Upper Hutt City Council
- Event supported by volunteer Council staff, but with H&S risks
- Only captures a relatively small portion of household hazardous waste generated
- Hazardous waste may be stored or disposed inappropriately between collection days
- Unattended hazardous waste drop off area at Silverstream Landfill, does not meet best practice H&S standards



# Way forward

- In the short-term, carry out hazardous collection event this year and potentially next year (contracted out, limited Council staff)
- In parallel, include a permanent drop-off facility in the upcoming landfill operation re-tender (to commence in early 2020)
- Upgrade storage facilities (supplements existing planned changes at the transfer station), staff at all times with trained personnel preferably via the landfill operator, discontinue annual collection event once in place
- Operating costs relatively similar to simply continuing with annual collection event (~ \$100k vs \$92k), albeit with some additional upfront investments required, eg bunkers (~ \$50k)
- However, can be funded from HCC's (ring-fenced) waste levy funding with no impact on rates

# Kerbside

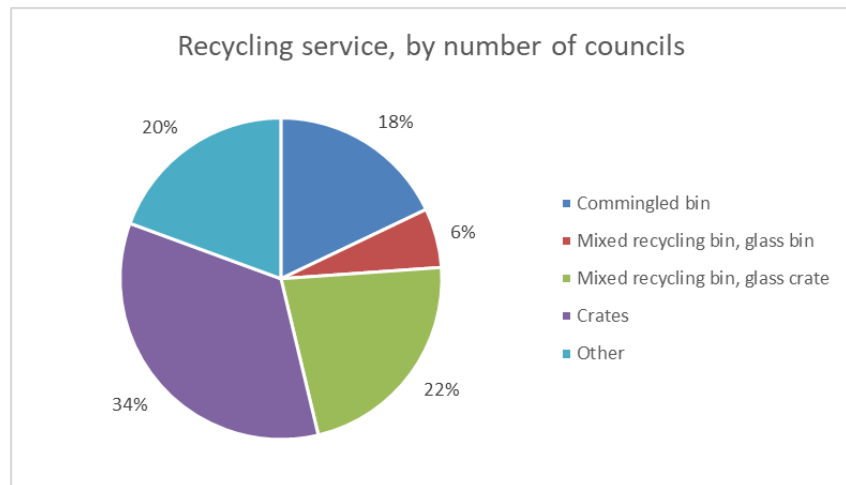
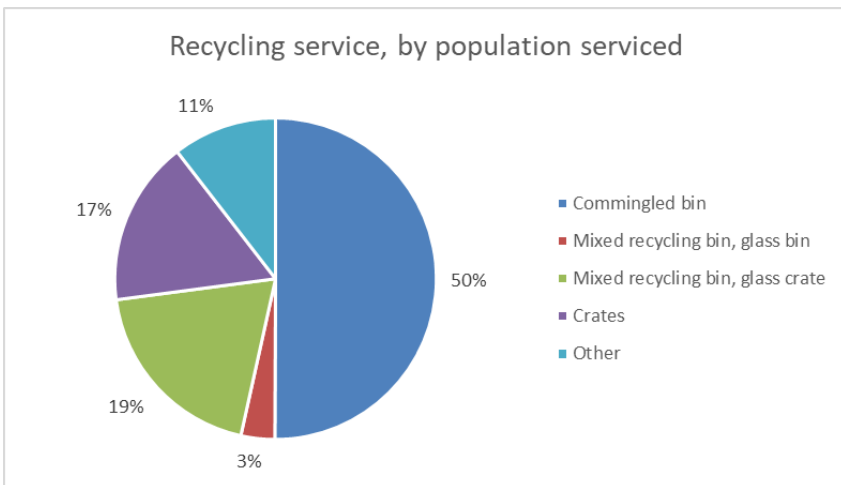


# Recycling: What are other councils doing?

Currently not possible in Wellington region due to lack of infrastructure

Recycling service	Population serviced	Number of councils
Commingled bin	2,123,319	12
Mixed recycling bin, glass bin	144,504	4
Mixed recycling bin, glass crate	824,278	15
Crates	704,538	23
Other	444,501	13
<b>Total</b>	<b>4,241,140</b>	<b>67</b>

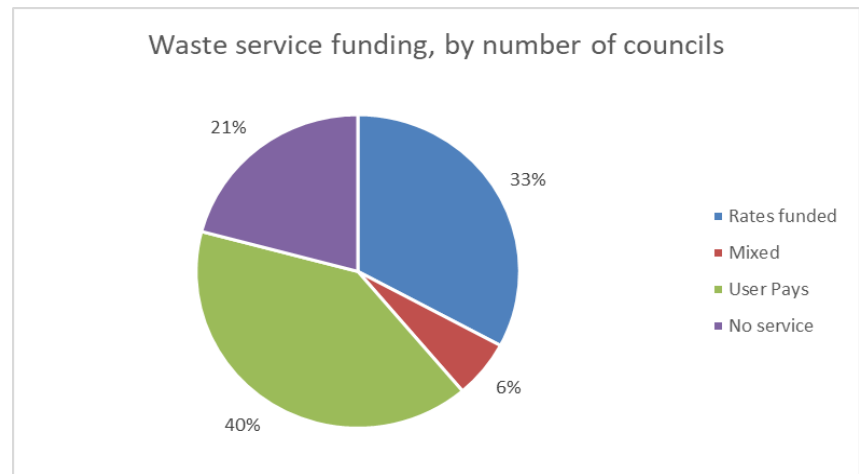
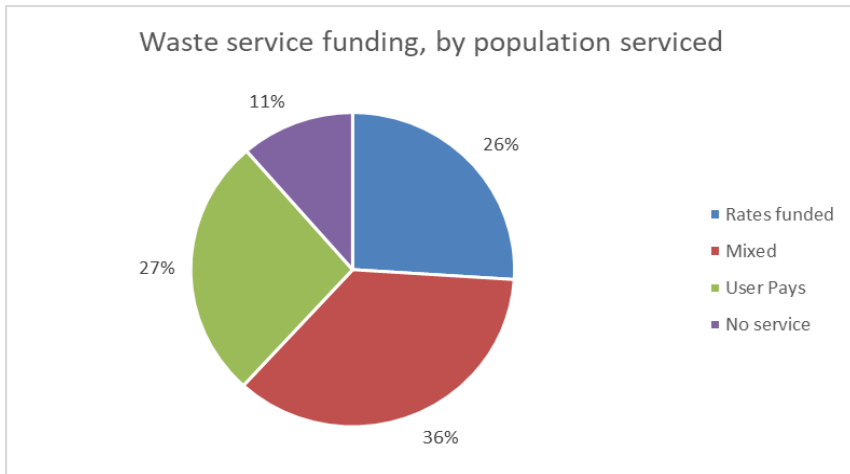
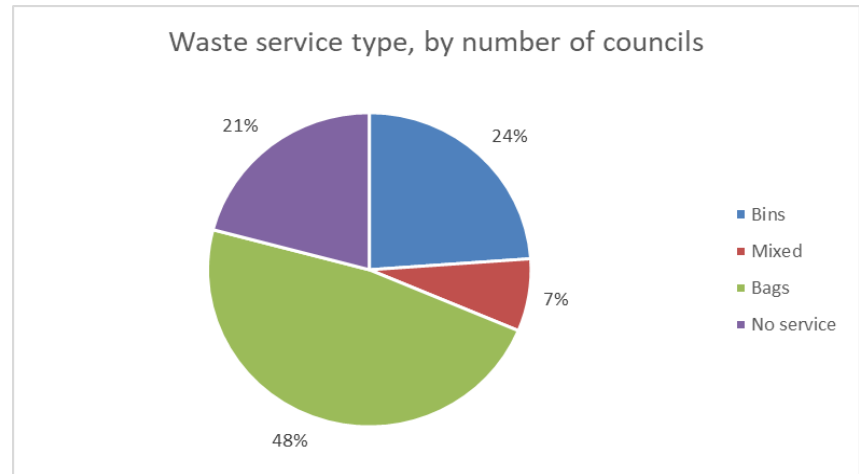
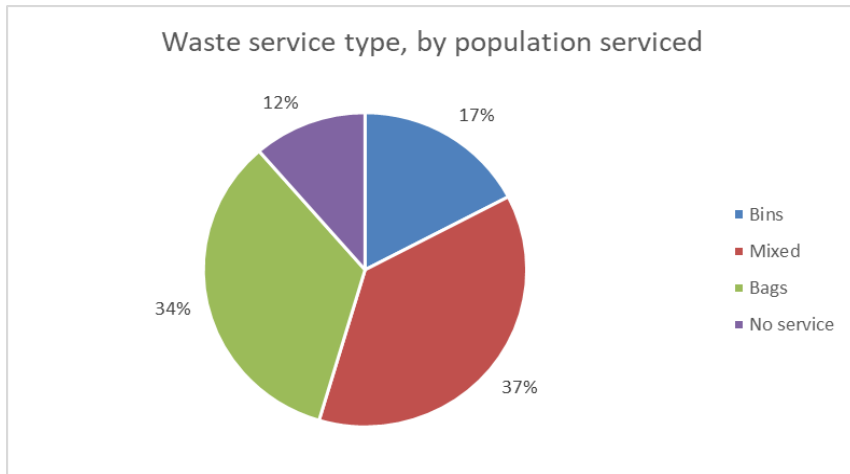
Currently only on trial basis



# Recycling sorting facility



# Refuse: What are other Councils doing?



# Cost comparison

Service cost	Refuse Collection					Recycling Collection				
Service option	Pre-paid Official Refuse Bag		Opt-out Refuse Service	Rates Funded Refuse Bins		PAYT <sup>(1)</sup> Refuse Bins	Crates, Weekly		2-stream, Fortnightly	
	Current cost	Future cost		120L, weekly	240L, fortnightly		Current cost	Future cost		
Collection cost	\$400,000 surplus from bag sales	\$768,000	\$0	\$1,935,000	\$1,124,000	\$1,706,000	\$1,300,000	\$2,593,000	\$1,833,000	
Disposal/ processing cost		\$212,000	\$0	\$2,176,000	\$2,176,000	\$1,741,000		\$390,000	\$669,000	
Recycling revenue		n/a	n/a	n/a	n/a	n/a		-\$624,000	-\$535,000	
Council administration cost <sup>(2)</sup>		\$98,000	\$0	\$411,000	\$314,000	\$345,000		\$236,000	\$197,000	
Total service cost		\$1,078,000	\$0	\$4,522,000	\$3,456,000	\$3,792,000		\$1,300,000	\$2,595,000	\$2,164,000
PAYT revenue <sup>(1)</sup>		\$942,000	\$0	\$0	\$0	\$3,858,000		n/a	n/a	n/a
Cost recovery from rates (excl. GST)		\$136,000 <sup>(7)</sup>	\$0	\$4,522,000	\$3,456,000	\$0 <sup>(3)</sup>		\$1,300,000	\$2,595,000	\$2,164,000
Annual average cost per participating household (incl. GST)	\$130 <sup>(4)</sup>	\$285 <sup>(5)</sup>	\$144	\$115	\$234 <sup>(6)</sup>	\$40	\$82	\$69		

# Low carbon opportunities

# Electric trucks?

- HCC recycling waste services ~ 270 tonnes of CO<sub>2</sub> (trucks)
- Opportunity for Council to move to fully electric trucks for collecting recycling and/or rubbish as part of the roll-out of any new collection approach ~ 80% carbon savings
- EV technology very suitable as short-start operation, and predictable and relatively short routes
- A number of vehicles now in regular operation
- Technology is becoming cost-competitive, but costings would need to be tested as part of the procurement process

# Palmerston North



# Christchurch





# Civic



# Waste Review Outcomes and Next Steps

Council Briefing  
2 December 2019

# Background

- Waste Minimisation and Management Plan 2017-23 informs the waste work at HCC
- September 2018: Officers commenced strategic reviews into three waste areas
  - **Kerbside collection**
  - Residential hazardous waste
  - Resource recovery
- Key question: ***Are the current services still fit for purpose, and if not, what are the alternatives available?***
- Consultants Morrison Low Ltd, with key expertise in waste management, were commissioned to assist in this process



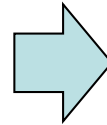
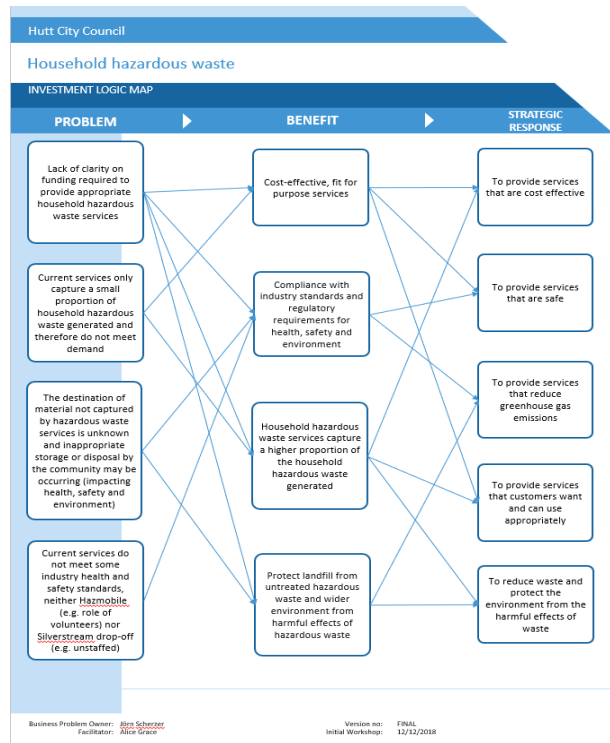
# Business cases?

- A way of systematically thinking through the problem, and determining options
- Our approach followed Treasury's *Better Business Case* model
- Focused on outcomes



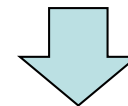
# The process

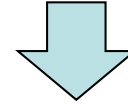
## Investment Logic Map



## Strategic investment objectives

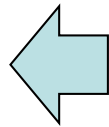
- provide services that are cost effective
- provide services that are safe
- provide services that reduce greenhouse gas emissions
- provide services that customers want and can use appropriately
- reduce waste and protect the environment from the harmful effects of waste



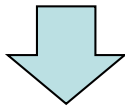


## Long list of options

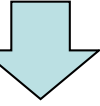
Short list of options



Economic analysis



Description of Option:	Scope Options (What)				Service Solution Options (How) Note: education and advocacy for national product stewardship common to all options															
	SC1	SC2	SC3	SC4	SS-1	SS-2	SS-3	SS-4	SS-5	SS-6	SS-6a	SS-7	SS-8	SS-9	SS-10	SS-11				
<b>Investment Objectives</b>	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture	No - high cost to provide commercial service elsewhere	No - high cost to provide commercial service elsewhere	Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but improved service and staff awareness	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective			
To provide services that are cost effective	Yes - encourages safe disposal of haz waste	Partial - limited range may increase household disposal	Yes - encourages safe disposal of haz waste	Yes - encourages safe disposal of haz waste	Yes - encourages safe disposal of haz waste	No - restricted drop off is a health and safety risk	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste	Yes - means HSE sign and encourages safe disposal of haz waste			
To provide services that are safe	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - no change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo	Partial - limited change from status quo			
To provide services that reduce greenhouse gas emissions	Partial - supported by customers that use service but limited use overall	Partial - a reduction in service	Partial - service available more widely but significant sector may prefer existing options, particularly urban area	No - commercial services are discounted	No - commercial services are discounted	Partial - service available but limited use by customers	Partial - may still have limited use	Partial - may still have limited use	Yes - increase in service availability that may increase use by customers	Yes - increase in service availability that may increase use by customers	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - service only available when hazardous events run	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low	Partial - a reduction in service but current use is low			
To provide services that customers want and can use appropriately	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Partial - unstaffed drop off can create environmental issues	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Partial - unstaffed drop off can create environmental issues	Yes - option supports this	Partial - a reduction in service but current use is low			
To reduce waste and protect the environment from the harmful effects of waste	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Yes - options supports this	Partial - unstaffed drop off can create environmental issues	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Yes - encourages appropriate disposal haz waste	Partial - unstaffed drop off can create environmental issues	Yes - option supports this	Partial - a reduction in service but current use is low			
<b>Critical Success Factors (as these CSFs are crucial (not just desirable) any options that score a 'no' are automatically discounted from further analysis)</b>	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Partial - aligned with strategic objectives	Partial - aligned with strategic objectives	Partial - aligned with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives			
Strategic fit and business needs - Alignment with District Plan, Styria Infrastructure Strategy & Regional Plans	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Partial - aligned with strategic objectives	Partial - aligned with strategic objectives	Partial - aligned with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives	Yes - alignment with strategic objectives			
Potential value for money - right solution, right time at the right price	Yes - cost effective	Yes - cost effective	Partial - increased cost but increased capture	Not assessed	Not assessed	Partial - low cost service but low capture rate and not fully compliant with regulations	Yes - increased cost but improved service and staff awareness	Partial - increased costs by have both enhanced drop off and hazmobile	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - cost effective	Yes - cost effective	Partial - increased capture but increased cost	Yes - cost effective	Partial - increased capture but increased cost	Partial - increased capture but increased cost	Yes - economies of scale			
Supplier capacity and capability - is it a sustainable arrangement (external)	Yes - customer service in NZ	Yes - customer service in NZ	Yes - customer service in NZ	Not assessed	Not assessed	Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - suitable sites may be available	Partial - suitable sites may be available	Yes - similar to status quo	Yes - similar to status quo	Partial - service provides may not have capacity for increased events	Not assessed	Partial - suitable sites may not be available	Not assessed			
Potential affordability - are there no funding constraints	Yes - similar to status quo	Yes - similar to status quo	Partial - increased cost	Not assessed	Not assessed	Yes - current funding	Partial - increased funding would be required	Yes - current funding	Partial - increased funding required	Yes - current funding	Partial - increased funding required	Yes - similar to current funding	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Partial - increased funding required	Yes - no constraints			
Potential achievability - ability and skills to deliver (internal)	Yes - would be achievable	Yes - would be achievable	Partial - more resources to manage	Not assessed	Not assessed	Yes - status quo	Yes - similar to status quo	Yes - similar to status quo	Yes - similar to status quo	Partial - increased network of sites to manage	Partial - increased network of sites to manage	Yes - similar to status quo	Partial - more hazmobile events to manage	Partial - more hazmobile events to manage	Partial - more hazmobile events to manage	Partial - more hazmobile events to manage	Yes - no constraints			
<b>Summary of Advantages and Disadvantages:</b>																				
<b>Overall Assessment:</b>	Preferred - increases safety at household hazardous waste collection	Possible - reduction in level of service	Discard - increased cost, alternatives available for hazardous waste management	Discard - commercial services are discounted	Discard - commercial services are discounted	Does not meet strategic objectives but continue to economic assessment for comparison	Preferred - this option provides best service available for those that want to use it but higher cost	Possible - service available for those that want to use it but higher cost	Discard - difficult to manage a network of sites and hazmobile service	Discard - difficult to manage a network of sites and hazmobile service	Possible - service available for those that want to use it but only when hazmobile scheduled	Possible - service available for those that want to use it but only when hazmobile scheduled	Discard - more resources to manage	Discard - more resources to manage	Discard - more resources to manage	Discard - more resources to manage	Discard - more resources to manage			
<b>Short listed options:</b>																				
Status Quo																				
Option 1: Enhanced landfill drop off																				
Option 2: Enhanced drop off & hazmobile																				
Option 3: hazmobile every year																				
Option 4: hazmobile every two years																				



**Kerbside Collection Services Business Case**

**Strategic Case:**

**Need to Invest**

The current contract for Council's kerbside collection service ends in the third quarter of 2019 and requires a tender ahead of this. This contract also includes the provision of free recycling drop-off points in Kaitiaki, Waingaiti, Mātāmōra, Ōhauwheke, and Seaview. In addition, the current Refuse Collection and Disposal expires in April 2020. There is an opportunity to review the services ahead of re-tendering the contract and then undertaking a bylaw review to support any service changes. Note that the bylaw may be a regional bylaw shared by all Councils in the Greater Wellington Region.

Council's current kerbside collection services are as follows:

**REFUSE**  
Weekly user-pays bag collection service to both urban residential and commercial customers. Customers can put out as many bags as they like for a fixed fee. Waste companies also provide refuse wheelie bin services directly to customers (i.e. non-Council services).

Experience throughout New Zealand has shown that customers prefer bins to bags for refuse collection because they are easier to use, less prone to animal strike and less odorous. In Hutt City residents have taken up private wheelie bin services and consequently Council's market share, although stable, sits at around 30%. The service is currently self-funding, however experience in other parts of New Zealand shows that further being cost-effective. A greater market share would increase Council's market share.

Most private wheelie bin services provide 240L wheelie bins with a maximum weight of 25kg. Council's current service provides 240L wheelie bins with a maximum weight of 25kg. Council's current service provides 240L wheelie bins with a maximum weight of 25kg.

Bag collection services have been identified as higher risk services due to the need to exit the vehicle to complete the collection.

**RECYCLING**  
Weekly kerbside collection service to residential customers.

Throughout New Zealand Councils have found that customers are more likely to use recycling services if they are provided. This has been shown to reduce wheelie bin recycling services.

However, the improved convenience of wheelie bins is balanced by the need for post collection sorting in processing facilities and the inability to detect contamination until wheelie bins are lifted. Overall, these two factors result in greater contamination of recyclables in wheelie bins. The separation of glass from other recyclables has been shown throughout the country to address a large proportion of the contamination and reduction in recycling quality that results from mixed recycling wheelie bin collections.

Recycling crates services have higher worker health and safety risks than wheelie bins due to the need for workers to exit trucks, manually handle crates and handle recyclables, including sharps.

There are contamination issues at Council's community recycling stations, which are open 24/7 and are unstaffed. The waste is the worst, and effectively all material deposited in the recycling bins needs to be sent to landfill due to the high contamination.

Some materials that are collected through Council's recycling service are sold as part of recycling products but are not recycled by their end processors. For example, plastic grade 37 are included in mixed plastic products from which the valuable grade 1 and 2 plastics are extracted and the residual 3-7% disposed. Working collaboratively with their contractor, Council needs to ensure that there are appropriate end markets available for the materials collected through Council's recycling services.

There has always been volatility in the recycling commodities market, however the commodity prices are currently at an all-time low due to the ban imposed by China on many recycling products.

**ORGANICS**

No kerbside collection service provided, although customers can pay for a private greenwaste collection service.

There is a low rate of diversion of organic wastes, with compostable food and green waste accounting for approximately 45% of domestic refuse.

There is an opportunity to increase diversion of kerbside collected waste by targeting organics, however this needs to be balanced by the high cost of organics collection services and the increased transport-related greenhouse gas emissions that result from an additional collection service.

Food and green waste breaks down quickly in landfill and can assist in breaking down other materials, because of the carbon and moisture they introduce. Breaking down quickly, food and green waste do not take up valuable airspace in the landfill. However, the breakdown of organic waste does increase landfill gas production and the risk of increased fugitive emissions of greenhouse gases such as methane.

**Strategic Context**

Council waste minimisation and management is governed by the Waste Minimisation Act (WMA). The purpose of the WMA is to "encourage waste minimisation and a decrease in waste disposal in order to (a) protect the environment from harm, and (b) provide environmental, social, economic, and cultural benefits."

To further its aim, the WMA requires councils to promote effective and efficient waste management and minimisation within their district. To achieve this, all councils are required by the legislation to adopt a Waste Management and Minimisation Plan (WMMMP).

In 2017 the Councils of the Greater Wellington Region, including Hutt City, adopted a new joint WMMMP. The vision for the WMMMP is "waste free, together - for people, environment and economy".

The WMMMP also outlines Council's vision, goals, objectives and targets for waste minimisation and management in the region and includes both regional and Council-specific action plans. As part of the WMMMP Action plan, HCC has committed to further investigate a number of options for ongoing waste services. The two key actions are:

- C.1. Investigate Options and costs of a two-stream recycling collection, by 2019
- C.2. Investigate the use of wheelie bins for kerbside recycling by 2019

Further, there are three actions in the WMMMP that relate to the above actions, these need to be jointly considered:

- C.3. Investigate methods to prevent recycling from being sent to Council refuse bags
- C.4. Provide city-wide weekly refuse and recycling collection service plus recycling stations

• N.4. Review effectiveness, number, and positions of community recycling stations. Implement agreed changes if any.

In addition to the WMA, kerbside collection services are governed by the Local Government Act and the Health and Safety at Work Act.

Hutt City Council has also adopted a carbon reduction goal of carbon zero by 2050 (subject to approval at 11 December 2018 meeting).

**Investment Objectives and Case for Change**

**Objective 1 To provide services that are cost effective**

**Status Quo** A user pays bag refuse collection service provides a price incentive to divert waste, with 30% market share. The cost of providing the service is covered by the bag sales, but this may not be the case if bag sales drop. Council's recycling collection costs Council \$1.3 million (incl GST) per annum. Refuse collection costs Council \$1.07 per bag sold or approximately \$150k (incl GST) per annum.

**Relevant Investment Benefits** The overall suite of Council kerbside services provided is a cost-effective package. Customers are encouraged to divert waste with the right funding mechanism. Fixed cost are shared across sufficient customers to achieve efficiencies from scale.

**Relevant KPIs** Overall service cost within approved budgets.

**Potential Scope** Changes to Council kerbside collection services and drop-off points are considered as a package from a cost perspective. Refuse and recycling collection contract expires in September 2019. The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery and collection methodology and funding mechanisms do not align (e.g. user pays refuse wheelie bins). Service costs recovered through rates are unacceptable to Council.

**Relevant Investment Benefits** Provide services that are safe. Council's services include manual collections of bags and crates, which are generally considered higher risk from a health and safety perspective.

**Potential Scope** Factor, council staff and the general public are kept safe at all times. Portable incidents associated with Council's hazardous waste services.

**Potential Scope** Health and safety considered as part of service options.

**Constraints and dependencies** Changes to kerbside services must improve health and safety standards, and comply with regulatory requirements.

**Risks** Continuing with bag collection for refuse or crate collection for recycling may not be acceptable to some contractors due to H&S risk, and may open Council up to a noise H&S liability should a serious incident occur.

**Objective 3 To provide services that reduce greenhouse gas emissions**

**Status Quo** Transportation emissions associated with weekly refuse and recycling collections, plus private refuse collection vehicles also driving the same streets, emissions from landfill disposal as well as the processing of kerbside collected recycling.

**Relevant Investment Benefits** Greenhouse gas emissions are unchanged or reduced as a result of service changes.

**Relevant KPIs** Reduce carbon emissions to zero by 2050.

**Potential Scope** Greenhouse gas emissions considered as part of service options.

**Constraints and dependencies** Changes to kerbside services must reduce or maintain current greenhouse gas emissions.

**Risks** Changes to services introduce new greenhouse gas emissions not previously considered.

**Objective 4 To provide services that customers want and can use appropriately**

**Status Quo** Council has received requests from residents for a change to wheelie bins for both refuse and recycling, although the level of satisfaction with the current service is relatively high. In the case of refuse, this only applies to the 30% of residents that use the service, with the remaining 70% of residents opting to use private wheelie bin services.

**Relevant Investment Benefits** Reduced contamination of recycling products. Increased customer satisfaction recorded in Council's annual customer survey.

**Relevant KPIs** High level of satisfaction with Council's kerbside collection services in Council's annual customer satisfaction survey.

**Potential Scope** Change in kerbside collection methodology from status quo. Potential introduction of organics collection. Potential changes to recycling drop-off points.

**Constraints and dependencies** Refuse and recycling collection contract expires in September 2019. Alignment with the implementation of regulatory framework change (e.g. solid waste bylaw). The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery.

**Risks** Residents uncertain how to use the new recycling system, may result in increased contamination.

**Objective 5 To reduce waste and protect the environment from the harmful effects of waste**

**Status Quo** Large quantities of recyclable material and organics that could be diverted are currently being landfilled. Material collected as recyclables may be disposed of at the end processor if no market exists for them.

**Relevant Investment Benefits** Reduction in waste to landfill and improved recycling outcomes. Reduction in contamination of recycling products.

**Relevant KPIs** Meet regional WMMMP diversion targets.

**Potential Scope** Change in kerbside collection methodology from status quo. Potential introduction of organics collection. Potential changes to recycling drop-off points.

**Constraints and dependencies** Refuse and recycling collection contract expires in September 2019. Alignment with the implementation of regulatory framework change (e.g. solid waste bylaw). The hilly terrain of the Hutt Valley coupled with strong winds and rain impact service delivery.

**Risks** Residents uncertain how to use the new recycling system, may result in increased contamination. Markets not available for some recyclables, resulting in the need to landfill these materials.

**Economic Case:**

**Determine Potential Value for Money (COSTS ARE INDICATIVE AND FOR COMPARISON ONLY. ACTUAL COSTS WILL DEPEND ON MARKET RESPONSE)**

	Status quo: bags, crates	Opt out refuse, 2-stream recycling	Refuse bins, 2-stream recycling	PAYT refuse bins, 2-stream recycling
Appraisal period (years)	10	10	10	10
Capital costs (\$m)	0.0	0.0	0.0	0.0
Whole of Life Costs (\$m)	-44.2	-77.5	-72.8	-65.5
Cost-Benefit Analysis (monetary benefits and costs at the Public Sector Discount Rate)				
Net Present Value of Benefits (\$m)	12.4	5.2	5.5	32.6
Net Present Costs (\$m)	31.1	-19.4	-51.2	-46.1
Benefit Cost Ratio				-13.5
Net Present Value (\$m)				
Multi-criteria Analysis				
Political risk - major community feedback	Low risk - improved all of services with bins	Medium risk - improved all of services with bins	Medium risk - improved all of services with bins	Medium risk - improved all of services with bins
Economic risk - unexpected cost increases	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown	Medium risk - long term recycling commodity prices unknown
Social risk - risk to public health or worker safety (i.e. community opposition assessed under Political)	High risk - manual handling with crates and bags	Medium risk - some manual handling with glass crates	Medium risk - some manual handling with glass crates	Medium risk - some manual handling with glass crates and removal PAYT tag
Technical risk - Untried technology or process	Low risk - approach common in NZ	Low risk - approach common in NZ	Low risk - approach common in NZ	Medium risk - solution not widely used in NZ
Legal risk - Council decisions legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged	Low risk - unlikely to be legally challenged
Environmental risk - risk of discharge to environment	Low risk - existing diversion	Medium risk - no refuse price control in the diversion	Medium risk - rates funded refuse may encourage more disposal	Low risk - more diversion anticipated
Preferred Option:				

**Financial Case:**

**Financial Costing for 2-stream recycling and range of refuse options**

	Year One	Total
Capital Expenses (\$m)	0.00	0.00
Operating Expenses (\$m)	Refuse \$0m to \$4.5m Recycling \$2.2m	Refuse \$0m to \$4.5m Recycling \$22m
Total Revenue (\$m)	Refuse \$0m to \$4.5m Recycling \$0m (rates funded)	Refuse \$0m to \$4.5m Recycling \$0m (rates funded)
Capital Funding Required (\$m)	0.00	0.00
Operating Funding Required (\$m)	Refuse \$0m to \$4.5m Recycling \$2.2m	Refuse \$0m to \$4.5m Recycling \$22m

The financial case looks at the overall cost to Council, including the funding required, whether there is any revenue.

Whether the service financial case is the best outcome in the long term depends on the funding required for the service depends on the funding required for the service depends on the funding required for the service.

Refer to table for more detailed breakdown of costs and funding.

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The financial case looks at the overall cost to Council, including the funding required, whether there is any revenue.

Strategic case

Economic case

Financial case

Management case

Commercial case

# Kerbside collection

## Relevant WMMP 2017-23 actions:

- **C.1: Investigate options and costs of a two-stream recycling collection, by 2019**
- **C.2: Investigate the use of wheelie bins for kerbside recycling by 2019**
- **IN.4: Review effectiveness, number, and positions of community recycling stations. Implement agreed changes (if any)**



# Current recycling & problems

## Kerbside recycling collection with crates

- Significant concerns about wind-blown litter and also rain damage
- Crates are small, limiting the amount of material that residents can recycle
- not a full cost service, i.e. users are expected to pay for their own crates. Some residents use their own “containers” (such as cardboard boxes).
- The use of flexinets to minimise wind-blown litter is voluntary and users are also expected to pay for their own nets, the resulting usage appears to be low.

## Recycling drop-off stations

- Unstaffed sites attracting illegal dumping and associated costs
- Incorrect use / abuse resulting in bin content contamination



# Recommended: two-stream recycling

- wheelie bin for mixed recyclables and a crate for glass collected fortnightly
- Higher capacity bins with latches will reduce wind-blown recycling litter
- Glass in separate crate to protect value of other recycling (paper) and to enable sorting on truck to protect value of colour-sorted glass
- Bin option used in many NZ cities: Auckland, Christchurch, Wellington, Dunedin, Porirua, Palmerston North
- Following roll-out of high capacity kerbside bins, phase out *unstaffed* recycling stations, retain only in two strategic locations, under staff supervision



# Estimated costs recycling

	<b>Current</b>	<b>Estimated future</b>	
System	Crates, weekly	Crates, weekly	2-stream, fortnightly
Annual cost per household	\$40*	\$82	\$69
Total service cost	\$1.3m	\$2.6m	\$2.2m

- Crates: assumes all costs included; market changes over the last two years means less revenue from recycling for contractor, thus future collection costs for status quo likely higher than at present
- Costs for two-stream collection in line with current costs in Dunedin (\$66/property) and Porirua (\$74/property)

\* Crates and nets are sold on an at-cost basis, not included in the annual targeted rate of \$40 per property

# Options discounted or not recommended

## **No service**

→ Not assessed as does not meet strategic objectives

## **One stream 240L bin for commingled recycling, including glass**

→ Not viable as no infrastructure to deal with commingled glass

## **Separate food organics collection**

→ no processing infrastructure available in the region, uncertainty regarding end-markets for collected materials; further analysis and preparatory work required, ideally in cooperation with other councils in our region

# Current refuse service & problems

## Rubbish bag collection

- Significant health and safety concerns (eg injuries)

### Proportion of injuries by collection method

Collection Method	Usage of this method (%)	Total injuries for this method (%)
Automated bin	46	5
Bag	32	36
Non-automated bin	13	17
Loose materials	9	41

- frequent illegal dumping that is occurring at various locations

# Option 1: continue with bag service

- only pay for what you use
- Council currently achieves approximately \$400k in revenue (*but note that future contract costs have been estimated to be significantly higher*)
- **BUT:**
  - Market share currently stable, but there is a risk that costs could increase and this could affect revenue
  - Health and safety concerns would remain (eg injuries, animal strike); key waste operators with established health and safety systems no longer tender for this type of service
  - Could impact illegal dumping / recycling bin contamination



## Option 2: Discontinue Council service

- Council pulls out of service provision, and users are free to choose their own provider (eg as is done in Kapiti)
- Users do not have to engage a provider, they could share bins
- Private operators do not offer bag collection, so this would effectively mean moving fully to bins (addresses health and safety risks associated with bags)
- **BUT:**
  - Tends to be more costly per household as private operators do not get the economies of scale
  - Council currently achieves \$400k in revenue from its bag service
  - Could impact illegal dumping / recycling bin contamination



# Option 3: Rates-funded bin

- Addresses health and safety risks associated with bags
- Range of bin sizes can be provided (80L / 120L / 240L) to match customer demand
- Ensures Council still provides a service that customers expect
- more cost effective for households currently using private bins
- Lower cost if fortnightly collection, but potential odour concerns
- **BUT:**
  - Transfer costs from user pays to rates funding → rates impact
  - Can disadvantage those that create little waste (single person household, elderly)
  - Would reduce incentive to illegal dump waste





# Option 4: Pay-As-You-Throw bin

- only pay for bin collection when needed
- more expensive than Option 3, but cost effective for households with little waste
- **BUT:**
  - PAYT technology still not full commercialised (bin tags vs automated identification technology)
  - Council currently achieves \$400k in revenue from its bag service
  - Could impact illegal dumping / recycling bin contamination



# Estimated costs

Service cost	Refuse Collection					
Service option	Pre-paid Official Refuse Bag		Opt-out Refuse Service	Rates Funded Refuse Bins		PAYT <sup>(1)</sup> Refuse Bins
	Current cost	Future cost		120L, weekly	240L, fortnightly	
Collection cost	\$400,000 surplus from bag sales	\$768,000	\$0	\$1,935,000	\$1,124,000	\$1,706,000
Disposal/ processing cost		\$212,000	\$0	\$2,176,000	\$2,176,000	\$1,741,000
Recycling revenue		n/a	n/a	n/a	n/a	n/a
Council administration cost <sup>(2)</sup>		\$98,000	\$0	\$411,000	\$314,000	\$345,000
Total service cost		\$1,078,000	\$0	\$4,522,000	\$3,456,000	\$3,792,000
PAYT <sup>(1)</sup> revenue		\$942,000	\$0	\$0	\$0	\$3,858,000
Cost recovery from rates (excl. GST)		\$136,000 <sup>(7)</sup>	\$0	\$4,522,000	\$3,456,000	\$0 <sup>(3)</sup>
Annual average cost per participating household (incl. GST)		\$130 <sup>(4)</sup>	\$285 <sup>(5)</sup>	\$144	\$115	\$234 <sup>(6)</sup>

# Household cost scenarios

Service option	Pre-paid Official Refuse Bag <sup>(1)</sup>	Opt-out Refuse Service <sup>(2)</sup>	Rates Funded Refuse Bins 120L, weekly	Rates Funded Refuse Bins 240L, fortnightly	PAYT Refuse Bins
<b>Assumptions</b>	\$2.75 per bag in Lower Hutt	\$4.62/wk, 80L bin \$5.50/wk, 120L bin \$8.50/wk, 240L bin	\$2.19/wk, 80L bin \$2.77/wk, 120L bin	\$1.73/wk, 120L bin \$2.21/wk, 240L bin	\$4.50 per pick up for 120L bin
<b>Household A: One person, 60L of rubbish every three weeks</b>					
<b>Estimated annual cost</b>	\$47 (17 bags)	\$240	\$114	\$90	\$59 (pick up four-weekly)
<b>Household B: Three people, 120L of rubbish per week</b>					
<b>Estimated annual cost</b>	\$286 (104 bags)	\$286	\$144	\$115	\$234 (pick up weekly)
<b>Household C: Five people, 240L of rubbish per week</b>					
<b>Estimated annual cost</b>	\$572 (208 bags)	\$442	\$288 (two 120L bins)	\$230 (two 240L bins)	\$468 (two pick ups weekly)
<p>(1) For the purpose of this comparison, the bag option already reflects the recent increase in bag price from \$2.50 to \$2.75. However, actual future costs may be higher.</p> <p>(2) Based on private waste collection charges as at May 2019. They are subject to change as private companies adjust their service charges in response to competition from other service providers, including Council.</p>					

# Combined results

- Assume change to **two-stream recycling + weekly bin**

Current			Estimated future			Difference
Recycling (crates)	Refuse	Total	Recycling (bins)	Refuse	Total	
<b>Household A: One person, 60L of rubbish every three weeks (currently using bags)</b>						
\$40	\$47	\$87	\$69	\$114	\$183	+ \$96
<b>Household B: Three people, 120L of rubbish per week (currently using wheelie bins)</b>						
\$40	\$286	\$326	\$69	\$144	\$213	- \$113
<b>Household C: Five people, 240L of rubbish per week (currently using wheelie bins)</b>						
\$40	\$442	\$482	\$69	\$288	\$357	- \$125

# Challenges

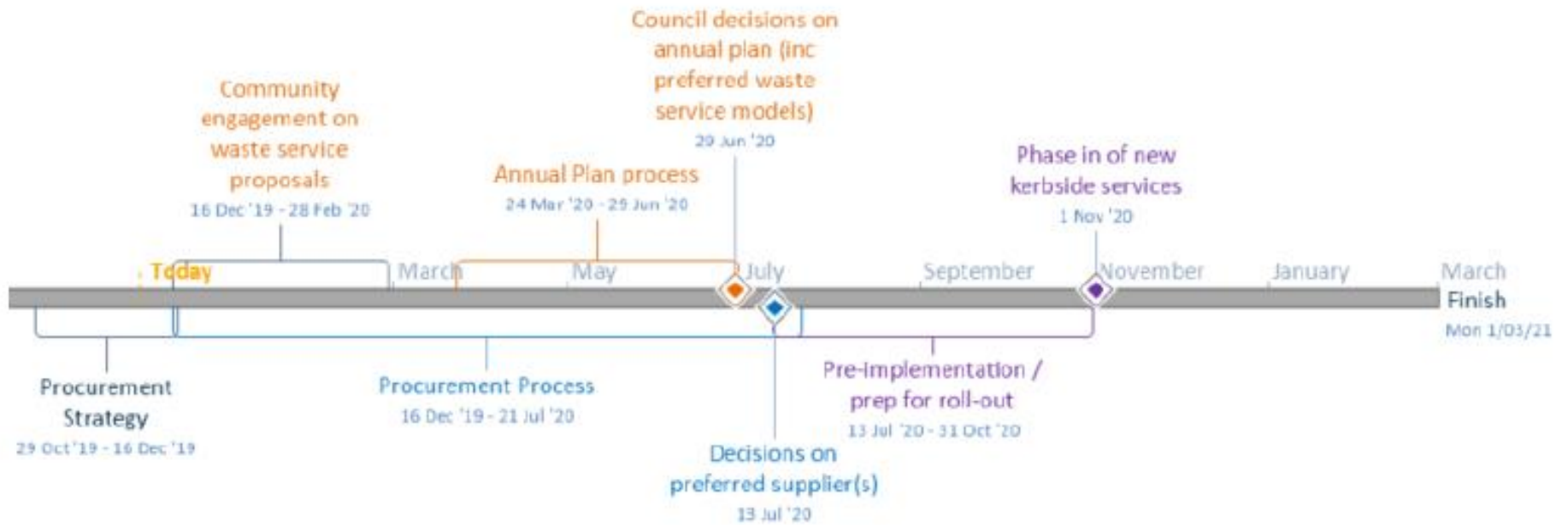
- **Small households**
  - Offer ability to opt-out (eg someone with a small flat could share a bin with their neighbour)
  - Offer different bin sizes in line with household demand
  - Explore fortnightly collection for small bin sizes only
  - Consider PAYT bin service – but would need to test technical feasibility, complexity and cost during procurement
- **Inaccessible rural roads** → alternative collection service, such as localised drop-off point with 660L bins
- **Multi-units / apartments** → service with larger 660L bins, or no Council service (eg require recycling via bylaw)
- **People with disabilities** → subsidised wheel-in-and-wheel-out service

# Opportunities?

- **Carbon-Zero:**
  - move to fully electric collection trucks
  - *Opt-in* green waste service
- **Social outcomes**
  - Require living wage and other social outcomes
- **Schools**
  - Offer fully or partially subsidised recycling collection to schools and early childhood education centres



# Next steps and timeline



# Thank you



# Resource recovery

## Relevant WMMP 2017-23 action:

- **IN.3: Investigate the establishment of a free to use recycling waste facility and shop before the landfill gates, implement if found to be economically viable**
- **IN.11: Increase waste diversion at landfill and increase collection and diversion of reusable and recyclable items**

# Current service and case for change

- Existing resource recovery drop-off at Silverstream landfill
- Focused on reusable and repairable items (bric-a-brac, electronics, furniture, ...)
- Collected items are processed and sold at Earthlink's Wingate site and shop
- Customers charged for waste disposal regardless of use of drop-off point
- Current transfer station layout does not encourage use of resource recovery drop-off
- Health and safety risks for workers due to poor shelter, inadequate shelter for products dropped off
- Drop-off area and resale shop are located at two different sites



# Options discounted

- **Maintain status quo:** Continuation of current shortcomings, poor weather protection for items, H&S concerns \
- **No resource recovery:** does not meet at least one strategic objectives (eg provide services that customers want and can use appropriately)
- **Expand scope to also include the processing of construction and demolition (C&D) waste:** conditions in the Wellington Region C&D market make it unlikely that resource recovery is commercially viable at this point in time; but can change due to landfill levy increases
- **Private RRC:** consumers would have to visit both a private RRC and the landfill to drop off material, presents disincentive for residents to divert; no suitable land available to co-locate

# Recommended: enhance status quo

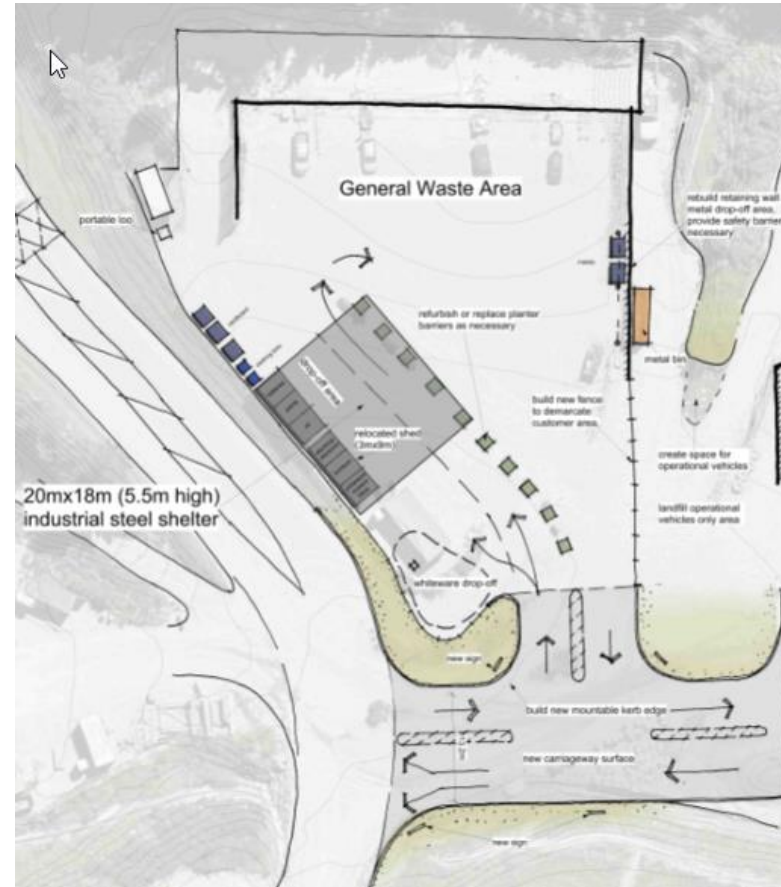
- Improved reception area for items dropped off, preserve value of items
- Better shelter for resource recovery staff
- Incentivise diversion by Earthlink trialling discount vouchers
- Requires initial upfront investment to improve storage and drop off point in 2020/21 (~ \$326,000, one-off) albeit costs could come from HCC's (ring-fenced) waste minimisation reserve fund and/or an application to the Government's Waste Minimisation Fund
- **But...**

# Pre-requisite: New traffic layout to unlock space and resolve traffic hazards

Current



Proposed state



# Hazardous waste

## Relevant WMMP 2017-23 actions:

- **C.8: Review effectiveness, scope and location of hazardous waste collection day**
- **IN.10: [Improve] Recycling and hazardous waste facilities at the transfer station / landfill**

# Previous service and case for change

- Annual hazardous waste collection day coordinated with Upper Hutt City Council
- Event supported by volunteer Council staff, but with H&S risks
- Only captures a relatively small portion of household hazardous waste generated
- Hazardous waste may be stored or disposed inappropriately between collection days
- Unattended hazardous waste drop off area at Silverstream Landfill does not meet best practice H&S standards



# Options discounted

- **Maintain status quo:** continued health and safety risks associated with “volunteers” involved in potentially handling hazardous materials.
- **Annual collection event and enhanced landfill drop-off:** double the cost but with limited additional hazardous waste capture
- **Collection event every two years:** less cost but stored volumes of household hazardous waste may become more significant over this longer period.



# Recommended

- **Short-term:** Continue with (contracted) annual collection events for now, but with council staff as “volunteers” no longer involved in handling of hazardous waste, collaborate with Upper Hutt City Council
- **Medium-term:** include establishment of a permanent drop-off facility at Silverstream transfer station as part of the next re-tender of the landfill contract
  - Upgrade storage facilities (separate bunkers for different materials from waste min levy funds), qualified personnel at specified times preferably via the landfill operator
  - Implementation can be staged, discontinue annual collection event once drop-off in place as operating costs were estimated to be similar

# Additional slides

# Materials Recovery Facility

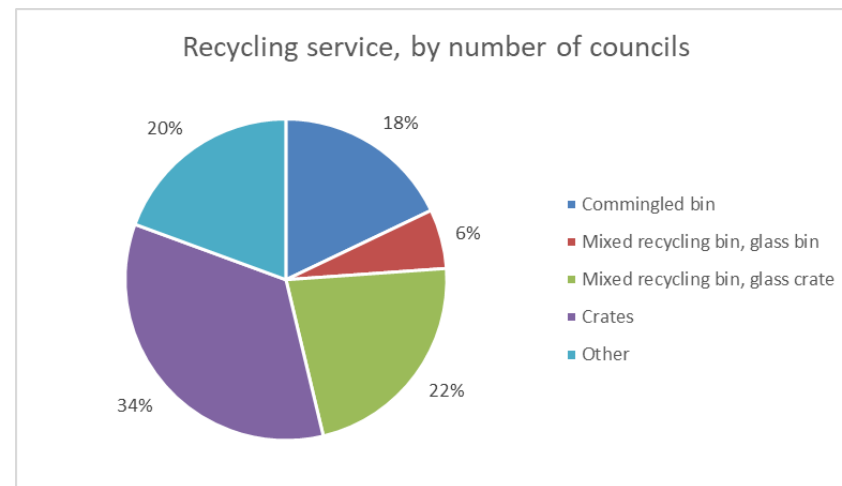
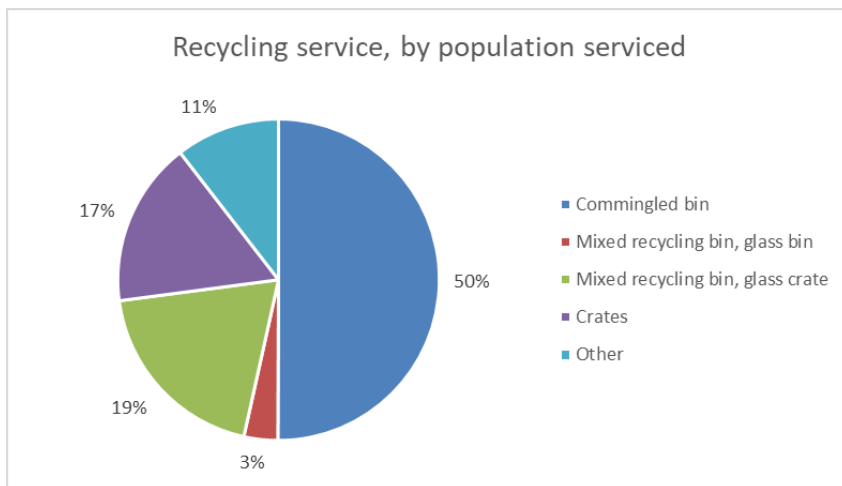


# Recycling: What are other councils doing?

Currently not possible in Wellington region due to lack of infrastructure

Recycling service	Population serviced	Number of councils
Commingled bin	2,123,319	12
Mixed recycling bin, glass bin	144,504	4
Mixed recycling bin, glass crate	824,278	15
Crates	704,538	23
Other	444,501	13
<b>Total</b>	<b>4,241,140</b>	<b>67</b>

Currently only on trial basis as no processing capacity



264

10 December 2019



18 November 2019

File: (19/1365)

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Report no: HCC2019/1(2)/230

## Waste Review Outcomes and Next Steps

### Purpose of Report

1. The purpose of this report is to provide you with an update on the strategic reviews of three waste management service areas (residential hazardous waste, resource recovery, and kerbside collection), and for Council to agree on the next steps.

## Recommendations

That Council:

- (i) notes and receives the contents of the report;

### Hazardous household waste

- (ii) notes that officers are working on the establishment of a permanent drop off facility at the Silverstream transfer station, to be funded from waste minimisation levy funds. To this end, officers are planning to include such a permanent drop off facility in the upcoming procurement process for an operator for Silverstream landfill in order to confirm cost effectiveness, to be undertaken early in 2020;

### Resource recovery for re-usable items

- (iii) notes that officers propose to make improvements to the existing facility at Silverstream transfer station. One-off capital costs are estimated at approximately \$326,000, which could be funded from Council's ring-fenced waste minimisation reserve fund. Whilst this would avoid relying on rates to fund these improvements, Council would still need to assign funds to the relevant capital budget as part of the annual plan process;
- (iv) agrees that officers make an application to the Government's Waste Minimisation Fund, in order to secure part of the funds to help realise these improvements;
- (v) agrees that the resource recovery improvements be included in the draft Annual Plan capital improvements for 2020/21 of \$326,000, to be funded from Council's waste minimisation levy funds and/or any grant funding received from the Government's Waste Minimisation Fund;

### Kerbside collection services

- (vi) notes that a recommended change to a two-stream recycling service and changes to a rates funded bin service will require investment and an amendment to the 2018-2028 Long Term Plan;
- (vii) agrees that officers engage with the community, as soon as possible and before the commencement of the formal Annual Plan and Long Term Plan amendment consultation process in 2020, regarding their feedback on the potential service changes and additional features, such as offering recycling in schools, and offering an opt-in green waste service; and
- (viii) agrees that officers conduct an open competitive procurement process to identify suitable suppliers to deliver the identified service changes, in parallel to community engagement and the Annual Plan (and Long Term Plan amendment) process.

## Background

2. New Zealand has one of the highest rates per capita waste production in the developed world, according to the Organisation for Economic Co-operation and Development (OECD).
3. The predominant approach in our economy is to make a product, and then dispose of it in a landfill, or worse, it may end up as litter in the

environment. An alternative to the current linear approach is to move to a more circular economy, where valuable resources are no longer thrown away, but kept in circulation, with as much waste (or resources) as possible diverted from simply ending up in a landfill or the environment.

4. The Wellington Region Waste Management and Minimisation Plan (WMMP) 2017-23 set out the vision for the Wellington region (and its eight Councils) to become “waste free, together”. This is particularly relevant to Hutt City Council’s Silverstream landfill, which has limited remaining capacity, and identifying a new location will be problematic. Therefore, the preferred approach is to minimise waste going to landfill to extend its life as long as possible.

5. In June 2018, in line with the relevant actions in our WMMP 2017-23, Hutt City Council (HCC) officers commenced strategic reviews of three waste management service areas in Lower Hutt.

6. The review process for all three waste service areas followed the Treasury’s Better Business Case (BBC) approach. Its aim is to provide objective analysis by looking at strategic, economic, financial, commercial and management factors. It is used in the public sector in New Zealand to aid in decision making.



7. The review process, led by consultants Morrison Low Ltd, involved the following steps:
  - (a) In September 2018, background information was compiled, including previous studies, feedback previously received from residents on our existing waste services, waste data and financial information.
  - (b) In October 2018, an Investment Logic Mapping (ILM) workshop with key stakeholders, including HCC staff, staff from Upper Hutt City Council (UHCC), and our service providers. In this workshop we identified the problems and issues associated with each service area, the benefits associated with achieving relevant improvements, and the strategic objectives to address the issues and opportunities in each service area. These objectives were able to be standardised across the three waste services reviews, and would later be used to assess options. They are as follows:
    - (i) to provide services that are cost effective;
    - (ii) to provide services that are safe;
    - (iii) to provide services that reduce greenhouse gas emissions;
    - (iv) to provide services that customers want and can use appropriately; and
    - (v) to reduce waste and protect the environment from the harmful effects of waste.

8. In December 2018, strategic cases for change were produced for each service area, including the issues and opportunities to be addressed, the legal context and for each of the objectives: the scope of the review, the anticipated benefits and risks and key performance indicators.
9. Following this, a long list of options for each service area was developed, and assessed against the strategic objectives and other critical success factors. The options assessed covered the full range of available options across the following dimensions: service scope (what), service solution (how), service delivery (who), implementation (when) and funding.
10. Based on these assessments, options were shortlisted for more detailed analysis in order to develop the economic, financial, commercial and management cases. On 23 May 2019, the results of the business case work were presented to Councillors at a workshop.
11. Following some additional analysis on key aspects of some options, the business cases were finalised by August 2019.
12. In the following sections, the results for each service area are presented, with an outline of the next steps.

### **Hazardous household waste**

#### *Current state*

13. Over a number of years, HCC, in cooperation with UHCC, has run an annual hazardous waste collection event ("hazmobile"), targeting residents to enable them to dispose of relevant hazardous products such as household and garden chemicals. This annual service complements a relatively basic drop off point for certain products and materials (such as oil containers) at the Silverstream landfill transfer station.
 

A photograph showing a variety of household hazardous waste items. In the foreground, there are several large plastic jugs and bottles. One prominent yellow jug is labeled 'PENNZOIL'. Next to it is a red spray bottle labeled 'ArtOut'. Other items include a green bottle, a blue bottle, and several smaller containers. The background shows more items, including a white jug and a blue container labeled 'QUICK THINNER'. The items are arranged on a surface, likely for collection or disposal.
14. The following key issues and problems were identified:
  - (a) Current services do not meet some industry health and safety standards for either the annual hazardous collection event (eg, role of volunteers) or the Silverstream drop-off (eg, unstaffed).
  - (b) Current services only capture a relatively small proportion of hazardous waste generated.
  - (c) The destination of material not captured by hazardous waste services is unknown and inappropriate storage or disposal by the community may be occurring.

#### *Options*

15. The following options were shortlisted for further analysis:



Option description	Elements common to all options
<p><b>Option 1: Status quo</b> Continuation of unstaffed landfill drop-off and annual hazardous waste collection events by Council staff and volunteers</p>	<ul style="list-style-type: none"> <li>• Focus on household hazardous waste only</li> <li>• Jointly deliver hazardous waste services with Upper Hutt City Council</li> <li>• Implement changes as soon as possible</li> <li>• Funded via the waste levy or rates</li> </ul>
<p><b>Option 2: Enhanced landfill drop-off</b> Upgrade hazardous waste storage facilities and staff drop-off with trained personnel; discontinue hazardous waste collection events</p>	
<p><b>Option 3: Enhanced landfill drop-off and hazardous waste collection events</b> Upgrade hazardous waste storage facilities and staff drop-off with trained personnel; contract an experienced hazardous waste specialist to provide hazardous waste collection events</p>	
<p><b>Option 4: Annual hazardous waste collection event</b> Discontinue unstaffed drop-off; contract an experienced hazardous waste specialist to provide hazardous waste collection events every year</p>	
<p><b>Option 5: Hazardous waste collection event every two years</b> Discontinue unstaffed drop-off; contract an experienced hazardous waste specialist to provide hazardous waste collection events every two years</p>	

16. As part of the long-list assessment, we also considered options to (i) expand the scope of hazardous waste services to include commercial waste, and (ii) expand the scope of hazardous waste services to include agricultural chemicals.

17. Both were discounted because they do not meet some of the strategic objectives (eg, provide services that customers want and can use appropriately). Commercial services tend to be highly specialised, and businesses are expected to manage relevant hazardous waste they produce in line with their sector requirements. In addition, for agricultural chemicals, there is an existing (voluntary) rural recycling programme “Agrecovery” that provides New Zealand farmers and growers with options for container recycling, drum recovery and the collection of unwanted or expired chemicals. Note that the New Zealand Government is currently looking to declare agrichemicals a ‘priority product’, requiring the establishment of a regulated mandatory product stewardship scheme (see the [recent Ministry for the Environment consultation on proposed priority products](#)).

*Results*

18. The choice of a recommended option for household hazardous waste management is driven by the need to ensure appropriate disposal from a health and safety and environmental perspective.
19. Regardless of the hazardous waste management option chosen, small quantities of household hazardous waste can be safely disposed of as part of the general waste services at the kerbside, albeit a key aim for any household hazardous waste services option chosen is to ensure that these quantities remain small to reduce risks.
20. The option of the status quo was not recommended because of the health and safety risks associated with the current approach. The option of providing both an annual collection event and an enhanced landfill drop-off was also not recommended because it would cost twice as much with limited additional hazardous waste capture. The option of a collection event every two years was also not recommended. This is because although less cost than the annual event, it would mean stored volumes of household hazardous waste may become more significant over this longer period.
21. Morrison Low recommended that HCC either facilitate an annual hazardous waste collection event with relevant qualified staff, or develop an enhanced landfill drop-off facility. Both options would address the health and safety risks associated with continuing the status quo. Either option would ensure significant quantities of hazardous waste are not stored in the home.
22. The overall cost of providing either option is broadly similar, albeit costs for both options are higher than the previous volunteer-run hazardous waste collection event, which is reflective of the health, safety and environmental improvements. However, the bulk, if not all of the funding required to implement either of the two options could continue to come from Council's dedicated waste minimisation levy funds received from the Ministry for the Environment.
23. Given there are two options that appear to be equally viable, Morrison Low recommended that HCC run an annual hazardous waste collection event for one to three years in cooperation with UHCC, whilst the cost of construction and operation of the enhanced landfill drop-off is confirmed. In addition, the landfill contract is coming up for re-tender, so there is an opportunity to obtain this information. HCC could then use this to confirm its long-term household hazardous waste management solution in cooperation with UHCC.

#### *Next steps*

24. In line with the business case results, HCC has been working with UHCC to procure a service provider for conducting a hazardous waste collection event for one to three years, until further information about the operating costs of an enhanced landfill drop-off is known. The first annual collection event was run on 23 and 24 November 2019, funded from our existing waste levy funds received from the Ministry for the Environment.
25. With regard to the landfill re-tender, officers will include the scope, methodology and requirements for an enhanced landfill drop-off point for

household hazardous waste in the upcoming procurement process for a landfill operator, in order to confirm cost effectiveness. The procurement process is currently scheduled to commence in early 2020.

**Resource recovery**

*Current state*

26. HCC currently has a Resource Recovery Centre (RRC) as part of the transfer station at its Silverstream Landfill. The RRC accepts re-usable and repairable household items dropped off by the public.

27. The following key issues and problems were identified:

- (a) The operation and layout of the current RRC creates health and safety risks for workers including working in inclement weather, due to poor shelter, and working on uneven sloping ground.
- (b) The current RRC does not protect product value, due to inadequate shelter for products dropped off at the RRC.
- (c) Customers are charged for disposal ahead of entering the RRC and transfer station, and therefore there is no financial incentive to divert products before proceeding to the disposal area at the transfer station.



*Options*

28. The following options were shortlisted for further analysis:

Option description	Elements common to all options
<p><b>Option 1: Status quo</b> Continuation of current arrangement</p>	<ul style="list-style-type: none"> <li>• Focus on reuse and repair</li> <li>• Service delivered by Council with outsourced contract to RRC provider</li> <li>• Funded via the waste levy</li> </ul>
<p><b>Option 2: Enhanced status quo</b> Improved storage for material dropped off, improved traffic flow, potential financial incentives for customers</p>	
<p><b>Option 3: Private RRC only</b> No drop off at Silverstream, customers encouraged to visit private RRC only</p>	

29. Note that as part of the long-list assessment, we also considered options to (i) not offer a resource recovery centre at all, and (ii) expand the scope of the resource recovery centre to also include the processing of construction and demolition (C&D) waste.

30. The former was discounted because it does not meet some of the strategic objectives (eg provide services that customers want and can use appropriately). The latter was discounted because a recent Regional C&D Waste Issues and Options Paper (*refer Policy & Regulatory Committee report PRC2019/1/11 from 4 March 2019*) found that conditions in the Wellington Region C&D market make it unlikely that resource recovery is commercially viable at this point in time (eg, low cost disposal options, low cost availability of virgin materials), albeit future policy changes could alter this (eg, the New Zealand Government is currently consulting on its proposals to increase the landfill levy).

#### Results

31. Retaining the status quo was not recommended because of the health and safety issues associated with the current approach, and a likely inability to significantly increase diversion of re-usable items.
32. The option of establishing a private RRC off-site, while feasible, was also not recommended, because it would mean consumers would have to visit both a private RRC and the landfill to drop off material. This was seen as a disincentive for residents to divert, and therefore the private RRC was unlikely to divert as much as an enhanced status quo. (*Contrary to other landfills such as Wellington City Council's Southern landfill, users of the transfer station at Silverstream (cars, utes and light trailers) are not weighed, which means there is no financial incentive associated with dropping of valuable items for re-use prior to entering the transfer station.*)
33. Morrison Low recommended an enhanced status quo. This would include building an improved goods receiving area and storage facility for re-use items dropped off at the resource recovery area at the landfill transfer station. This will improve health and safety for workers and the public using the resource recovery area, with the drop-off area located under cover. The enhanced status quo would be more likely to achieve higher diversion of re-usable and repairable items than either the status quo or the establishment of a private (off-site) facility.
34. This option would also include implementing some form of financial incentive such that customers are incentivised to divert re-usable items. For example, Earthlink, the operator of the RRC at Silverstream, is looking to trial vouchers for discounts at Earthlink's re-sale shop in Wingate, for those customers that drop off items of significant value.
35. The operational costs for the enhanced status quo are broadly similar to current costs, funded out of the waste levy funds Council receives from the Ministry for Environment.
36. The capital works required for the enhanced status quo, estimated at \$326,000, could either be funded from HCC's waste minimisation reserve from unspent dedicated waste minimisation levy funds received from the Ministry for the Environment (\$506,213 as at 30 June 2019), or alternatively, they may be able to be funded (at least partly) through the New Zealand Government's Waste Minimisation Fund following an application for a grant from this contestable fund.

*Next steps*

- 37. The recommended changes to our resource recovery services will require capital improvements that are currently not budgeted for. Officers recommend that the proposed improvements be considered in the annual plan process.
- 38. In addition, officers propose that Council make an application to the New Zealand Government’s Waste Minimisation Fund in May 2020, in order to secure funds to help realise these improvements.
- 39. Note that the above improvements are separate to current plans to improve the layout and traffic flow at the transfer station at Silverstream landfill during the current financial year (as shown in the aerial views below). These changes are proposed due to significant health and safety concerns with the current layout, particularly traffic flow at the intersection.
- 40. However, while technically separate, these traffic flow changes are effectively a pre-requisite for improvements to the resource recovery area, as it would unlock more space to improve the receiving area for re-usable items. These changes may also be required in order to establish space for a more formal hazardous waste drop-off point, as discussed in the previous section of this paper. The capital works for the traffic flow improvements are currently expected to be completed by April 2020, subject to funding approval.



**Kerbside collection services**

*Current state of recycling collection*

41. Hutt City Council has a contract with Waste Management NZ (WMNZ) to provide kerbside collection services for recyclable items such as glass bottles, metal cans and jars, certain plastic bottles and containers, cardboard and paper in the Lower Hutt area. Funding for this contract is tied to a targeted rate set at \$40 per residential rating unit, recovering the collection cost of the service of approximately \$1.3 million per financial year.
42. The weekly kerbside collection service with crates is provided to residential customers only, with collected material pre-sorted on the trucks, with further processing occurring at a materials recovery facility in Seaview, operated by OJI Fibre.
43. The following key issues and problems were identified:
- The recycling crates, due to their design and lack of effective means to retain recyclables, tend to lead to significant litter production during frequent windy days, as evidenced by frequent complaints by residents. This litter tends to enter the storm water system and can end up in Wellington Harbour, leading to ocean and beach pollution.
  - The existing service option with crates is not a full cost service, ie, users are expected to pay for their own crates. This approach is relatively ineffective in practice, as some residents use their own “containers” (such as cardboard boxes). The use of flexinets to minimise wind-blown litter is voluntary and users are also expected to pay for their own nets, the resulting usage appears to be low.
  - Recycling crate services tend to have higher worker health and safety risks than wheelie bins due to the need for workers to exit trucks, and manually handle crates and recyclables, including sharps (eg, broken glass).
  - The capacity of the recycling crates is inadequate, limiting the amount of material that residents can recycle (or leading to flow-on problems, such as litter due to overflowing crates).
  - In addition to the kerbside collection, there are five community recycling stations to cater for occasions when residents have large amounts of glass or cardboard to recycle. There is significant and frequent contamination and illegal dumping issues at these stations, which are open 24/7 and unstaffed. A lot of dumping tends to involve “unofficial” rubbish bags of general household refuse.

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Frequent contamination and illegal dumping at recycling station locations



*Current state of refuse collection*

44. Hutt City Council has a contract with WMNZ to provide a weekly user-pays bag collection service. Customers can put out as many (or as few) bags as they have paid for.



45. Waste companies also provide private (non-Council) refuse wheelie bin services contracted directly to customers. Residents that have the ability to pay or willingness have taken up private wheelie bin services and consequently Council's market share, although stable, is estimated at around 30%.

46. Council's weekly user-pays bag collection service is currently self-funding and realising a surplus of approximately \$400,000 for Council per year.

47. The following key issues and problems were identified:

- (a) Bag collection services have been identified as significantly higher risk from a worker health and safety perspective than bin collection services due to the need to exit the vehicle to complete the collection, manual handling of bags, and exposure to sharps.
- (b) While Council does not have data available to show the exact causes of illegal dumping behaviour, it is possible that at least some of the frequent illegal dumping that is occurring at various locations, including recycling stations, may be due to residents' lack of willingness, or inability, to pay for refuse disposal (such as via user-pays rubbish bags). Officers have estimated that Council incurs approximately \$130,000 per year in managing and collecting illegally dumped waste.

*Options for kerbside recycling and refuse collection*

48. The following options were shortlisted for further analysis:

Option description	Elements common to all options
<p><b>Option 1: Status quo</b> Continuation of refuse bag collection service</p>	<ul style="list-style-type: none"> <li>• Replacing recycling crates with a two-stream recycling collection service using a 240L wheelie bin for mixed recyclables and a 45L crate for glass collected fortnightly</li> <li>• Retain current kerbside collection areas</li> <li>• Phase out the unstaffed recycling stations, with drop-off only being retained at two strategic</li> </ul>
<p><b>Option 2: Opt-out</b> Discontinue Council's refuse collection service, refuse collection provided by private sector only</p>	
<p><b>Option 3: Rates-funded bin</b> Provide all residents with a wheelie bin for refuse, funded through a targeted rate</p>	

<p><b>Option 4: PAYT (Pay-As-You-Throw) bin</b> Provide all residents with a wheelie bin for refuse, but only charge when they use the service (ie, when the bin is collected and emptied)</p>	<p>locations</p> <ul style="list-style-type: none"> <li>• Continue of outsourced contracts for kerbside collection service delivery</li> <li>• All service delivery changes implemented as part of kerbside collection re-tender</li> </ul>
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49. As part of the long-list assessment, we also considered options that were ultimately not short-listed for further analysis, for the reasons as outlined below:
- (a) Council no longer provides a recycling service: not assessed as does not meet strategic objectives
  - (b) One stream 240L bin for co-mingled recycling, including glass: not assessed as not viable due to lack of infrastructure to deal with co-mingled glass
  - (c) Separate food organics collection: further market analysis and development required (eg, currently no suitable processing infrastructure with relevant capacity in the wider Wellington region) albeit a (voluntary) separate green waste collection could be offered as discussed later in this report; and Wellington City Council is planning to trial a separate food organics collection, which presents an opportunity to follow their progress and apply lessons learnt and collaborate with them on the development of regional processing infrastructure and/or capacity.

*Results*

50. Morrison Low undertook economic analysis of the different options in order to derive total annual service cost and average cost per household. Results are shown in Appendix 1.
51. With regard to recycling collection, Morrison Low recommended that Council move to a 240L bin for mixed recyclables and a 45L crate for glass, collected fortnightly. They have estimated that this service model would cost approximately \$69 per household.
52. The estimated costs for the two-stream collection are in line with current costs for such service models in Dunedin (\$66 per property) and Porirua (\$74 per property).
53. The total cost to Council to deliver this service is estimated at \$2.2 million per year, which compares to \$1.3 million for the current service.
54. Importantly, Morrison Low estimates that due to changes to the recycling market and value of recyclables over the last two years, future collection





costs for continuing with the current delivery approach of using crates (sorted at the kerbside) would be significantly higher than at present.

55. Costs for the future service options are fully inclusive of all costs, including administrative costs and the supply of bins (or crates and nets). Both future service options would require an increase in the cost recovery via the residential targeted rate for recycling.
56. In addition, Morrison Low recommended that when the new system is rolled out, the number of recycling stations is reduced from the five to two (due to the increased capacity of bins to hold recyclables), with the new recycling drop-off stations restricted to locations where drop-off can be supervised when open, by existing staff overseeing co-located activities.
57. With regard to refuse collection, Morrison Low recommended that Council introduces a rates-funded bin and discontinues the bag collection service.
58. This service model can be expected to resolve health and safety concerns associated with the current rubbish bag collection, and reduce the incentive for illegally dumping material, abusing recycling stations and misusing bins. While discontinuing with this service option would result in some loss of Council revenue (\$400,000), it may also reduce Council costs in other areas as a result of some reduction in littering and illegal dumping.
59. The cost for this rates-funded bin service model is estimated at \$144 per household and per year (for weekly collection), which is in line with the actual cost per household for this service model in Christchurch.
60. The total cost to Council to deliver this service is estimated at \$4.5 million per year, assuming a weekly collection service. Note that the cost for a fortnightly collection service has been estimated at \$3.5 million per year, albeit there are some potential trade-offs, such as the increased risk of odour in summer months and/or if missing collection day.
61. In addition, note that the refuse bag collection service currently results in net revenue of \$400,000 per year. Therefore, discontinuing with the bag collection service model could result in the loss of that revenue from refuse bag sales. However, Morrison Low estimates that future costs for refuse bag collection would be higher than at present as shown in Appendix 1, due to the health and safety concerns associated with that service model being reflected in future contract costs. Therefore, net revenue could likely only be maintained if bag costs increase further.
62. In order to mitigate opposition from those that wish to continue with their own private service, the rates-funded refuse service model could be paired with the ability for households to *opt-out* of the rates-funded service. However, due to the cost effectiveness of this approach, it is likely that the majority of households will choose to participate – as shown in other areas that have rolled out similar services with either an opt-out or opt-in option.



63. In order to account for the needs of smaller households, the service could be offered with different bin sizes and associated costs to match household demand (eg, 80L bin for small households at a reduced rate, potentially combined with a fortnightly collection option for the smallest bin option).
64. Depending on the availability of suitable and cost-effective technology, a pay as you throw (PAYT) bin service using automated identification technology such as RFID or bar code technology could be offered, potentially via an opt-in approach for the smallest bin size only. PAYT refuse bins could be attractive to very small households as they would only need to pay when needed – albeit this may have to be paired with a minimum pick-up frequency, to avoid potential health and odour concerns. The PAYT bin option could be tested during the procurement process in terms of technical feasibility, complexity and costs in comparison to the rates-funded bin (or as an opt-in add-on to the smallest rates-funded bin).
65. The estimated relative costs for the different refuse options for a small household (or those who choose to minimise their waste generation) are as follows:

Service option	Pre-paid Official Refuse Bag <sup>(1)</sup>	Opt-out Refuse Service <sup>(2)</sup>	Rates Funded Refuse Bins 120L, weekly	Rates Funded Refuse Bins 240L, fortnightly	PAYT Refuse Bins
<b>Assumptions</b>	\$2.75 per bag in Lower Hutt	\$4.62/wk, 80L bin \$5.50/wk, 120L bin \$8.50/wk, 240L bin	\$2.19/wk, 80L bin \$2.77/wk, 120L bin	\$1.73/wk, 120L bin \$2.21/wk, 240L bin	\$4.50 per pick up for 120L bin
<b>Household A: One person, 60L of rubbish every three weeks</b>					
<b>Estimated annual cost</b>	\$47 (17 bags)	\$240	\$114	\$90	\$59 (pick up four-weekly)
<b>Household B: Three people, 120L of rubbish per week</b>					
<b>Estimated annual cost</b>	\$286 (104 bags)	\$286	\$144	\$115	\$234 (pick up weekly)
<b>Household C: Five people, 240L of rubbish per week</b>					
<b>Estimated annual cost</b>	\$572 (208 bags)	\$442	\$288 (two 120L bins)	\$230 (two 240L bins)	\$468 (two pick ups weekly)
<p>(1) For the purpose of this comparison, the bag option already reflects the recent increase in bag price from \$2.50 to \$2.75. However, note that future bag costs may be higher than at present, as health and safety concerns associated with that service model would be reflected in future contract costs.</p> <p>(2) Based on private waste collection charges as at May 2019. They are subject to change as private companies adjust their service charges in response to competition from other service providers, including Council.</p>					

*Combined results*

66. When looking at recycling and refuse services from a “rates” perspective, then Morrison Low’s recommended options would mean an increase in the targeted rate for the two-stream recycling services, and introducing a new targeted rate for a refuse service using wheelie-bins. The total investment required per year is \$6.7 million (plus a further \$400,000 of lost revenue regarding bag sales).
67. However, it is important to consider these changes in combination, and from a “household” perspective. When viewed in combination, a weekly rates-funded recycling and refuse service can be delivered for less cost than what an average household would normally pay for a private refuse collection service and the crate-based recycling system (a total of \$213 per year vs \$326 per year).

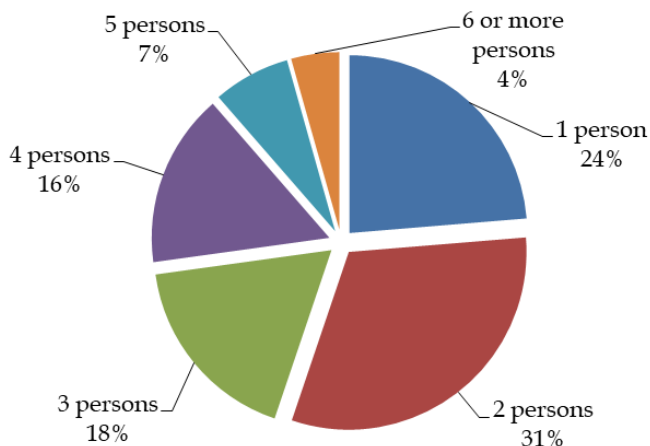
Current			Estimated future			Difference
Recycling (crates)	Refuse	Total	Recycling (bins)	Refuse	Total	
<b>Household A: One person, 60L of rubbish every three weeks (currently using bags)</b>						
\$40	\$47	\$87	\$69	\$114	\$183	+ \$96
<b>Household B: Three people, 120L of rubbish per week (currently using wheelie bins)</b>						
\$40	\$286	\$326	\$69	\$144	\$213	- \$113
<b>Household C: Five people, 240L of rubbish per week (currently using wheelie bins)</b>						
\$40	\$442	\$482	\$69	\$288	\$357	- \$125

68. We do not have data on which type of households use bins vs bags. However, the market share for bags sits at 30%, which appears to be broadly in line with the number of 1 person households in Lower Hutt.

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Household sizes in Lower Hutt

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69. Note that in order to deliver the new two-stream recycling system and the rates-funded bin, investment in new bins and crates will be required, estimated at \$4.2 million. While these costs are included in the costs outlined above, it would be more cost effective for Council to purchase the bins outright, as opposed to the contractors financing them, in part due to the Council's lower cost of borrowing.

#### *Challenges*

70. Where refuse and/or recycling bin collection is not feasible for certain types of properties (eg residents on narrow more rural roads), then an alternative collection service would need to be provided, such as via a dedicated drop-off point with larger 660L bins close to the affected properties. Alternatively, and this is administratively less complex, those properties would not be serviced, albeit in that case they would also not be subject to the targeted rate for recycling or refuse.
71. The options in this paper are only relevant for residential properties. However, note that it is expected that there will likely be an increasing number of multi-units and high-rise apartments in the future. This will present some challenges, as conventional bins with sizes up to 240L may not be appropriate for such situations (eg to avoid having footpaths full of bins on pick-up day, and due to the lack of waste storage areas to hold individual bins for each unit or apartment resident). Two approaches are possible:
- (a) Multi-units and high-rise apartment buildings, over a certain size or meeting certain building characteristics, could be treated like commercial organisations and would not be subject to the Council-provided services. The affected property owners or body corporates could then decide how they wish to manage their refuse, such as by engaging a private operator to service their property with larger commercial bins. While at present there would be no requirement for body corporates to offer recycling to their residents, this could be required as part of the new refuse collection by-law currently under development (ie private waste collectors could be required to offer a

recycling option to any services they offer to certain types of commercial organisations).

- (b) Council could offer an alternative collection service with 660L bins for multi-unit apartment buildings, provided the bins can be accommodated in a dedicated waste management area on the affected property. This approach could be tested for feasibility and cost effectiveness during the procurement process.
72. Wheelie bins can be challenging for people with disabilities. For this scenario, a subsidised wheel-in-and-wheel-out service could be offered, albeit it could be subject to qualifying criteria. Other councils offer such service; total costs are likely small in relation to the total service cost. Note that Council has an *Accessibility and Inclusiveness Panel* with which it could work to design this service offering, to ensure it is fit for purpose and acceptable to the community.

#### *Opportunities*

73. Note that while a separate (mandatory) food organics collection was not shortlisted, it would be feasible to offer an *opt-in* collection service for green waste only, as there is some processing capacity in place for this (eg, via Composting NZ in Kapiti). While such a service is already available for private residents on a commercial basis via Waste Management NZ, scope and pricing could be tested as part of the procurement process for the recycling and refuse services. Making such option available to residents via a Council-advertised service (recovered via the rates bill for that property) could have the potential to significantly increase uptake (and thus increase diversion from landfill and result in emission reductions) due to the improved economies of scale.
74. With regard to Council's carbon zero target, note that moving to battery-electric trucks presents a significant opportunity to reduce greenhouse gas emissions associated with our recycling and refuse collection services, in line with Council's zero carbon target. Battery-electric vehicle technology is very suitable for this kind of operation, due to frequent stop-start operations and predictable and relatively short routes. Importantly, a number of operators are investing in this technology, with a number of fully electric trucks in operation in New Zealand, including by our current service provider Waste Management NZ. Relevant outcomes can be achieved through relevant requirements as part of our procurement process for any new kerbside collection services.
75. Hutt City Council voted in 2018 to pay its lowest-paid staff the living wage. There is an opportunity to consider the living wage, and other social outcomes, as part of our procurement process for any new kerbside collection services.
76. There has been interest in the community in the past to consider making Council's recycling collection service available to schools and early childhood education centres, either fully or partially subsidised (refer a previous petition on this issue). Where schools already have recycling, they currently rely on commercial providers for this service, or they may use our recycling stations.

77. While not shortlisted during the business case process, as it may not be feasible to offer this service to all schools due to cost or operational limitations, this option could be explored in more detail regarding feasibility and cost during the procurement process. In addition, this potential service expansion could be included in the options available in our engagement with the community in order to confirm whether there is support for such a service scope expansion.
78. Any changes to the refuse and recycling kerbside collection approach could also be of interest to UHCC. Officers have kept UHCC officers abreast of our business case work, and there are opportunities for the two Councils to collaborate should UHCC wish to do so.

#### Next steps

79. Within the context of Council's significance policy, the recommended changes to our recycling and refuse collection services will require engagement with the public (eg, due to the changes in the scope and associated changes to costs for those services). Ideally, this engagement should take place as soon as possible.
80. Any investment decision by Council would require an amendment to the 2018-2020 Long Term Plan, and a special consultative procedure.
81. With regard to procurement, officers propose to run a procurement process to test the actual costs of the different options in parallel to the engagement with the community. This is because the current kerbside contracts expire in October 2020, and it would not be possible to commence the roll-out of a new system if procurement were to commence after the annual plan process.
82. Officers have compiled an indicative timeline for (i) consulting with the community on its preferences with regard to the recommended service changes, and (ii) undertaking the procurement process to help inform Council decisions and to find our preferred supplier for the respective services.



#### Risks

83. *Delays and incomplete information if processes not run in parallel:* If the procurement process were to commence after community consultation and

Council decisions, then it is likely that a new kerbside contract could not be operational until later in 2021.

84. *Community views:* It is possible that parts of the community will oppose rates increases associated with the recycling service model, and the introduction of a rates-funded refuse service. However, this risk can be managed by communicating effectively about the real costs and benefits of the current model, and by offering an opt-out option to households for rates-funded refuse services (although note the related risk regarding opting-out of refuse collection and potential recycling contamination).
85. *Tight procurement and mobilisation timeframes:* Timeframes for getting ready for a new service once decisions have been made are very tight (eg, purchase of trucks). This risk can only be managed to a degree by communicating proactively with potential suppliers, and a key residual risk will remain depending on when Council makes final decisions on its preferred approach following community consultation. Officers are also exploring extending the current contract until at least early 2021, in order to allow for a more realistic timeframe to get ready for the roll-out of a new service model.
86. *Increasing costs for the existing contract:* The contracts for recycling and rubbish bag collection originally were to expire in September 2019, but have already been extended until 31 October 2019. Costs to Council have already increased compared to previous contract rates, due to significant contamination and illegal dumping costs at the unstaffed recycling stations. Further extensions beyond 31 October 2019 may have further financial implications, or the incumbent Waste Management New Zealand may not wish to extend that contract further.
87. *Private collector opposition to a rates-funded refuse collection service that impacts their market share:* Commercial recycling and refuse collection services are unaffected by the recommended service changes, and the recommended service models are already in place in New Zealand cities such as Christchurch. Opposition from operators active in the residential kerbside refuse market can be mitigated to a degree by making suppliers proactively aware of our procurement approach, and making it clear that this is an open competitive process. It may also be possible to select more than one supplier to deliver our services (eg, recycling vs refuse vs opt-in greenwaste), provided it meets our requirements and it is cost effective.
88. *Continued volatility in the recycling markets:* Significant decreases in market value of recyclables such as paper/fibre could also impact on the risk profile of our suppliers and the corresponding service costs. Council may have to keep an open mind in terms of suppliers wanting to share some of this risk.
89. *Recycling contamination:* If Council moves to bins for recycling collection, but retains a system whereby residents can avoid the cost of refuse collection (eg refuse bags and PAYT bins), there is a significant risk of collecting contaminated recyclables, which will not be accepted by OJI Fibre for processing. Hence, that material would have to go to landfill. Short of removing recycling bins from affected properties, there are very limited ways to address this (eg providing information, sending warning letters).

### Consultation

90. Changes to the kerbside services as recommended by Morrison Low are significant under Council's *Significance and Engagement Policy*, in that it would result in significant changes to how recycling and waste services are currently delivered.
91. Therefore, officers recommend that Council engage with the community on the recommended options as soon as possible.

### Financial Considerations

92. The recommended changes to the recycling and refuse services would require an increase in rates, for example by increasing the targeted rate for recycling and expanding the scope of that targeted rate to include refuse services (and potentially green waste services where people opt in).
93. However, our analysis suggests that for a large share of the community, particularly those households currently using a private bin service provider, overall costs would reduce.
94. In terms of the estimated overall costs, they are as follows:
  95. The total cost to Council to deliver a two-stream recycling service is estimated at \$2.2 million per year, which compares to \$1.3 million for the current service using crates, ie it would require an increase of \$0.9 million per year to be recovered from the residential targeted rate for recycling. The resulting targeted rate per residential property has been estimated at \$69 (currently \$40).
  96. The total cost to Council to deliver a rates-funded refuse bin collection service is estimated at \$4.5 million per year, assuming a weekly collection service. The resulting targeted rate per residential property for refuse collection, except where residents opt-out, has been estimated at \$144.
  97. Note that the refuse bag collection service currently results in net revenue of \$400,000 per year. Discontinuing with the bag collection service model could result in the loss of that revenue from refuse bag sales, albeit Morrison Low estimates that future costs for refuse bag collection would be higher than at present as shown in Appendix 1. This is due to the health and safety concerns associated with that service model being reflected in future contract costs. Therefore, net revenue could likely only be maintained if bag costs increase further.
  98. The total cost to Council to offer additional services, such as offering recycling fully or partially subsidised to schools, or offering the green waste bin service to opt-in customers, has yet to be estimated. This would be done as part of our procurement process.



**Appendices**

No.	Title	Page
1	Appendix 1 - Comparison of refuse and recycling service costs and revenue for various options	285

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Acting General Manager, City Transformation

**Appendix 1: Comparison of refuse and recycling service costs and revenue for various options**

Service cost	Refuse Collection					Recycling Collection			
Service option	Pre-paid Official Refuse Bag		Opt-out Refuse Service	Rates Funded Refuse Bins		PAYT <sup>(1)</sup> Refuse Bins	Crates, Weekly		Two-stream, Fortnightly
	Current cost	Future cost		120L, weekly	240L, fortnightly		Current cost	Future cost	
Collection cost	\$400,000 surplus from bag sales	\$768,000	\$0	\$1,935,000	\$1,124,000	\$1,706,000	\$1,300,000	\$2,593,000	\$1,833,000
Disposal/ processing cost		\$212,000	\$0	\$2,176,000	\$2,176,000	\$1,741,000		\$390,000	\$669,000
Recycling revenue		n/a	n/a	n/a	n/a	n/a		-\$624,000	-\$535,000
Council administration cost <sup>(2)</sup>		\$98,000	\$0	\$411,000	\$314,000	\$345,000		\$236,000	\$197,000
<b>Total service cost</b>		\$1,078,000	\$0	\$4,522,000	\$3,456,000	\$3,792,000	\$1,300,000	\$2,595,000	\$2,164,000
PAYT <sup>(1)</sup> revenue		\$942,000	\$0	\$0	\$0	\$3,858,000	n/a	n/a	n/a
Cost recovery from rates (excl. GST)		\$136,000 <sup>(7)</sup>	\$0	\$4,522,000	\$3,456,000	\$0 <sup>(3)</sup>	\$1,300,000	\$2,595,000	\$2,164,000
<b>Annual average cost per participating household (incl. GST)</b>	<b>\$130<sup>(4)</sup></b>		<b>\$285<sup>(5)</sup></b>	<b>\$144</b>	<b>\$115</b>	<b>\$234<sup>(6)</sup></b>	<b>\$40</b>	<b>\$82</b>	<b>\$69</b>

- (1) PAYT = pay as you throw or user-pays
- (2) Council administration estimated at 10% of collection and processing/disposal costs
- (3) Surplus revenue generated not shown here
- (4) Average annual cost per participating household is 1 bag x 52 weeks x \$2.50/bag (as at May 2019).
- (5) Based on the average 120L/140L annual service cost for private collectors operating in Lower Hutt
- (6) Based on \$4.50 per bin tag for 120L bin
- (7) This cost recovery from rates for continuing with bags was based on the assumption that the cost per bag remains at \$2.50 (as at May 2019).



**Document status**

Job #	Version	Approving Director	Date
2508	1, DRAFT	Ewen Skinner	11-12-19
2508	2, DRAFT	Ewen Skinner	28-01-20
2508	FINAL	Ewen Skinner	18-02-20

**Hutt City Council**

**Waste Collections Procurement Strategy**

**February 2020**

## Contents

1	Introduction	1
2	Procurement objectives	1
3	Section S17A Review	2
4	Strategic Context	2
4.1	Long Term Plan	2
4.2	Waste Management and Minimisation Plan	3
4.3	Contractual context	3
4.4	Procurement Policy	4
4.5	Market Factors	4
5	Procurement scope	4
5.1	Scope of services	4
5.2	Future services delivery	6
6	Sustainable procurement (Broader Outcomes)	6
7	Market analysis	7
7.1	Supplier market assessment	7
7.2	Supplier engagement	8
8	Options for addressing service-specific issues	8
8.1	Identified service issues	8
8.2	Impact on local suppliers	10
9	Procurement approach	11
9.1	Procurement stages	11
9.2	Request for Proposal (RFP)	11
9.3	Proposal evaluation process	11
9.4	Evaluation method and attribute weightings	12
9.5	Interactive negotiations	13
9.6	Procurement programme	13
9.7	Disclosure of information	13
10	Contract approach	14
10.1	Number of contracts and bundling	14
10.1.1	Kerbside refuse collection	15
10.1.2	Kerbside recycling collection	15
10.1.3	Recycling drop off site operation	16

10.2	Contract term	16
10.3	Form of contract	16
11	Financial impact	16
12	Project management	17
12.1	Project team	17
12.2	Communication	19
12.3	Risk management	19
13	Recommendation	20

## 1 Introduction

This procurement strategy is written for Hutt City Council (HCC) for the procurement of their refuse and recycling collection services across Hutt City. The procurement includes the processing of recyclables but does not include disposal of refuse to landfill. The scope of services may include operation of recycling drop-off locations located outside staffed facilities if required.

The contract(s) procured by this strategy would replace the current contracts HCC has in place to deliver these services which, as at 18 February 2020, are in the process of being extended until 30 June 2021. There are two current contracts: one for the weekly collection of user-pays refuse bags, and another contract for collection of mixed recycling in crates. The latter includes the servicing of four recycling drop-off points in Kelson, Wainuiomata, Alicetown and Naenae.

Following a business case process, Council is considering changing the way waste and recycling is collected, by offering a Council wheelie bin refuse service, and a two-stream recycling system using a 240L wheelie bin for mixed recycling and a crate for the collection of glass. Through these changes, Council is aiming to provide a service at a lower cost than the current average cost per household and believe this is possible based on the latest market prices being achieved by other Councils.

As part of assessing the options, a Better Business Case (BBC) report has been produced by Morrison Low investigating options for refuse and recycling services. Section 17A of the Local Government Act also requires councils to periodically review how their services are delivered. This Procurement Strategy includes a summary of the Section 17A findings, based on the analysis carried out in the BBC report.

This Procurement Strategy has been informed by:

- the issues paper and other background information provided by the council
- the Better Business Case report
- the discussions with Hutt City Council staff at the Procurement Strategy workshop
- discussions with other councils in the region, to explore opportunities for collaboration and joint procurement
- research by Morrison Low and our experience with other waste services procurement processes.

## 2 Procurement objectives

The following objectives have been defined for the procurement activity. Ultimately Council is seeking to implement an outcomes focused approach. The strategic objectives are:

- to provide services that are cost-effective
- to provide services that are safe
- to provide services that reduce greenhouse gas emissions
- to provide services that customers want and can use appropriately
- to reduce waste and protect the environment from the harmful effects of waste

### 3 Section S17A Review

Under the requirements of Section 17A of the Local Government Act (2002) (S17A), Councils are required to:

*“Review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and the performance of regulatory functions.”*

This must take place within two years of the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function. With HCC’s commencement of this procurement process, Council is required to complete a Section 17A review for these services.

In September 2018 Morrison Low were engaged by HCC to complete a strategic review of its kerbside collection services using a Better Business Case approach to the assessment of options. The business case was completed in August 2019. As part of the business case, Morrison Low considered service delivery requirements including those required as part of a Section 17A review.

Although the business case recommended significant changes to the waste services, from a service delivery perspective the review recommended that HCC continue with the current service delivery approach of outsourcing its waste services. The option to share services with Upper Hutt City Council if their Council decided to introduce a kerbside recycling collection service or make changes to its refuse collection services, was also recommended.

As part of the procurement strategy development, Morrison Low have reviewed the service delivery recommendations from the business case. Upper Hutt City Council representatives and the regional waste officer were involved in the stakeholder workshops for the business case, however waste officers from the other Wellington councils were not involved, and therefore opportunities for wider shared service delivery was not part of the scope of the business case. In particular, the opportunity for joint procurement was not explored.

Morrison Low interviewed waste officers from the Wellington councils regarding their service delivery arrangements in November 2019 to complete the Section 17A review process. Councils interviewed included: Wellington City Council, Porirua City Council, Kapiti Coast District Council and Carterton District Council (also representing Masterton and South Wairarapa). Although opportunities for joint procurement were not identified through this interview process, the councils within the Wellington region continue to explore shared service opportunities through the regional waste officers group. In particular, the Wellington councils are exploring opportunities to collaborate on the development of organic collection services across the region including possible shared organics processing infrastructure. Upper Hutt City Council is considering its future recycling service options; however this review has not been able to be completed in time to enable joint procurement at this stage. HCC proceeding with the procurement of these services does not prevent Upper Hutt City Council joining the process at a later stage, so long as the proposed service models align.

### 4 Strategic Context

#### 4.1 Long Term Plan

Council’s Long Term Plan (LTP) produced in 2018 for the 2018-28 period emphasises the importance of effective waste management but does not anticipate a change to the way Council delivers the refuse and recycling kerbside collection services.

The change in service levels and costs proposed to be delivered by these contract(s) requires a change to the LTP and therefore requires a public consultation exercise before the new services can commence. This is planned to be run in conjunction with the 2020/21 Annual Plan consultation in April 2020.

The procurement objectives stated in section 2 contribute to the following community outcomes in Council's LTP:

- Healthy people – we live healthy lives, and our city's services help to protect our health and our environment.
- A healthy natural environment – we value and protect the natural environment and promote a sustainable city; resources are used efficiently and there is minimal waste and pollution.
- A healthy and attractive built environment – our built environment enhances our quality of life; our city is vibrant, attractive, healthy and well-designed; we promote development that is sustainable, and that values and protects our built heritage and the natural environment.

## 4.2 Waste Management and Minimisation Plan

The Wellington Region Waste Management and Minimisation Plan (2017-23) recommended strategic reviews of Council's three waste management service areas. This review began in June 2018 and followed Treasury's BBC approach with the aim to provide objective analysis by looking at strategic, economic, financial, commercial and management factors.

This procurement exercise follows the recommendations of the BBC report for waste collection services.

## 4.3 Contractual context

The past procurement approach and timelines to Council's current contracts for refuse and recycling collection is as follows:

Year	Activity
2008	Tender for both refuse and recycling collection, won by Waste Management NZ Contract commenced 1 September 2008 Contract period was for 3 years plus 1 plus 1 years The contract was extended by extra 2 months at the end of that term.
2014	Tender for both refuse and recycling collection, won by Waste Management NZ Contract commenced 1 November 2014 Contract period was for 3 years plus 1 plus 1 years
2019	Contract with Waste Management NZ until August 2020, beyond the original agreed contract period and potential extensions
2019/2020	Discussions under way with Waste Management NZ to agree on final extension of contract until 30 June 2021; contract extension feasible but subject to agreeing terms



## 4.4 Procurement Policy

The procurement exercise will be carried out in accordance with HCC’s Procurement Policy and Procurement Guide.

Council’s Procurement Policy refers to the five principles of Government Procurement:

1. Plan and manage for great results
2. Be fair to all suppliers
3. Get the right supplier
4. Get the best deal for everyone
5. Play by the rules

The Procurement Guide outlines the steps required to fulfil the Procurement Policy that will be followed by the project team throughout the Procurement exercise.

Being over \$100,000 in value, this contract requires a competitively tendered process and having no reason to restrict the respondents, it will be an open process in line with the NZ Government Procurement Rules, 4<sup>th</sup> edition.

## 4.5 Market Factors

Outside of Council’s own strategic planning process, some key external industry factors that may impact the procurement and delivery of these collection services are noted below. These are factors that the resulting contract(s) will need to consider, but their implementation is largely outside Council’s control:

- Volatility in end markets as a result of the China National Sword Policy and pain/gain recycling revenue risk sharing between councils and contractors
- Introduction of a Container Return Scheme – forecast to be introduced within the contract period
- Increases in the Waste Disposal Levy and Emissions Trade Scheme costs

# 5 Procurement scope

## 5.1 Scope of services

The scope of the procurement is defined in Table 1. Activities that are out of scope are also highlighted in the table. While Table 1 provides the scope at a high level, it is intended that the procurement process will allow suppliers to present their ideas and innovation for how these services are delivered.

**Table 1: Procurement scope**

Services	In Scope	Out of Scope
Kerbside refuse collection	Weekly or fortnightly collection as the default approach with choice of 80L, 120L, or 240L bin options. Potential to start with or move to PAYT. Non-standard collections (e.g. multi-unit	Non-residential customers

Services	In Scope	Out of Scope
	developments, private lanes, selected rural) Assisted service for eligible properties	
Kerbside recycling collection	Fortnightly, mixed recycling bin (240L) Fortnightly, 45L glass crate (or similar) Collection of paper, cardboard, plastics grade 1 and 2, tin and aluminium cans Potential to include schools and early childhood education centres in scope. Non-standard collections (e.g. multi-unit developments, private lanes, selected rural) Assisted service for eligible properties	Non-residential customers (except for the potential to include schools and early childhood education centres) Collection of plastic grades 3-7
Kerbside organics collection	Potential to include green (garden) waste collection in scope as an opt-in service, collected every four weeks (currently offered privately as a weekly service).	Food/kitchen waste collections
Transfer stations, resource recovery facilities	Potential servicing of up to two recycling drop-off points located adjacent or within a managed facility (to be negotiated if required).  Existing unstaffed recycling drop-off sites would be phased out as part of the roll out of the new recycling service.	Management and operation of transfer stations, resource recovery facilities and landfills.
Bin and crate supply	Initial bin and crate supply and distribution. Ongoing bin and crate supply (new, additional or replacement) and maintenance during the contract term.  Procurement will explore options for both Council-funded and Contractor-funded models. Opportunity for suppliers to identify alternative ownership arrangements and associated benefits. Suppliers will be asked a specific question about this in the attributes.	
Customer and data management	Collection service monitoring, customer services, and asset and waste data management.  RFID or alternative technologies to be employed.	
Refuse disposal		Landfill disposal for the Councils' kerbside collected refuse to Silverstream landfill.  Landfill management will be tendered under a separate procurement process.  Hazardous waste services
Recyclables processing	Recycling processing facility (MRF) provision, including sale of recyclables.  Collection Contractor to provide service (potentially sub-contracting OJI, or another nominated recycling processing facility).	

Services	In Scope	Out of Scope
Organics processing	Procurement of Green Waste collections will be based on the contractor engaging directly with their nominated processing facility.	.

## 5.2 Future services delivery

Section 5.1 above identifies a number of areas where other opportunities could be included as part of a future waste service for the Councils. These include:

- an organics (garden waste) collection service
- introduction of PAYT technology
- extension of recycling services to schools and early childhood education centres

Note that some of these initiatives may require public consultation prior to implementation. Prices for these services will be sought through the procurement process, while the decision to proceed with the services shall remain at Council's discretion.

## 6 Sustainable procurement (Broader Outcomes)

Sustainability is a holistic concept and can include environmental and wider wellbeing considerations. The sustainability of the Council's services is a key consideration when selecting suppliers. The New Zealand Government recently released its updated Government Rules of Procurement with these introducing an increased focus on the sustainability of services in terms of social, economic, environmental or cultural benefits to the local community their suppliers operate in, referred to as Broader Outcomes.

For this procurement, suppliers will be expected to include initiatives that they have successfully implemented in other contracts in their proposal that support Broader Outcomes. It is anticipated that Broader Outcomes will be reflected in this procurement through the following initiatives:

- Consideration of Broader Outcomes across non-price attributes
- Requirement for suppliers to demonstrate wider social outcomes
- Requirement for suppliers to demonstrate wellbeing initiatives particularly in relation to their workforce, e.g. commitment to the living wage, cadetships/training programmes, health benefits, employee support programmes
- Requirement for suppliers to demonstrate ongoing waste reduction initiatives as well as wider environmental sustainability
- Requirement for suppliers to demonstrate an ongoing commitment to delivering services locally
- Requirement for suppliers to demonstrate carbon emission reduction, e.g. minimum percentage of fleet battery-powered electric vehicles and minimum recycled content in mobile bins
- Mandatory sustainability reporting requirements, aligned with future local government reporting requirements under the Zero Carbon bill
- Subject to Council agreement, there may also be the opportunity to trial technology or solutions that are new to industry in New Zealand.

## 7 Market analysis

### 7.1 Supplier market assessment

Details of the potential suppliers and their presence in the Hutt City market are provided in Table 2. This list covers suppliers that may have an interest in the Councils' procurement process or are active in delivering services in the area currently.

The local supplier market is fairly competitive for collection services.

**Table 2: Supplier market assessment**

Supplier	Likely to tender?	Regional presence
Waste Management	Yes	Council's current contractor Provide Council collection services across New Zealand, e.g. Napier, Whakatane, Porirua, Upper Hutt Largest waste company in NZ, therefore large pool of resources to draw from Have indicated they will not undertake any manual collection
EnviroWaste	Yes	Strong presence in Wellington region Undertake significant collection contracts for other councils, e.g. Hamilton, Taranaki, Wellington Second largest waste company in NZ, therefore large pool of resources to draw from Will undertake some manual collections
Smart Environmental	Yes	Undertake significant collection contracts for other councils, e.g. Eastern Waikato, Napier, Manawatu Third largest waste company in NZ, therefore large pool of resources to draw from Will undertake some manual collections
Northland Waste (t/a Low Cost Bins)	Yes	Undertake collection contracts for other councils e.g. Whangarei, Horowhenua Fourth largest waste company in NZ, therefore large pool of resources to draw from Will undertake some manual collections
Civic Contractors	Potentially	Undertake some kerbside services for councils, including Porirua Also provide street cleaning and litter services to councils Will undertake some manual collections
JJ Richards	Potentially	Generally focused on commercial collection services in Wellington region Large Australasian service provider with waste contracts in Auckland and Hastings Will not undertake any manual collection
Veolia	Unlikely	Not recently active in collection contracts, more focused on facility management
Local collectors (e.g. Al's Bins)	Potentially	Some are already involved through parent ownership by larger companies. Small independents are unlikely to have the capacity to provide services at scale but may choose to focus on services not provided by Council (such as

Supplier	Likely to tender?	Regional presence
		food waste) or to partner/joint venture/subcontract with one of the larger companies.

## 7.2 Supplier engagement

Supplier engagement sessions will be held during the RFP period. The purpose of these briefing sessions is to ensure that suppliers have a better understanding of Council's key requirements and concerns and provide superior tender responses.

Key topics that may be discussed include:

1. Discussion of the preferred service delivery models, albeit final approach is subject to public consultation as part of the LTP amendment process
2. Council's carbon reduction objectives, and the use of EVs and the key sensitivities around contract term and the percentage of EVs utilised.
3. Discussion of potential approaches to demonstrate wider social outcomes
4. Discussion of the best approaches to non-standard collections, e.g. multi-unit development, private lanes.
5. Customer education on recycling, including customer visibility that collected recycling is recycled.
6. Management of bin contamination
7. Provision of data such as contamination by collection area and/or property
8. Options for green waste collections services.
9. The impact of a Container Return Scheme.

## 8 Options for addressing service-specific issues

### 8.1 Identified service issues

Prior to developing this Procurement Strategy, Council developed a list of issues that needed to be addressed through the development of the Procurement Strategy. Table 3 provides a high-level summary of the issues and recommended approach to addressing these issues.

**Table 3: Addressing kerbside issues**

Issue	Issue description	Recommendations
1	Ascertaining end markets for kerbside recycling material	<ul style="list-style-type: none"> <li>Require contractors in RFP Responses to specify end markets and how long these markets have been available, and appropriate quality assurance and provision of evidence.</li> <li>Have the ability for ongoing monitoring and management including changes where it provides benefits and it is mutually agreed. Encourage them to identify higher value markets through risk sharing.</li> </ul>
2	Determining the scope of kerbside refuse collection	<ul style="list-style-type: none"> <li>RFP to price only the mobile bin collection refuse service.</li> <li>RFP to test both weekly and fortnightly refuse pick up frequency.</li> </ul>

Issue	Issue description	Recommendations
	services	<ul style="list-style-type: none"> <li>• RFP to include collection of the customer's choice of bin size.</li> <li>• Include the option for Council to introduce a green waste collection service in the future, with pricing to be obtained via the RFP.</li> <li>• HCC collection methodology and urban and rural collection service levels confirmed through 2020/21 Annual Plan consultation and informed by costs obtained through RFP process.</li> </ul>
3	Use of RFID (or other automated identification) technology in the future kerbside service or alternative technology solutions	<ul style="list-style-type: none"> <li>• Include as an option to price in the tender, or the use of alternative technology to deliver the same outcomes.</li> <li>• Integrate lessons learnt elsewhere, including what information Council wants to see and how often.</li> <li>• RFID (or other automated identification) on bins is recommended for asset management purposes and to link bin and its size to a customer. It is also recognised that RFID is important for PAYT which may be an option later on in the contract term. Suppliers would need to demonstrate that any alternative technology delivered the same asset data.</li> <li>• Ensure specification contains sufficient detail regarding integrated bin database management including compatibility with the Councils' own systems.</li> </ul>
4	Pay As You Throw (PAYT) payment method for rubbish and recycling services	<ul style="list-style-type: none"> <li>• HCC may consider the introduction of a PAYT system during the term of the contract and proposals for this option will be requested through the procurement process.</li> </ul>
5	Reducing the environmental impacts of kerbside collections	<ul style="list-style-type: none"> <li>• Include non-price attributes that favour demonstration of methodologies which specifically address sustainability, including environmental sustainability.</li> <li>• Specifically require a minimum percentage of fleet or percentage of mileage to be conducted by EVs during the contract term.</li> <li>• Specifically require suppliers to provide their proposed approach to verified carbon reporting.</li> </ul>
6	An increase in the New Zealand waste disposal levy & emissions trading scheme costs	<ul style="list-style-type: none"> <li>• For processing of recyclables, suppliers will be asked to identify their percentage contamination and the associated disposal costs so that future cost increases can be valued in the contracts.</li> <li>• Refuse disposal costs are not part of these collection contracts.</li> <li>• Following approval by Council, HCC will need to pass costs onto customers through rates and user charges, whilst encouraging them to use diversion services.</li> </ul>
7	The introduction of a Container Return Scheme (CRS)	<ul style="list-style-type: none"> <li>• Recycling collection costs will stay the same (as these are generally driven by the number of households offered the service).</li> <li>• Specify transparency in recycling processing costs to allow for reduction in volume collected and possibility that the commodity price for the remaining materials may be higher or lower than current.</li> <li>• Specify recycling revenue sharing in the pricing schedule.</li> <li>• Enable suppliers to be part of the network of processing facilities associated with the CRS.</li> </ul>
8	The introduction of a	<ul style="list-style-type: none"> <li>• There may be an impact on the collection contracts and awareness of</li> </ul>

Issue	Issue description	Recommendations
	regionally consistent bylaw in the Wellington region	bylaw requirements is important. The bylaw will support compliance with kerbside collection service requirements, and could introduce new requirements, such as operator licensing.
9	What are the best options to finance the kerbside collection service in relation to the key principles of the service?	<ul style="list-style-type: none"> <li>Bin ownership – generally Council has more affordable capital funding than contractors. Given bins have a life of 15+ years, which may be longer than the collection contract, ownership with Council is preferred. Respondents will be given the opportunity to price both options.</li> <li>Regardless of the bin ownership arrangement selected, bin management is the responsibility of the contractor during the contract term.</li> <li>For PAYT services the suppliers will be asked to demonstrate how the payment interface with customers will be managed, for example potentially using an app.</li> </ul>
10	Volatile commodity prices and the influence they have on council contracts with service providers	<ul style="list-style-type: none"> <li>Council to remain flexible regarding what materials can be collected and implement a simple mechanism for varying this in the contract.</li> <li>Implement a pain/gain recycling revenue risk-sharing arrangement in contract, reviewed quarterly against a baseline of commodity prices.</li> <li>Council will need to allow for contingency in budgeting to recognise commodity price volatility (would also need allocation for increased property numbers due to city growth).</li> </ul>
11	Should HCC provide a kerbside collection service to properties on private lanes	<ul style="list-style-type: none"> <li>In the procurement, ask suppliers to identify how they would service private lanes on the understanding that those that opt for kerbside collection on their private lane must have a waiver issued by the properties on the private lane (usually through their body corporate). Note if waivers are not provided, alternative pick up locations on public roads are required for these premises.</li> <li>Provide a separate pricing row in pricing schedule for non-standard collection services.</li> </ul>
12	The best way for HCC to service multi-unit dwellings (MUDs)	<ul style="list-style-type: none"> <li>Bespoke services typically required and assessed on a case by case basis. These are to be separately identified for pricing purposes (with separate pricing rows) and examples given of what the Council is assuming when specifying non-standard property types.</li> <li>Provide a separate pricing row in pricing schedule for non-standard collection services.</li> </ul>
13	Should the planned residential kerbside collection service be offered to certain organisations?	<ul style="list-style-type: none"> <li>Potential to offer standard service to schools or early childhood centres subject to approval by Council. For other commercial properties, the standard residential service is unlikely to meet their needs.</li> </ul>

## 8.2 Impact on local suppliers

In Lower Hutt, residents (that have the ability and willingness to pay) have taken up private refuse wheelie bin services and consequently the private market share is estimated at around 70%. Introducing a Council-funded service will impact these service providers, although the impact will vary depending on the proportion of the company's revenue that is derived from residential collections.

The private sector also provides refuse services to industrial properties and those commercial properties

where the Council's refuse collection service is not practical. The proposed refuse collection service will only be available to residential properties, meaning that while the private sectors residential market will decrease, the non-residential markets will increase in size.

The proposed Council services will provide a basic level of service that will suit most households. Local collection companies will continue to have the ability to provide services to households that (i) want additional services, such as additional bins, (ii) are in remote rural areas not serviced by Council, or (iii) desire a higher level of service such as on-property collection as opposed to collection from the kerbside (e.g. those not automatically eligible for an assisted service).

Recycling collection services are already provided by Council for residential customers, therefore there is no change in impact from the proposed Council changes.

The private sector does provide a green waste collection service for those customers who want it, on a weekly basis. Should the procurement process result in a viable green waste collection service for Council, these local operators would be affected. This will be a consideration in deciding whether any proposed green waste solution is beneficial overall, or whether this service should continue to be operated by the private sector.

## **9 Procurement approach**

### **9.1 Procurement stages**

This procurement is a single-stage interactive tender process. An RFP (Request for Proposal) will be released to the open market which will invite interested parties to provide a full and detailed response including full pricing of the waste service requirements. An Early Contractor Involvement workshop will be held during the RFP period, for one-on-one discussions with each of the suppliers intending to submit a response. Attendance at the ECI workshop will compulsory for those Respondents taking part in the RFP.

### **9.2 Request for Proposal (RFP)**

This is the formal procurement phase where RFP documentation will be released to the market and, post-proposal close, be evaluated under an agreed process.

One-on-one supplier briefings will take place after the RFP release. The briefings provide Council and the potential respondents with an opportunity to thoroughly explain the requirements and answer any questions that the proposers may have in relation to the process or Council's priorities. It will allow potential proposers to share their experience from other contracts. Questions asked by suppliers that are relevant to all respondents will be shared via RFP electronic forum.

The outcome will involve the selection of a number of shortlisted suppliers. An interactive negotiation stage will then follow with a range of meetings with shortlisted suppliers (see Section 9.5). Once this process has concluded, a preferred supplier or suppliers will be identified, subject to Council approval.

Probity will be maintained through the process and evaluation by the Ministry of Business, Innovation and Employment's Government Procurement's unit.

### **9.3 Proposal evaluation process**

Proposals shall be evaluated by a Proposal Evaluation Team (PET) of senior council staff and independent advisors (Morrison Low representative).



The proposed PET is made up of the following people:

- Bruce Hodgins – Strategic Advisor
- Joern Scherzer – Manager Sustainability and Resilience
- John Middleton – Manager Infrastructure Contracts
- Alice Grace – Morrison Low

The proposal evaluation process will be outlined in the RFP. In addition, a detailed Proposal Evaluation Plan (PEP) will be developed in advance of the evaluation phase and will be authorised by Council prior to the opening of any proposal. The PET will detail how the proposals will be evaluated and the timeframes for clarifications and supplier responses. The PET will also outline the interactive negotiation process.

#### 9.4 Evaluation method and attribute weightings

The responses will be assessed on both the quality of the proposed service and the proposed cost to Council. The evaluation method needs to distinguish which submission represents the best overall public value. Evaluation methods that focus solely on price, such as Lowest Cost Conforming, can encourage excessive cost cutting by contractors that is inconsistent with Council’s broader outcomes (e.g. living wage allowances). Quality-only methods are better suited to situations where a fixed budget for the service is available and the highest quality for that budget is being sought.

The two most common methods that consider both price and quality are Weighted Attributes and Price Quality Method (PQM). The advantage of (PQM) is the ability to put a dollar value on the difference in non-price attribute scores, to determine whether a higher priced submission represents better value than a lower priced submission.

The evaluation method to be used is the PQM with weighting on non-price attributes of 70% and a price weighting of 30%. Under this model, the price and non-price attributes are weighted to reflect their relative importance for achieving the procurement outcome. The proposed weightings for all attributes are listed in Table 4.

A shortlist of suppliers will be identified from the evaluation.

**Table 4: RFP attribute weighting**

Attribute	Weighting
Health and safety	Pass/Fail
Financial stability	Pass/Fail
<b>Non-Price Attributes</b>	<b>70%</b>
Capability (track record and relevant experience)	20%
Capacity (key personnel, plant, equipment and systems)	20%
Solution (methodology and sustainability of solution)	30%
<b>Price Attribute</b>	<b>30%</b>

Note that the Broader Outcomes to support sustainable procurement (discussed in section 6) can impact each of the non-price attributes. Tenderers will be required to address specific questions targeted at Broader Outcomes.

## 9.5 Interactive negotiations

An 'interactive' negotiation stage will then follow with a range of meetings with shortlisted suppliers. Topics covered may include the following:

- Address clarifications that were identified through the evaluation process
- Assess some of the quality attributes that were detailed in the supplier's RFP
- Management and allocation of risk
- Finalise the pricing that was detailed in the RFP by the suppliers
- Further exploration of innovation, value-add or sustainability initiatives proposed
- Any reasonable changes to the contract or specification

Outcomes decided upon then become part of the contract and service requirements. The meetings continue until Council has developed the best outcome for the service, and a Preferred Supplier is identified.

## 9.6 Procurement programme

The procurement programme is provided in Table 5.

**Table 5: Procurement programme**

Activity	Date
RFP preparation	December 2019/January 2020
RFP to market	Mid-February 2020
RFP closes	Early April 2020
Evaluation and negotiation with preferred supplier(s)	April to May 2020
Award contract(s)	June 2020
Commencement of new contracts	July 2021

## 9.7 Disclosure of information

No PET member shall disclose any information about the proposal submissions evaluated or negotiated during or after the process, to any person, company or organisation, apart from those involved in Council's approval process.

No person, outside those in the PET, who has access to information contained within proposal submissions shall disclose this information to any other person, company or organisation.

Prior to commencing any work associated with the evaluation process, PET members will be required to confirm that they are not aware of any conflict of interest which could arise as a result of their involvement in the submission evaluation process. The standard MBIE form for conflict of interest and confidentiality declaration will be used in this procurement process.

All conflicts of interest must be reported to the Proposal Administrator prior to the process commencing, or as they arise during the process. PET members may be replaced if the remaining members of the PET deem the potential conflict of interest to be significant.

The Chief Executive Officer (CEO) from the Council shall be responsible for making the final determination of any conflict of interest. Should it be deemed that any person has a conflict of interest (either by the PET or the CEO) then that person shall be denied access to any information contained within proposal submissions.

In carrying out its duties, the PET will always act in a fair and transparent manner and will refrain from making any inappropriate remarks or other behaviour which could be interpreted as indicating anything other than complete impartiality.

## 10 Contract approach

### 10.1 Number of contracts and bundling

Based on the market analysis, up to two individual contracts have been identified that need to be taken to market through this procurement process. These are shown in Figure 1. The contracts may be awarded individually or as bundles of two contracts. Separate service-specific specifications will be developed for each of the contracts, along with a general specification, so that one compiled contract can be awarded for a bundle of contracts. Note that kerbside green waste collection is a separable portion within the kerbside refuse collection contract (refer to Section 10.1.1 for further details).

#### Sections of scope:



#### Collection contract(s) options:

Option 1: 

Option 2: 

Figure 1: Waste services contracts structure and bundling options

Splitting the contracts in this way allows suppliers that specialise in one area to submit a price only for that contract. Some suppliers will want to submit a proposal for more than one (or all) contracts. There are likely to be efficiencies and associated cost savings from the sharing of resources and contract management across multiple contracts.

Suppliers will be required to submit a price for an individual contract if awarded that contract alone but will also be given the option to present bundling discounts if awarded more than one contract. In the evaluation process, the individual contract and bundled contract price will be considered as two separate proposals with the same non-price attributes but different price attribute.

Consideration has been given to what the supplier market might look like at the end of the contract term, if only one supplier were awarded all contracts. Lower Hutt, while New Zealand's seventh largest city, is still small in terms of the overall market in New Zealand, albeit the second largest city/district by population in the lower North Island. The large waste companies will still continue to provide commercial services and be in operation in other Council areas within the wider Lower North Island. Experience in other parts of New Zealand shows that, even after 10-15 years, they will tender again.

The smaller local collection companies will most likely have established new niche markets for their services and continue to operate on that basis.

On this basis the risk to the future competitiveness of the market if one supplier is awarded all contracts is expected to be low, and therefore restrictions on the number of contracts held by any one supplier are not expected to be needed.

#### **10.1.1 Kerbside refuse collection**

The kerbside refuse collection contract will cover the standard collection service and non-standard collection services for MUDs, private roads, and difficult access areas. Suppliers will require a different mix of collection vehicles to cover all collection areas. Collection contracts will include bin supply and distribution, and the associated bin maintenance, customer services, and data management. Customers will be offered the choice of an 80L, 120L or 240L bin.

Potential options that may be priced under this contract include:

- Weekly or fortnightly collections
- Roll-out of PAYT technology, either at contract commencement or during term.

The kerbside refuse collection contract also incorporates the kerbside green waste collection and processing service as a separable portion that can be awarded at Council's discretion. Proposed as an opt-in service, and without certainty of being awarded, this service may not attract sufficient attention if procured as a stand-alone contract in the procurement process. This service includes pricing for a four-weekly kerbside collection of a 240L mobile bin for customers who opt-in to the service and disposal at a Contractor nominated processing facility.

#### **10.1.2 Kerbside recycling collection**

The kerbside recycling collection will cover the standard collection service and non-standard collection services for MUDs, private roads, and difficult access areas. Suppliers will require a different mix of collection vehicles to cover all collection areas. Collection contracts will include crate and bin supply and distribution, and the associated crate and bin maintenance, customer services and data management. Customers will be supplied with a 240L bin and 45L crates for glass. Alternative solutions utilising mobile bins for the glass collection service will also be allowed.

These contracts will also include the provision of mixed recycling and glass processing, delivery to end markets, and sharing of recycling revenue (and associated risk).

Potential options that may be priced under this contract include:

- Different contract structures with the receiving facility (Council or contractor)
- Different mechanisms to share risk in changing end market demand for recyclable materials
- Potential to extend the service to schools and early childhood education centres.

### 10.1.3 Recycling drop off site operation

This contract will not include by default the staffing and management of the recycling drop-off sites and processing of the collected materials. Note that decommissioning dates are unknown and subject to community consultation and Council approval. Council may choose to procure assistance from the successful Recycling Collection Contractor during the interim period by direct negotiation if required.

## 10.2 Contract term

The preferred contract term has been determined based on the following considerations:

- Collection contracts: capital requirements relate to the purchase of collection vehicles. A contractor would normally anticipate the serviceable life of a collection vehicle to be eight to ten years, and therefore refuse and recycling collection contracts are generally in the range of seven to ten years with rights of renewal at a council's discretion.
- Bin supply: contracts that include wheellie bin supply as well as collection services typically align the contract term to the collection vehicle life, with a residual payment for the bins (that have a life of at least fifteen years) if the bins are owned by the Contractor during the contract term.
- Alignment: alignment with council planning cycles including the three-yearly LTP cycles and six-yearly WMMP is beneficial, but a secondary consideration for contract renewal periods.
- Extension periods: multiple extension periods of one, two, or three years are possible, e.g. 1+1+1 years, however a single extension period of two years provides greater certainty for suppliers and reduces administration time for Council.

With the above considerations, the proposed contract length would be eight years, with an extension by mutual discretion of two years, i.e. an 8+2 year contract term.

## 10.3 Form of contract

An NZS3917 base contract will be used. It is a widely accepted form of contract for most local authorities and contractors for waste services. Having a standard base contract gives both parties clarity and consistency when managing the contract. The intention will be to use some parts of the existing service specifications with the addition of several items to ensure the outcomes of the procurement are delivered upon:

- Relationship management (Governance Group oversight)
- Partnership approach
- Performance measurement (updated key performance indicators)
- Technology-enabled collection monitoring, data management, and reporting
- Updated contract reporting and Health and Safety requirements
- Framework to vary in additional services in future
- Emphasis on sourcing local and sustainable markets for recyclables
- A simple and practical pain share agreement, allowing for suppliers and council to effectively manage volatility in recycling markets, sharing risk and reward where appropriate

## 11 Financial impact

A high-level service cost for the collection services has been estimated by Morrison Low through the business case process and is provided in Table 6. The costs in Table 6 exclude landfill disposal (\$1.7M - \$2.2M per

year) and contract administration costs (\$0.6M per year).

**Table 6: Service costs (based on the kerbside collection business case costing prepared by Morrison Low)**

Service	CapEx (Bins, crates)	OpEx (Collection)	OpEx (Processing)	Total 10 years
Refuse collection	\$1.6M	\$1.7 - \$1.9M	Nil	\$18.6M - \$20.6M
Recycling collection	\$2.6M	\$1.8M	\$0.7M processing -\$0.5M revenue	\$22.6M
Recycling drop off	Nil	\$0.4M	Revenue TBC	\$4M
TOTAL:	\$4.2M	\$3.9 - \$4.1M	\$0.2M	\$45.2M - \$47.2M

On a per household basis, this equates to:

- Kerbside refuse collection \$144/hh, rates funded (weekly, 120L)
- Kerbside recycling collection \$69/hh, rates funded (fortnightly)

These household costs are inclusive of all services costs including collection, disposal and contract administration.

## 12 Project management

### 12.1 Project team

Considering that this is a long term, large scale procurement for Council, there is a need to provide resource with appropriate skills and expertise to ensure the required outcomes are delivered. In order to achieve this, the following resources will be utilised for the successful delivery of this procurement. Note that resources may be amended over the procurement period.

Mobilisation and contract management resources for this increased volume of waste service delivery are yet to be finalised.

**Table 8: Resource requirements**

Team member	Role	Resources
Council	The final decision-making body for the proposed collection service changes (after community engagement) on this procurement. Their day-to-day involvement in the project is limited. However, their role is of critical importance.	Elected members of the Council
Project Board and Sponsor	The Project Board has the following duties: <ul style="list-style-type: none"> <li>• To be accountable for the success or failure of the project.</li> <li>• Approve all major plans and resources</li> <li>• To provide unified direction to the project and Project Manager.</li> <li>• To provide the resources and authorize the funds for the project.</li> <li>• To authorise, or seek authorisation for, deviations exceeding forecasts.</li> </ul>	<p><b>Project Sponsor:</b> Helen Oram (GM City Transformation)</p> <p><b>Project Board:</b> Helen Oram (Chair) Andrea Blackshaw</p>

Team member	Role	Resources
	<ul style="list-style-type: none"> <li>• To provide visible and sustained support for the Project Manager.</li> <li>• To ensure effective communication within the project team and with external stakeholders.</li> </ul> <p>The Project Sponsor</p> <ul style="list-style-type: none"> <li>• is responsible for the project and is supported by the project board</li> <li>• single point of accountability for the project, key decision maker</li> </ul> <p>ensure that the project is focused on achieving its objectives and deliver outcomes that will achieve the benefits forecast in the business case, keeps asking “is the project still value for money?” during the project.</p>	<p>(GM Integrated Community Services)</p> <p>Jörn Scherzer (Manager Sustainability and Resilience)</p>
Project Manager	<p>The Project Manager is responsible for the day-to-day management of the project and project team. Has decision making authority within tolerances set by the Project Board / Project Sponsor</p>	<p>Bruce Hodgins (PM)</p>
Project Team	<p>The Project Team to contribute to project outcomes. They are and / or will provide resources alongside external resource for this procurement and resulting waste services. The team will also be responsible for providing recommendations to the Project Sponsor, the senior leadership team and the elected members of Council.</p> <p>Their responsibility is outlined in more detail in the Kerbside Collection Implementation Project Terms Of Reference.</p>	<p>Joern Scherzer John Middleton Elizabeth Collins (community engagement) Allen Yip (project assurance) others to be confirmed</p>
External Project Support	<p>Support to this procurement will be provided by Morrison Low. This will ensure the necessary project controls are in place to support decision making, risk management, and adherence to timeframes. Morrison Low will also prepare all RFP documentation.</p> <p>External support for public communication and consultation may also be engaged. External probity auditor may also be engaged.</p> <p>Peer reviews may be conducted by MBIE on an advisory basis.</p>	<p>Morrison Low MBIE (probity)</p>

## 12.2 Communication

Key procurement information will be communicated through the following channels:

- Within Council's project team, this procurement strategy will be circulated electronically.
- Elected members on committees overseeing waste services will be engaged with on a regular basis as they are the key decision-making body for this procurement process.
- Suppliers will be engaged with in a structured way through the RFP process.

## 12.3 Risk management

There are a range of risks associated with this procurement and the delivery of waste collection services. Key risks have been identified:

- Timing risk due to the expiration of the current waste collection contracts and the need for public consultation on the new proposed services. The procurement process will be run in parallel with the consultation process, with the outcomes of the consultation process being translated into the procurement process when they are available.
- A significant shift in residents' behaviour migrating from user-pays private to rates-funded council waste services
- Without effective council management, a general decline in participation in recycling services and an increase in contamination is seen in council services
- The community view on the increase in rates of changing the level of service currently provided. This can be mitigated by communicating effectively the current and future costs and benefit of both the existing and proposed service levels.
- Opposition from private sector collection services regarding their diminished market share.
- Volatility in recycling markets
- Forecast population growth
- Tenderers proposals exceeding the Councils' planned budgets and expectations for the services
- Having systems in place that sufficiently deliver effective waste services in tourist hotspots
- Uncertainty in timing and scope of Ministry for the Environment led container return scheme and other recycling initiatives
- Cost increases associated with increases in the waste levy or emissions trading scheme.

A detailed risk register shall be prepared for this procurement that includes risk mitigation measures for these and other risks identified through the procurement process.



## 13 Recommendation

It is recommended that Hutt City Council endorse this waste services Procurement Strategy.

The recommended procurement approach is:

- One RFP covering all both contracts for refuse and recycling collection (glass and mixed recyclables), with options for suppliers to be awarded more than one contract.
- A single procurement process, including an open Request for Proposals (RFP).
- RFP evaluation using the Price Quality Method (PQM) with:
  - 70% weighting on non-price attributes and 30% weighting on price
  - Non-price attributes consisting of capability (20%), capacity (20%) and solution (30%)
  - Pass/fail criteria for health and safety and financial stability.
- A contract term of 8+2 years to align with the serviceable life of collection vehicles.
- The use of NZS3917:2013 as the base contract.



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T 04 570 6666  
F 04 569 4290

23 December 2019

David Howie  
General Manager  
Waste Management New Zealand Limited  
[dhowie@wastemanagement.co.nz](mailto:dhowie@wastemanagement.co.nz)

Our reference: DOC/19/161638

Dear David

Following a meeting between Council officers and Sarah Whiteman last week, I am writing to you to outline Council's position in respect to kerbside refuse and recycling services in both the short and long-term.

The reduction and management of waste has become an increasingly important strategic priority for Council as it underpins the sustainable development of our city. To ensure we are able us to meet our waste related social, economic, cultural and environmental responsibilities going forward, we will require a strategic partner who understands this fast-changing world and can work with us to deliver best practice waste and recycling services.

Council acknowledges and is appreciative of the working relationship that has existed between our organisations, and would welcome your involvement in future conversations around a long-term strategic partnership.

I understand that it has been 16 years since Council last awarded these contracts. Given the long-term nature and value of the contract involved, it is appropriate that we now run an open and competitive procurement process, in accordance with our own policies and MBIE guidelines.

To allow for engagement with the community on the preferred service model and associated Council decision making processes, Council would ideally like to start both its new kerbside refuse collection contract and kerbside recycling collection contract on 1 July 2021. We have put together a project team for the procurement of the new collection contracts and have commenced drafting the RFP documentation, which will be available early next year.

However officers advise me that Council's existing contracts with Waste Management expire on 30 August 2020. As such we will require an interim solution and may need to be flexible on our dates. They also advise there are issues of safety and reliability around current services, and as such we could look at an earlier commencement date for one of the new contracts. Given our long-term relationship, we are keen to explore whether these current contracts can be extended to cover the gap before looking for other solutions. I understand these contracts

have been extended for short-terms in the past, but can assure you that this would be the last short term extension ahead of Council entering a long-term strategic partnership.

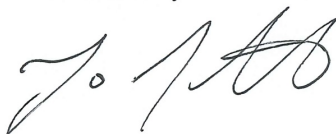
Officers have suggested the following possibilities for on-going services, which I am keen to test with you.

- 10-month extension to 30 June 2021, for either kerbside refuse collection, kerbside recycling collection or both.
- 6-month extension to 29 February for both kerbside refuse collection and kerbside recycling collection.
- 2-month extension to 31 October 2020 for kerbside recycling collection and 6-month extension to 29 February 2021 for kerbside refuse collection.
- 2-month extension to 31 October 2020, for either kerbside refuse collection, kerbside recycling collection or both.

Officers advise there are also issues around recycling drop-off points, and we are open to discussing a plan for these going forward as part of this conversation.

I appreciate your consideration of these matters and look forward to hearing back from you at your earliest convenience.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jo Miller', written in a cursive style.

Jo Miller  
CHIEF EXECUTIVE

Copy to Sarah Whiteman  
Wellington Regional Manager  
Waste Management New Zealand Limited  
swhiteman@wastemanagement.co.nz

# Recycling and rubbish update

## Survey results & options for the LTP

Council Briefing  
29 January 2020

# Survey objectives & context

## Objectives

- collect data on households' current practice for recycling, rubbish and green waste
- test assumptions made as part of the review (business case)
- to test the review's recommended options with residents

## Context

- open between 18 December 2019 and 22 January 2020
- survey first opportunity to provide feedback; further engagement work planned in the lead-up to the formal LTP consultation over the next two months
- formal consultation on the LTP amendment in April will ask residents about their preferred option

# Survey response

- Survey was available online and hard copy
- Over 4,600 responses, 99% online
- 3747 (81%) from Lower Hutt
- Captured a good mixture of household types, tenure, size, and age typical of Lower Hutt



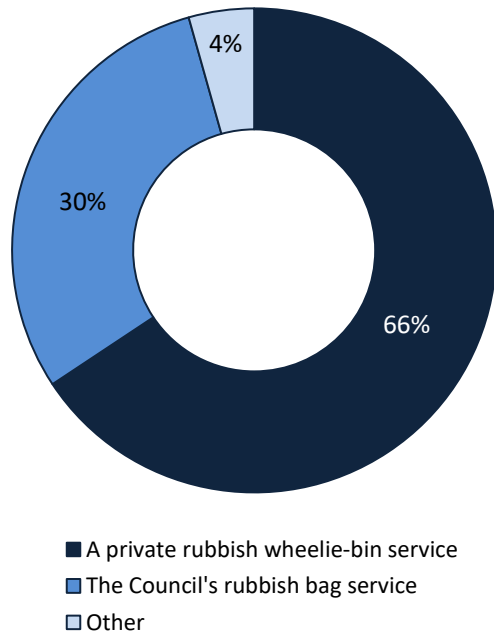
Type of Residence		Household Tenure		Household Size		Age			
Standalone house/ townhouse	94%	Own	81%	1 or 2	39%	Under 18	0%	45-54	22%
Multi-unit block	5%	Rent	17%	3 or 3	47%	18-24	3%	55-64	13%
Apartment building	1%	Other	2%	5+	15%	25-34	23%	65-74	8%
Other	0%					35-44	29%	75+	2%

# Recycling: Current practice & preference

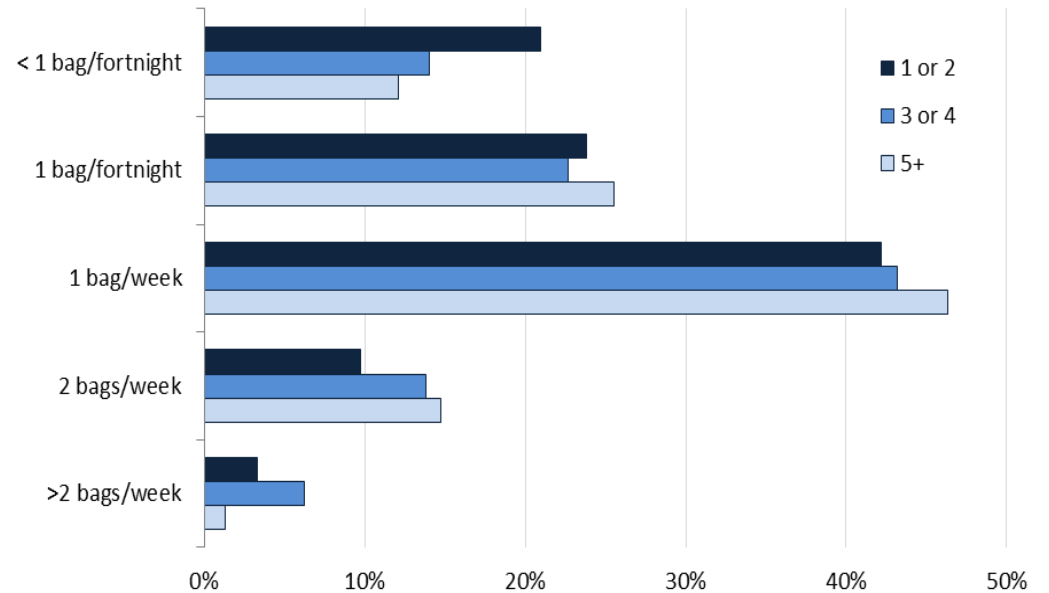
- 88% of residents use kerbside recycling
- 34% use recycling stations
- 6% do not use either of these services
- Feedback to review's recommended change to two-stream recycling model was via free-text form
- Less than 2% were explicitly against or negative in regard to the recommended changes
- Various suggestions for improvements – clips to hold lids down, weights to prevent bins from tipping, better information on what is recyclable, food waste collection

# Rubbish: Current practice (bags)

Type of rubbish collection used by Lower Hutt households



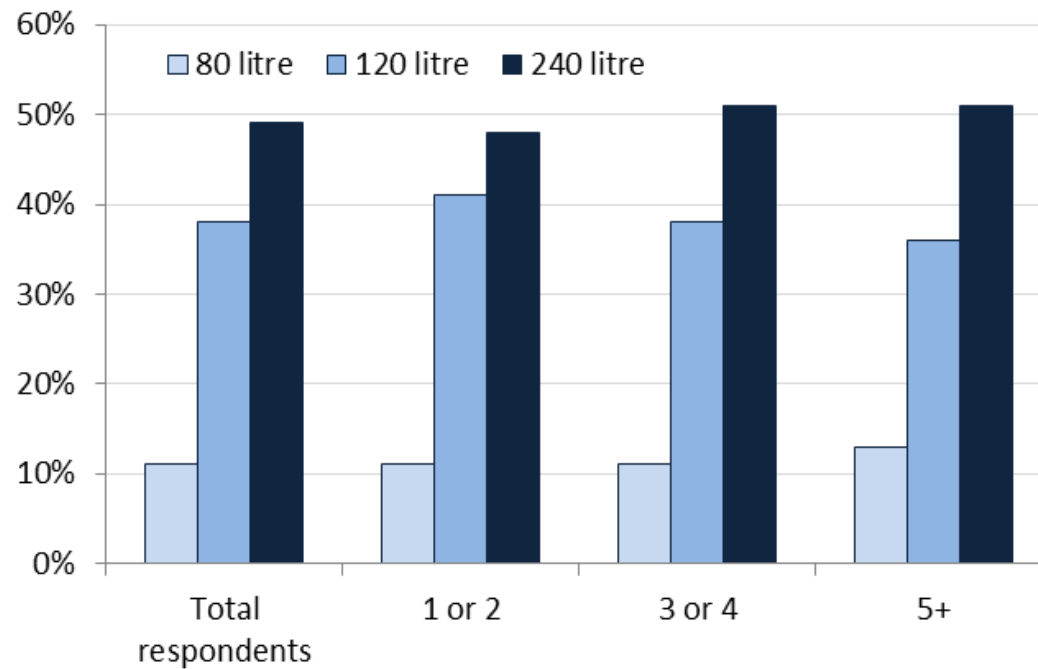
Bag usage by household size (of those that use bags)





# Rubbish: Current practice (bins)

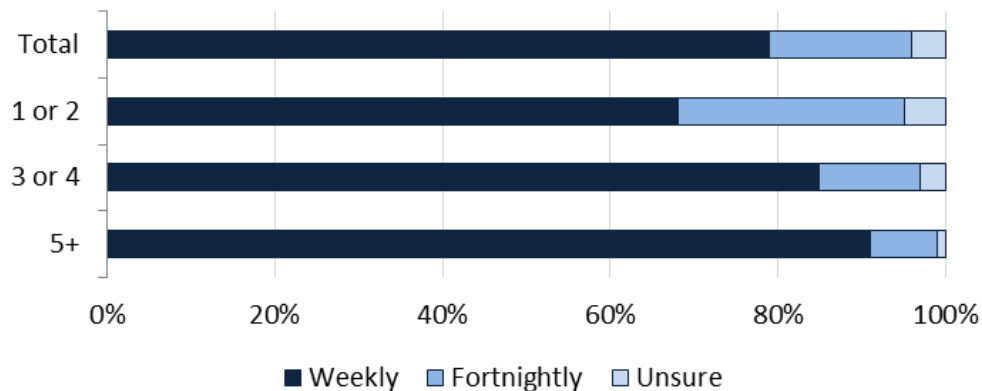
Bin size by household size  
(of those that use bins)



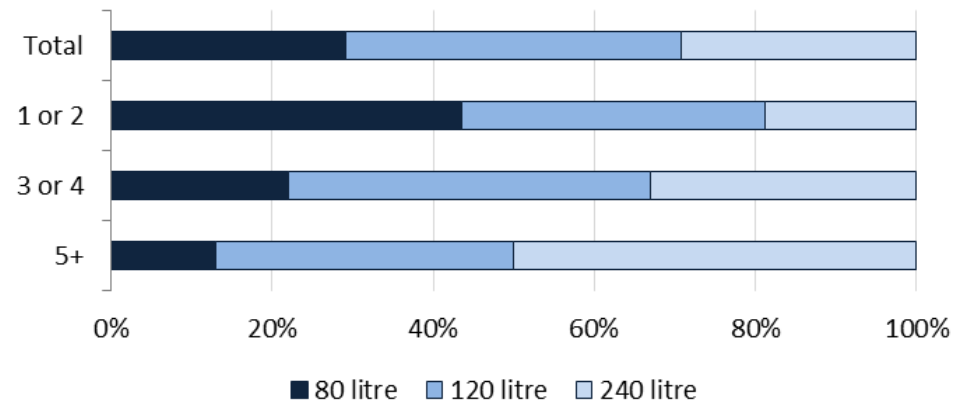
# Rubbish: Preferences

- Feedback to review’s recommended change to rates-funded bin was via free-text form
- Less than 2% were explicitly against or negative in regard to the recommended changes
- Strong support for weekly collection, slightly less so for smaller households
- Smaller households tend to want smaller bins

Preference of collection frequency by household size



Preference of bin size for weekly collection, by household size



# Green waste: Current practice & preference

- 17% of respondents use private green waste service
- 54% of respondents are interested green waste opt-in; for an additional 30% it could be of interest
- 51% would prefer four-weekly collection, with 29% preferring fortnightly

# Rationale for LTP consultation options

- Aim: offer maximum choice to rate-payers, while minimising complexity and eliminating those options that are not considered to be viable in the future
- Providing ‘option packages’ is common practice in community consultation
- All options include the change to a 240 -litre wheelie bin for mixed recycling, and a 45-litre crate for glass (“two-stream recycling”), and has green waste as an opt-in option

# Proposed consultation options

**Option 1:** Wheelie bin and crate for recycling, and rates-funded rubbish bin, weekly, funded through a targeted rate

**Option 2:** Wheelie bin and crate for recycling, and rates-funded rubbish bin, fortnightly, funded through a targeted rate

**Option 3:** Wheelie bin and crate for recycling, and Council no longer offering a rubbish service, rubbish collection provided by private sector only

**Option 4:** Wheelie bin and crate for recycling, and Pay-As-You-Throw rubbish bin, but households only pay for rubbish when they use the service (ie, when the bin is collected and emptied)



+ optional green waste



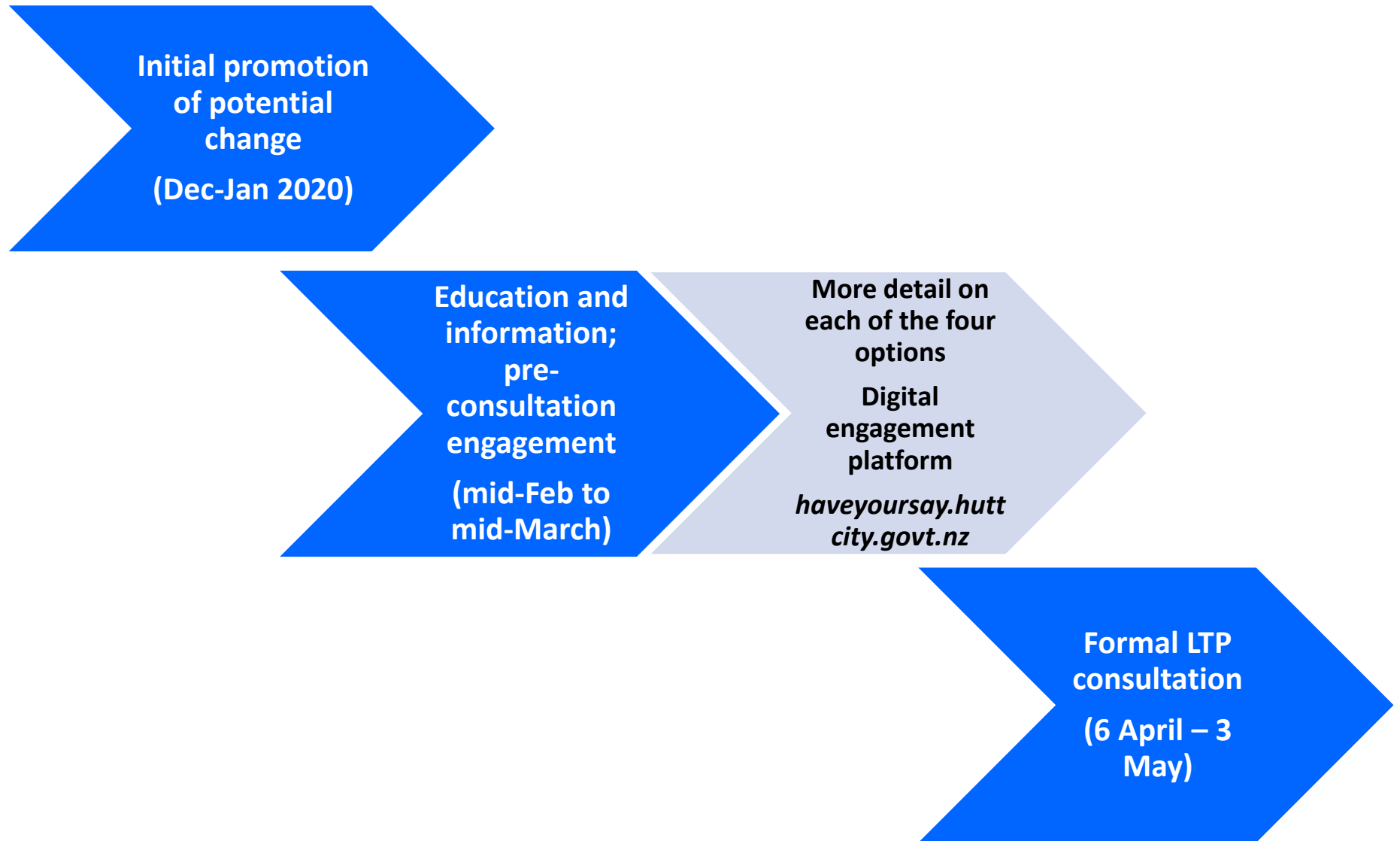
# Why no status quo option for recycling?

- Continuing collection of recycling with crates will prolong our significant litter issues – due to the inherent design of the crates solution
- The existing crates do not have sufficient capacity for recyclables at the kerbside
- Continuing with the collection of recycling with crates only is likely to be more costly than moving to bins
  - \$82 per property/yr for the crate service model
  - \$69 per property/yr for the two-stream service model
- Survey results indicate a preference for the change to the two-stream recycling approach.

# Why no status quo option for rubbish?

- Would prolong the current health and safety concerns (due to the inherent design of the rubbish bag collection model)
- The pay-as-you-throw bin option is a feasible alternative to the rubbish bag collection model
- BUT: whether or not the service could be delivered via automatic identification technology such as bar codes would still be subject to information received via the procurement process.

# Next steps





# Thank you

**From:** [David Howie](#)  
**To:** [Jo Miller](#)  
**Cc:** [Sarah Whiteman](#)  
**Subject:** Kerbside refuse and recycling services  
**Date:** Monday, 3 February 2020 1:28:21 PM

---

Hi Jo

Thanks once again for your time last Tuesday when I met with you and Bruce. It was a useful, positive discussion and I look forward to being able to build our relationship with HCC, under your leadership. With regard to the further extension of the current Collections Contract, Sarah Whiteman is preparing a proposal to extend this to 30 June 2021 and will include our estimate of additional costs associated with this extension. Our expectation is that we should have this information to you no later than the end of the week.

Kind regards  
David

**David Howie**

General Manager Lower North Island

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**From:** [Sarah Whiteman](#)  
**To:** [Jo Miller](#)  
**Cc:** [Bruce Hodgins](#); [David Howie](#)  
**Subject:** WMNZ Contract Extension  
**Date:** Monday, 10 February 2020 12:41:18 PM  
**Attachments:** [WMNZ Response Letter for Contract Extension 10.02.2020.docx](#)

---

Kia ora Jo,

Further to your letter and recent discussion with David Howie please find attached our response for your consideration.

I look forward to meeting you personally in the future and would be happy to answer any questions you may have.

Ngā mihi

**Sarah Whiteman**

Wellington Regional Manager  
Waste Management NZ Limited  
97-99 Port Road, Seaview, Lower Hutt 5010  
M: +64 27 296 1067 T: +64 4 570 4052 E: [swhiteman@wastemanagement.co.nz](mailto:swhiteman@wastemanagement.co.nz)  
[www.wastemanagement.co.nz](http://www.wastemanagement.co.nz)

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10 February 2020

Jo Miller  
Chief Executive  
Hutt City Council  
Jo.miller@huttcity.govt.nz

**Contract Extension for Contract No. 4138 & 4139 Kerbside Collection of Refuse Bags & Collection of Recyclables**

Dear Jo,

Following your recent discussion with David Howie, and letter dated 23 December 2019 Waste Management (WMNZ) understands that Hutt City Council (HCC) are looking to further extend these contracts through to 30 June 2021 in order to provide HCC time to run an open and competitive procurement process.

WMNZ has reviewed once again the actual costs of providing services under the existing contracts and confirms, as previously discussed with HCC, that the current charges do not cover the cost to provide these services.

We have also reviewed the trucks and equipment used to service this contract with view to deliver these services past the initial requested extension period. This equipment is already working well beyond the normally expected operational life. This further extension of operating life creates issues such as decreased reliability and increased maintenance costs. These issues can be mitigated; however, as previously discussed, the cost to do so will continue to increase as operating life is further extended.

**Existing Provision of 12 month extension, 1 September 2019 to 31 August 2020.**

As per our agreement with HCC in June of 2019 we agreed to a graduated increase in monthly costs which will reach \$75,000 in April 2020 and will continue through at the same amount until 31 August 2020. This will stay in place.

WMNZ is prepared to undertake a further extension until 30 June 2021. To enable us to continue to operate and to maintain a good standard of service delivery for HCC residents, we propose the following:

**Provision of extended contract, 1 September 2020 to 30 June 2021.**

WMNZ propose to continue with the additional monthly cost of \$75,000 from 1 September 2020 until 31 December 2020. (i.e. No further increase)

From 1 January 2021 the monthly cost will increase by a further \$25,000 through to 31 March 2021.

From 1 April 2021 through to 30 June 2021 a further increase of \$25,000 per month will apply and will run through to 30 June 2021. (Bringing the total additional monthly cost of extensions to \$125,000 for those last three months of service provision.)

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Equally with HCC, WMNZ is appreciative of the working relationship that exists between our organisations. You can have confidence that we will continue to be reliable, consistent and do the very best we can for HCC under our current arrangement.

We look forward to the upcoming procurement process and illustrating why WMNZ should be considered as the long-term strategic partner providing waste minimisation and recycling collection services for HCC.

A handwritten signature in black ink, appearing to read 'Sarah Whiteman', written in a cursive style.

Sarah Whiteman  
Wellington Regional Manager  
Waste Management NZ Limited  
97-99 Port Road, Seaview, Lower Hutt 5010

**From:** [Chris Milne](#)  
**To:** [Jörn Scherzer](#); [Jo Miller](#); [Mayor.Councillors](#)  
**Subject:** FW: Waste Service Changes  
**Date:** Saturday, 22 February 2020 2:04:41 AM  
**Attachments:** [image001.png](#)  
[Letter-HCC - Feb 2020 CMilne.pdf](#)

---

Hi Jorn,  
Cc; Jo Miller, Councillors

Could you please advise what, if any, contact or consultation has taken place with these businesses. It appears that other councillors have also received this email and letter.

Many thanks,  
Chris

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: April Wilton <[april@lowcostbins.co.nz](mailto:april@lowcostbins.co.nz)>  
Date: 20/02/20 12:22 PM (GMT+12:00)  
To: Chris Milne <[chris.milne@huttcity.govt.nz](mailto:chris.milne@huttcity.govt.nz)>  
Subject: Waste Service Changes

Good Afternoon Councillor Milne,

We are two Hutt Valley based locally NZ owned and operated businesses, Al's Litta Binz and Low Cost Bins. We employ locally and are significant contributions to the local economy. We have collectively a proud 30 year history servicing the community providing waste services. We represent a significant portion of the waste industry within the Hutt Valley and would like to meet with you soon to discuss waste collection changes proposed by Council.

The key issue – as we see it – is your Council's consideration of a move to a rates-funded waste system. Please find attached a letter outlining our key concerns.

Thank you for your time and consideration of the attached letter, I look forward to hearing from you in regard to your views on the proposed changes and can be reached anytime by phone or email to arrange a time to discuss further.

Many Thanks,

April Wilton  
Sustainability Manager  
Low Cost Bins Limited

Phone: 021 706 009  
Email: [april@lowcostbins.co.nz](mailto:april@lowcostbins.co.nz)





19 February 2020

Chris Milne  
Councillor  
Hutt City Council

Dear Mr Milne,

We would like to meet with you soon to discuss waste collection operations in the Hutt City Council region.

Between us, we represent about 40% of the household refuse collection market in the Hutt City area. AL's Litta Binz is a locally-owned, locally operated provider of full waste services. It is a family-run business with extensive community connections through the Hutt Valley, sponsoring local clubs, schools and organisations for the past 30 years. Low Cost Bins is fully New Zealand-owned and managed and has operated in the Hutt for two decades. We are both small, successful New Zealand-owned companies, employing hundreds of people. We are substantial investors in the Lower Hutt refuse market, and we have been providing a quality services to our customers for many years.

Over many decades we have worked very well with your Council and officials, looking for practical solutions and co-ordinating to deliver efficient waste services. We do, however, have some concerns with some of the options proposed for waste management in the Hutt City region and wish to discuss these with you.

The key issue – as we see it – is your Council's consideration of a move to a rates-funded waste system. We urge you to not support that option. It will, in our view, expose the Council and ratepayers to higher costs and potential liabilities which can be avoided. It will also undermine environmental objectives in terms of waste minimisation. Rates-funded systems effectively penalise households which minimise their waste. Households which compost, recycle and use drop-off services might only need one bin emptied per fortnight or month. But they will pay the same as excessive waste users.

It is a long-established industry principle that economic incentives are the best tool to actively minimise waste. But for any price signals to be effective, they must reach the waste producer directly to incentivise behavioural change.

Rates-funded waste models also dilute the price signal and expose the Council – not the producers of waste – to the liability resulting from any increase to the waste levy (the charge per tonne of waste going to landfill). The government is in the process of raising the waste levy to strengthen the price signal in order to reduce waste. Currently the waste levy is \$10/tonne. This is expected to rise to at least \$50/tonne in the very near future.

This fivefold increase in the waste levy - when combined with Emission Trading Scheme charges for landfill - will likely result in a doubling in the cost of refuse to households, which under a rate model will have to be totally absorbed in future rates increases. And with further waste levy increases, a rates-funded model creates a future liability which will have to be funded through further rates increases – while a user-pays approach removes that liability altogether.

A rates-funded waste model is the opposite approach to that being advocated by the government. The Ministry for the Environment's 2017 waste levy review advised the government to investigate incentives for councils to implement user-pays services to encourage waste reduction.

User-pays is the dominant model across local government. Auckland Council is currently introducing a user-pays collection across its region as part of its waste minimisation strategy. There is clear



evidence that it works. Prior to the establishment of the Auckland 'super-city', the Rodney District Council was the only council in that region to have no public sector provision of waste and recycling services. North Auckland's user-pays system resulted in the lowest per capita waste to landfill in the Auckland region.

In Auckland, the council is also introducing a unique private/public partnership using shared trucks and offering a 'pay as you throw' service. This has minimised financial risk to Auckland Council while assisting it to meet its ambitious waste minimisation objectives. Using electronic tags and an online platform, customers will have an option of only paying when they put their rubbish out. A rates-funded approach renders this option redundant.

We would appreciate the opportunity to meet with you and discuss any concerns – such as what the impact might be on fly-tipping. Our two companies – and other Hutt City waste providers – would be happy to pick up fly-tipped waste if and when it occurs.

Clearly we have a vested interest in the maintenance of a user-pays - 'pay as you throw' – market but we maintain it delivers much better environmental and financial outcomes. We want to compete with others as that keeps us all efficient and helps deliver better outcomes to the Council, businesses and households.

We would welcome the opportunity to discuss these issues with you.

Yours sincerely,



Don Gregory  
Owner  
Al's Litta Binz



Colin Cashmore  
Chairman  
Low Cost Bins

**From:** [Bruce Hodgins](#)  
**To:** [Jo Miller](#)  
**Cc:** [Jörn Scherzer](#)  
**Subject:** FW: WMNZ Contract Extension  
**Date:** Friday, 6 March 2020 1:14:08 PM  
**Attachments:** [WMNZ Response Letter for Contract Extension 10.02.2020.docx](#)

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Kia ora Jo.

This is to record the outcome of discussions with WMNZ regarding the offer of extended service at HCC's request and to obtain your approval to accept the offer.

#### Background

1. The WMNZ offer to extend the contract for a further 10 month maximum period from 1 September 2020 to 30 June 2021, as attached, has an additional cost to Council of \$975,000.
2. This is on top of the \$150,000 to which we have already committed for July/August 2020.
3. This brings the total additional cost to Council of \$1,125,000 for the 2020/21 financial year, compared to budget provision of an additional \$900,000.
4. This is roughly split two-thirds recycling and one-third rubbish.

#### Discussions

5. I have had dialogue with Sarah Whiteman of WMNZ by telephone and at a meeting earlier this week to further discuss the offer.
6. Sarah advises that the additional costs are solely related to WMNZ's estimate for keeping the fleet of vehicles on the road to service the contract.
7. She also advised that the way the contract is structured, WMNZ would likely incur a \$1M loss for the period. This is in addition to losses of around \$1.5M per year for the past two years.
8. Sarah explained that WMNZ, when agreeing to the first 12 month extension (2 years ago), made the decision on the understanding that HCC would be negotiating (one on one) a new long term contract with them.
9. The same rationale was applied when Bruce Sherlock asked for the contract to be further extended last year to the end of August 2020.
10. The commercial decision was made on each of those occasions to wear the short term loss in favour of the benefits to be gained from a long term alliance and the opportunities that would present.
11. Sarah also pointed out that WMNZ has more to lose (and to gain) with Council's proposed kerbside waste service, in that it has a reasonable % of the private market, which it would lose if it is unsuccessful in the tender process.
12. Sarah indicated that, despite what had been promised in the past, WMNZ understood Council's position in regards to its competitive procurement stance and was committed to ensure the City had a working kerbside service through to 30 June 2021.
13. Sarah made a commitment that if WMNZ is successful in winning the new contract it would work to bring forward kerbside recycling to reduce the additional costs that will be incurred on maintaining the old fleet and give back to Council this saving.

#### Recommendation

14. I recommend that Council accept the offer of WMNZ as per the attached letter for the

following reasons:

- a. The offer enables Council to have certainty of provision of service which would otherwise carry high reputational and public health risk to Council.
  - b. The offer is not inconsistent with the current extended contract terms being based purely on keeping an ancient fleet in place.
  - c. WMNZ has indicated that it is forecasting to make a substantial loss on the contract by extending it, despite the added monthly charge. I have no reason to doubt this, as work that has been undertaken by our consultants shows that the current contract price is well short of what can be expected for the new contract under current market conditions.
  - d. HCC officers have appeared not to have acted in good faith in the past in its dealings with WMNZ, having created the situation we find ourselves in.
15. That a further \$225,000 be included in the 2020/21 budget to meet the full extent of the contract extension.

Bruce



10 February 2020

Jo Miller  
Chief Executive  
Hutt City Council  
Jo.miller@huttcity.govt.nz

**Contract Extension for Contract No. 4138 & 4139 Kerbside Collection of Refuse Bags & Collection of Recyclables**

Dear Jo,

Following your recent discussion with David Howie, and letter dated 23 December 2019 Waste Management (WMNZ) understands that Hutt City Council (HCC) are looking to further extend these contracts through to 30 June 2021 in order to provide HCC time to run an open and competitive procurement process.

WMNZ has reviewed once again the actual costs of providing services under the existing contracts and confirms, as previously discussed with HCC, that the current charges do not cover the cost to provide these services.

We have also reviewed the trucks and equipment used to service this contract with view to deliver these services past the initial requested extension period. This equipment is already working well beyond the normally expected operational life. This further extension of operating life creates issues such as decreased reliability and increased maintenance costs. These issues can be mitigated; however, as previously discussed, the cost to do so will continue to increase as operating life is further extended.

**Existing Provision of 12 month extension, 1 September 2019 to 31 August 2020.**

As per our agreement with HCC in June of 2019 we agreed to a graduated increase in monthly costs which will reach \$75,000 in April 2020 and will continue through at the same amount until 31 August 2020. This will stay in place.

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5045

0800 10 10 10  
wastemanagement.co.nz



Equally with HCC, WMNZ is appreciative of the working relationship that exists between our organisations. You can have confidence that we will continue to be reliable, consistent and do the very best we can for HCC under our current arrangement.

We look forward to the upcoming procurement process and illustrating why WMNZ should be considered as the long-term strategic partner providing waste minimisation and recycling collection services for HCC.

A handwritten signature in black ink, appearing to read 'S. Whiteman', written in a cursive style.

Sarah Whiteman  
Wellington Regional Manager  
Waste Management NZ Limited  
97-99 Port Road, Seaview, Lower Hutt 5010

**From:** [April Wilton](#)  
**To:** [David Bassett](#); [Josh Briggs](#); [Keri Brown](#); [Brady Dyer](#); [Simon Edwards](#); [Deborah Hislop](#); [Tui Lewis](#); [Chris Milne](#); [Andy Mitchell](#); [Shazly Rasheed](#); [Naomi Shaw](#); [Leigh Sutton](#)  
**Cc:** [Campbell Barry](#); [Jo Miller](#)  
**Subject:** Waste Service Information  
**Date:** Monday, 16 March 2020 9:30:52 AM  
**Attachments:** [image001.png](#)  
[Waste Service Information 16.03.2020.pdf](#)

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Good Morning Councillors,

Ourselves and Al's Litta Binz had a productive meeting with the Mayor and CEO on Wednesday around proposed changes to waste services. We felt there was open discussion around the impacts of rates funding on local business and a genuine desire by all to reduce waste to landfill. We see some real alignment in our goals of thriving local business and waste minimisation through an innovative approach. We attach for Councillors a summary of our discussions and a bit of further information on some areas.

We are happy to provide councillors with any further information and thank you all again for your time to read and understand the attached, and what is such an integral part of achieving a modern waste system. We are entering challenging and uncertain economic times ahead and appreciate your support of local business and our people.

Many thanks,

April Wilton  
Sustainability Manager  
Lowcost Bins Limited

Phone: 021 706 009  
Email: [april@lowcostbins.co.nz](mailto:april@lowcostbins.co.nz)





**LOW COST BINS™**

16 March 2020

Good Morning Councillors, CEO

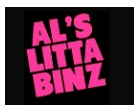
**Recent meeting with the Mayor and CEO**

1. Ourselves and Al's Litta Binz had a productive meeting with the Mayor and CE last Wednesday 11<sup>th</sup> March around proposed changes to waste services. We are both locally based NZ owned businesses of collectively 30 year's standing servicing the Hutt Valley community.
2. We felt there was open discussion around the impacts of rates funding on local business and a genuine desire by all to reduce waste to landfill. We see some real alignment in our goals of thriving local business and waste minimisation through an innovative approach. We want to acknowledge Council for its openness to working with operators who have been servicing the community for over 30 years. It was a great opportunity for us to understand the challenges from a council perspective, and to all be part of finding the best solution both financially and environmentally for our city.
3. Below we have summarised the concerns outlined to the Mayor and CEO, and in places we have provided a little further information.

**Upcoming consultation options**

4. We understand that subject to your adoption of the long term plan, Council is intending to consult the community on a rates-funded waste collection as council's preferred option.
5. As outlined to the Mayor and CEO, we are very concerned about recommending that option. There are many aspects of the market and technologies which have not been explained to Councillors and technical consultation with the private sector has not occurred to anything like the extent that it should have done. Had the private sector been intimately involved in the development of consultation options we believe that Councillors would have reached entirely different conclusions from those outlined in officer reports and in the proposed consultation document.
6. Rates-funded waste collection is currently being phased out of 'industry leading' systems in NZ, like Auckland Council. It does not reduce waste, nor incentivise the community to keep waste out of landfills.

**Risks**



7. If you choose a rates funded system ratepayers will be stuck with that for at least 10 years. With central government signalling it will increase the waste levy your ratepayers will have to fund a potentially costly system which is not flexible for your ratepayers or environmentally beneficial.
8. Our on-the-ground knowledge and practical experience of waste costs and systems highlights that the figures used in the Morrison low report are 'estimates' and we assess that they do not reflect the likely (higher) costs. Ratepayers will be financially-exposed to any adverse market changes as contracts for rates funded refuse systems typically leave council/ratepayers carrying any residual risk. For example, the government has signalled large increases in the National Waste Levy. These costs will need to be passed on to ratepayers via rates increases, without any way for council to influence or incentivise waste reduction as waste to landfill is essentially free at the point of throw.
9. Central Otago Council, which has a rates funded system, is now facing a 13-15% rates increase to cover changes in the international recycling market and waste levy increases. Their recycling processing costs have increased from \$99 per tonne to \$165 per tonne. At the same time, the volume of waste going to landfill has increased.
10. Once you have a rates funded system you will be unable to avoid similar cost shocks, and these will have to be passed on to ratepayers, who will have no way of reducing their costs by changing their individual waste generation behaviour.

#### **Elected member knowledge**

11. During our meeting with the Mayor and CEO we assessed the information provided to Council has been angled towards a rates funded system and limited in communicating the benefits of User Pays models, and their association with minimising waste to landfill. User Pays models for waste collection are also central government's preferred approach because of the signals it sends to households to reduce waste.
12. If the Mayor and CEO were not aware of this, then it's very likely that councillors were also not aware.

#### **Options for consultation**

13. This brings us to the question of Council's preferred option for consultation. At present 70% of households already make their own arrangements for rubbish collection. The remaining 30% use council-sponsored black plastic bags. The current system achieved a resident's satisfaction rate of 94% as per page 69 of the 2018/19 annual report.
14. This is a popular service with high satisfaction for ratepayers and the 94% result does lead to questions as to why there is a pressing need for a drastic change that leaves local businesses and their staff out of work.
15. We understand the motive from a political standpoint, but do not believe the true and very real downsides of a snap decision have been fully explored.





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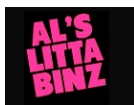
16. It is only very recently, on the eve of consultation, that our business has had an opportunity to feed technical and market information into council.

**Bag service - Health & safety**

17. Council has been concerned that it could face health & safety liability for continued use of bags. This only occurs if council is providing a service. If council withdraws from supplying the bags, then the private sector can and will pick up the service.
18. Low Cost Bins and other companies are willing and able to provide a bag or equivalent service – they just haven't been asked to do so, and councillors have been led to believe that companies would not do this. While it is true that the trend is away from black plastic bags, there is no 'cut off' of the service, and the service is certainly available from the private sector in other markets.
19. Our company has just signed up Whangarei District Council for a nine-year plastic bag collection contract as an example.
20. If a private company offers a bag service, it's not a council service and therefore council cannot be liable for any health and safety issues that arise from the service delivery.
21. We can assure councillors that in the absence of a council bag service the private sector would continue to provide a bag or equivalent service for any residents who wanted one or take on a bag contract if council require an interim solution.

**Pay as you throw service and ongoing innovations**

22. Private operators can also offer alternative service delivery options, such as pay-as-you-throw bin services. This is proposed as Option 4, but as a council service. Pay as you throw technology and systems are evolving rapidly, with RFID poised to revolutionise the system. Putting all your eggs in one basket with one operator will not deliver the best outcome for ratepayers in terms of flexible options and service innovation.
23. A monopoly system never generates the innovation that's found in a competitive environment.
24. Auckland Council recently adopted a pay-as-you-throw approach to waste management in partnership with private waste collectors across the city. Residents in Auckland can currently purchase Council bin 'tag' from the supermarket which is attached onto their wheelie bin – much like purchasing a rubbish bag. Bins come in three sizes and the tag price and colour at the supermarket reflects these sizes. You can replicate this service under Option 4. It can be immediately implemented as tags at the supermarket instead of council rubbish bags like the current Auckland Council does.
25. Pay as you throw technology is evolving quickly to an online payment platform, utilising RFID technology, in which charges are only made when you place your bin kerbside. With RFID,



## LOW COST BINS™

currently being trialled with 20,000 households on the North Shore in the coming months, no tags are required, and the household is only charged when their bin is collected. Households get to choose their bin size and can put it out whenever they want – weekly, two weekly or monthly. Residents are only charged for the waste they produce, and can put their bin out only as needed. If they are away for a month they are not charged. If they are undertaking a clean-up they can put a full bin out weekly.

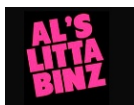
26. It is likely that the 70% of households who already have a private bin service will soon be offered pay-as-you-throw options by their existing service providers.
27. All of these innovation benefits will be lost if council opts for a rates funded “free” bin system. Not only will innovation opportunities be lost, but ratepayers will face escalating costs, and higher volumes of waste going to landfill.
28. What would be worse still would be if councillors adopt a ‘rates funded’ system, then decide to transition to a ‘Pay as you throw’ system, as your Morrison Low waste report recommends. You would have monopolised the waste industry in your area putting local business out of work for no real reason. Once monopolised it’s extremely difficult for smaller companies to start back up. The market would then be irreversibly dominated by large multinational players, stifling local business in the process.
29. Finally, and most importantly, if council supports User Pays, you will be incentivising households to reuse, compost and reduce their environmental footprint through sending clear price signals to the market.

### **Council’s preferred option for consultation**

30. The above discussion indicates that Option 4- Pay as you throw service or Option 3 – leaving the private sector to service waste disposal – are clearly the best options on all relevant criteria.
31. We encourage you to support your Council’s consultation Option Three or Four, as the preferred option. This will allow for a market leading ‘modern’ system which provides customer flexibility, retains local businesses currently operating in the market and directly incentivises waste reduction.
32. These options align with the council’s goals and aspirations. They drive innovation and flexible solutions for ratepayers as opposed to a ‘one size fits all’ system. It also means council is not exposed to rates increases from waste collection that it has to pass on to its ratepayers.
33. It’s flexible and fair, and it incentivises less waste going to landfill.

### **Alternative immediate approach to modernising waste systems**

34. Given the issues outlined above the best option for council might be to postpone a decision on this matter for a further year. The plastic bag contract could either be rolled over for a



period or the existing contractor could withdraw from the council contract and the private sector could be engaged to pick up the service external to council, thus avoiding any health and safety liability for council (it would not be a council contract). As noted above, we can assure council that the private sector would step in to provide a bag service, so residents will not be left without a service.

35. A delay would allow time for a full consideration of all the matters we have raised, and for experience to be gained around the Auckland model of pay-to-throw. Another year or so would enable a lot of useful data to be collected and analysed from Auckland, and for the RFID trial of 20,000 households to be further tested.

36. In the circumstances a delay could be of real benefit for ratepayers.

### **Fly Tipping**

37. We understand that fly tipping is a major concern for council. In some other areas of New Zealand where we hold contracts the various bin companies pay to pick up illegal dumping, with costs shared on a pro rata basis according to bin market share.

38. We understand that this information has not been put before councillors.

39. If the private sector were to operate a fly tipping service to council, sharing the costs, this would actually reduce council costs, and would reduce pressure on rates. We reiterate our commitment to pay for illegal dumping on a pro rata basis in partnership with council.

40. Further, in 2017, environmental consultants Eunomia found that pricing incentivised systems have no real correlation to a higher prevalence of illegal dumping both in New Zealand and overseas. We would be happy to provide this report to councillors. By contrast, we understand that councillors have been advised that a rates funded system is essential in limiting fly tipping.

### **Conclusion**

41. We appreciate the time that Council has spent on this issue but it's clear that councillors have not been fully appraised of all the nuances around the different options. We urge councillors to fully investigate user pays solutions and the 'Auckland Model' rather than Rates Funding as the preferred solution.

42. We are happy to provide councillors with any further information and thank you all again for your time to read and understand what is such an integral part of achieving a modern waste system.



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18 March 2020

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Wellington Regional Manager  
Waste Management NZ Ltd  
97/99 Port Road  
Seaview  
**LOWER HUTT 5010**

John Middleton  
Infrastructure Contracts  
[John.Middleton@huttcity.govt.nz](mailto:John.Middleton@huttcity.govt.nz)  
Our reference: DOC/20/25771

Dear Sarah

**CONTRACT EXTENSION CONTRACT 4138 AND 4139 KERBSIDE COLLECTION OF REFUSE BAGS AND COLLECTION OF RECYCLABLES**

Thank you for your letter dated 10<sup>th</sup> February 2020, Hutt City Council accepts the conditions Waste Management (WMNZ) have proposed for the extension through to 30 June 2021. These being the existing provision of 12 month extension 1<sup>st</sup> September 2019 to 31 August 2020, and provision of extended contract, 1<sup>st</sup> September 2020 to 30 June 2021 as outlined in your letter dated 10<sup>th</sup> February 2020.

Thank you again for your willingness to provide certainty to Council for delivery of these important services through to 30 June 2021.

Yours sincerely

John Middleton  
**DIVISIONAL MANAGER,  
INFRASTRUCTURE CONTRACTS**

Yours sincerely

Jo Miller  
**CHIEF EXECUTIVE**

## Appendix 5 – Questions and Answers

### **What are the advantages of a rates-funded residential kerbside refuse service?**

There are a number of advantages of a rates-funded residential kerbside refuse service:

- The overall cost to households is expected to be lower due to economies of scale.
- Overall it will reduce the number of rubbish trucks servicing Lower Hutt.
- It ensures every household in our city has easy access to a rubbish collection service as bins will be delivered to each residential address. This will reduce the risk of illegal dumping and contamination in recycling bins. Council can drive desired change, such as minimising carbon emissions and delivering services with electric rubbish trucks.

### **Will opting for a rates-funded residential kerbside collection refuse service adversely impact current private providers?**

Yes, service providers that are unsuccessful in the procurement process could be affected. This could also include Council's current service provider, Waste Management, if they are unsuccessful.

In terms of overall resources required within the industry to provide services to our city and the wider Hutt Valley and Wellington region, it is expected that there will be relatively little change.

Note that Council's proposed services only affect residential properties. Service providers, both small and large, would continue to be able to service commercial properties.

### **Could Council decide to have only a rates-funded recycling service and leave rubbish collection to be managed privately?**

Yes, this option is included in the upcoming consultation, and Council could decide on this option package.

Council's procurement process also enables that to happen, as officers have separated the recycling and refuse services in the procurement.

However, if Council opts to no longer offer a refuse service, then this would impact on Council's ability to deliver on a range of aspects. This includes minimising the overall cost to households of rubbish collection, reducing the risk of contamination in recycling bins, and a reduced ability to drive desired changes, such as minimising carbon emissions and delivering services with electric rubbish trucks.

### **Will Pay As You Throw (PAYT) options be given full consideration in the tender process?**

Yes. Suppliers were able to submit a tender for PAYT or rates-funded refuse collection, or both.

### **Why was the 'Kāpiti model' not shortlisted in the business case?**

In Kāpiti, both refuse and recycling are operated privately. Kāpiti Coast District Council's (KCDC) only involvement is to require, by way of a bylaw, for refuse collection operators to provide a mandatory recycling service in tandem with the refuse service. This option, a combination of options SS-1g (Council opts out of refuse) and option SS-2a(v) (Council opts out of recycling collection), was not short-listed during the review and the development of the business case. *(However, Council opting*

*out of refuse collection only was shortlisted and is among the options for consultation with the community.)*

There are a number of challenges associated with the service approach in Kapiti.

- Residents only receive a kerbside recycling service if they engage a refuse service provider.
- KCDC does not have any direct influence over how services are delivered (e.g. methodology, electric trucks, etc), and what happens to collected recyclable material.
- While there are a number of refuse collection service providers operating in Kāpiti, there are only two service providers collecting recycling (refuse providers sub-contract recycling to either of those two providers). Their approach differs, with one using wheelie bins for mixed recycling and crates for glass, and the other only using crates. This tends to be confusing to residents.
- There are demographic differences between Kāpiti and Lower Hutt. For example, in Lower Hutt, 9.3% were in social housing and 61% owned their home in 2018, compared to 2.0% and 68%, respectively, in Kāpiti (see <https://profile.idnz.co.nz>). It is possible that a fully privatised model is less affordable for residents on low incomes.
- While KCDC's cost associated with managing illegal dumping has remained similar, there is evidence of domestic rubbish being disposed via street litter bins in lower socioeconomic areas.

**To what degree have private service providers been involved in the business case process?**

We engaged an independent consultant with wide and specialist knowledge of the waste industry to provide Council with sound advice on latest issues, trends and technology.

While individual companies have valuable hands on knowledge and experience, we needed to consider that such companies also have a vested interest in promoting their particular solution.

**Will an increase in the government's waste levy increase the waste disposal costs associated with Council's proposal to introduce a rates-funded rubbish bin?**

Yes, it will, but these cost increases will also equally affect any collection services run by the private sector.

Therefore, cost increases associated with the waste levy (and/or the Emissions Trading Scheme) would be faced by all households, whether they use a Council service or a private rubbish bin service.

**How is rates-funded recycling and rubbish collection, and opt-in green waste collection, expected to reduce waste going to the landfill?**

Changing to bins for our recycling services will improve capacity at the kerbside to hold recyclable materials, whereas at the moment much of this overflow (beyond the capacity of the existing crates) is managed via the supply of unstaffed recycling stations. There are frequent illegal dumping instances at those stations, resulting in contaminated recycling loads, which have had to be land-filled as a result<sup>3</sup>.

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<sup>3</sup> There is also anecdotal evidence of rate payers outside our city using these facilities as they are not provided in Wellington, Porirua and there is only one station in Upper Hutt.

Combining the approach for recycling with a rates-funded rubbish bin should also mitigate, at least partly, the increased risk of contamination of recycling in wheelie bins following the system change. This is because, in principle, there is less of an economic incentive for residents to avoid/reduce rubbish collection by putting rubbish into their recycling bins.

Note that there are other reasons for why residents may put rubbish into their recycling bins, such as lack of information, so it is not claimed that rates-funded rubbish collection systems per se result in lower recycling contamination.

The potential introduction of an opt-in service for green (garden) waste is likely to reduce the amount of green waste going to Silverstream landfill, as at least some green waste would currently be disposed via the normal rubbish collection.

**Is the introduction of a rates-funded rubbish bin not reducing the economic incentive to minimise waste?**

While economic incentives are an important tool to drive the right consumer behaviour, and the economic cost of waste disposal is one of those incentives, it is also important to avoid situations where users can effectively avoid or minimise the cost of rubbish disposal, for example by mis-using recycling bins. There is a risk that contamination in the recycling collection could increase in any option where users can avoid waste collection costs. The local recycling processor OJI Fibre has emphasised that this risk is real and needs to be managed, so as not to jeopardise the overall viability of recycling collection and processing.

However, it is likely that small households, or those that minimise waste, recycle and divert green waste, have a reduced need for waste collection. Therefore, Council's (rates-funded rubbish bin) proposals include the ability of households to choose the size of bin that suits their needs (corresponding with the associated cost of a smaller or larger bin). Therefore, there is still an economic incentive to opt for a smaller size bin.

**In what way can Council's rates-funded or PAYT kerbside collection proposals reduce greenhouse gas emissions, in support of Council's carbon target?**

In those options with Council procuring the service, services could be operated with electric rubbish trucks.

An opt-in service for green (garden) waste is likely to reduce green waste going to Silverstream landfill (and associated methane emissions), as at least some green waste would currently be disposed of via the normal rubbish collection.

**Would the introduction of a city-wide Council rubbish collection service not result in lots of bins associated with private service providers getting dumped?**

Most service providers do not just operate in Lower Hutt, but elsewhere in our region and the country, and they often offer residential as well as commercial services. It can be expected that private service providers will redeploy those bins that are in good working order elsewhere, and this would delay the need for them to purchase new bins.

**There is lots of plastic in wheelie-bins. Would it not be better to continue to use rubbish bags?**

A typical 120 litre wheelie bin usually weighs less than 10kg; its useful life is estimated at 15 years.

A typical Council-funded 60 litre rubbish bag is made up of 0.0272kg of plastic. Assuming rubbish collection over a 15 year period and weekly collection frequency, a household would require approximately 1,560 rubbish bags (weighing approximately 42kg in total) to deliver the same rubbish capacity as a 120 litre bin.

**Why not delay making a decision to give us more time to think about the possible changes?**

Council's recycling and rubbish collection service contracts expire on 30 June 2021. These contracts have already been extended on three separate occasions, annually over the past three years, and a further extension, while not impossible, will be difficult to achieve and would come at a considerable cost as the trucks used are well past their expected life. For the current extension to the contract, to 30 June 2021, Council incurs an additional payment of \$1.125million over and above regular contract costs.

In addition, the time required to prepare for a service provider to roll out the service model chosen by Council will be between 9-12 months (e.g. to order and purchase trucks, establish systems, etc). Therefore, decisions on the future collection approach will be required by September 2020 at the latest (This is also a further reason why Council's procurement process is run in parallel to its LTP consultation, rather than afterwards).

**Once a new service is in place, what initiatives can be used to minimise contaminated recycling?**

The service change should be accompanied by an awareness campaign, to educate residents on what materials or products should go into each of the recycling, rubbish and green waste bins.

In addition, once the service is in operation, the following measures should be applied:

- Monitoring bin contents as bins are emptied. Trucks will be fitted with cameras to identify non-compliant materials/products when the bins are emptied into the truck, to enable the provision of feedback to residents
- Carrying out bin checks before they are emptied (e.g. at least once a year), to estimate overall contamination, and to inform education and awareness needs. If bins are somewhat contaminated, they will be emptied but stickered to provide the household with information on how to improve their recycling practice. A step-by-step process should be applied, enabled via our proposed new solid waste bylaw, to achieve the correct behaviour from users in case of significant contamination:
  - 1<sup>st</sup> instance: bin rejected, and they will be stickered to provide the household with information on how to recycle correctly
  - 2<sup>nd</sup> instance: bin rejected, they will be stickered, and the household will be provided with a formal letter from the service provider / Council
  - 3<sup>rd</sup> instance: bin rejected, they will be stickered, and the household will be provided with a second formal letter from the service provider / Council
  - 4<sup>th</sup> instance: withdrawal of bin, re-instatement only once agreed conditions are met



**Is there information that supports a connection between illegal dumping and the type of service approach taken or funding mechanism?**

One of the reasons we are taking a system wide (i.e. for rubbish and recycling) approach is so that everyone has access to wheelie bins and/or crates to dispose of their rubbish and recycling. This means that people will be less likely or not need to dump their rubbish illegally.

Unfortunately there is very little data or robust research available to confirm whether there is a direct relationship between illegal dumping and service approach. In principle, there are a number of reasons why residents may illegally dump rubbish, including (but not limited to) economic drivers, socio-economic status, and lack of information.

To confirm, it is not claimed that user-pays rubbish collection systems will per se result in increased illegal dumping, albeit officers have alerted to this being a higher risk in any service model where rubbish collection costs can be avoided entirely.

There is also a risk that contamination in the recycling collection could increase in any option where users can avoid waste collection costs. The local recycling processor OJI Fibre Solutions has emphasised that this risk is real and needs to be managed, so as not to jeopardise the overall viability of recycling collection and processing.

**Under the current recycling contract, what are the net costs or revenue projected from acceptance of Councils recycling products?**

This information is held by Waste Management NZ and commercially sensitive. Therefore, officers do not have access to this information.

**What are the future recycling costs and revenues, as projected in the Business Case?**

Morrison Low provided estimates of future recycling revenue and costs as part of the business case, available at <http://iportal.huttcity.govt.nz/Record/ReadOnly?Tab=3&Uri=5498208> (page 13). These estimates have recently been revised, in order to account for any market changes, and also the potential impacts relating to COVID-19.

**What is the price difference per tonne between what OJI pays and charges the best-performing and worst-performing contractors per tonne of recycled material?**

This information has not been made available to officers.

For the purposes of Council's procurement process, OJI could be sub-contracted by the collection service providers to process collected recyclable materials. It is likely that OJI will have relevant KPIs and agreements with kerbside collection service providers in line with their process requirements. Officers understand that OJI has a maximum contamination rate of 10% in order to accept materials for processing.

**What has been Morrison Low's involvement with the kerbside collection review?**

Following a competitive procurement process in 2018, Morrison Low was selected as Council's preferred consultant for undertaking the kerbside collection review and developing the business case.

Morrison Low's role in advising Council was limited to developing the business case for future rubbish and recycling service options, and is currently limited to facilitating the procurement process.

They have no ongoing role with Hutt City Council. Council will be responsible for implementing any new rubbish and recycling system.

Morrison Low is providing specialist consultancy services to Council as they do for many councils around New Zealand. The advantage in using an external consultancy is that they bring a whole of sector view rather than the views of individual waste companies.

**Why is there a difference in the business case between the weekly collection estimates for the rates-funded and PAYT options?**

In the business case, the cost estimates for the rates-funded weekly refuse option and the PAYT option are different, because in the rates-funded option all costs are spread across all households, whereas in the PAYT option all costs are recovered only from the users of services.

In both cases, rubbish trucks have to service all streets once per week, but in the PAYT option, costs have to be recovered from a smaller number of households depending on whether they put out their rubbish for collection in any given week.

In order to enable comparison of costs for a typical household with weekly collection, costs for each service approach have been estimated for this service frequency.

**Will residents be able to find out during the consultation period what the likely cost will be for their specific circumstances under the PAYT option?**

For the purposes of the consultation document and in order to enable a clear comparison for a typical household, costs are estimated for a household putting out 120l of rubbish per week.

The consultation document will be supported with supplementary information available via Council's online engagement tool: *Bang the Table*. This will include a calculator tool so that households are able to estimate the costs based on their specific circumstances (e.g. they may only put out a bin every 3 weeks).

Note that the estimate for private collection costs in the business case and for the consultation document is based on the average of market prices charged by service providers in Lower Hutt. That market analysis considered prices from at least three service providers – in Lower Hutt – where costs were publicly available. Collection costs by private operators in other areas in New Zealand were not considered, as those costs may be subject to location-specific factors.

**Have Council's internal costs been included in the business case estimates?**

Morrison Low provided estimates of future Council administration costs as part of the business case, available at <http://iportal.huttcity.govt.nz/Record/ReadOnly?Tab=3&Uri=5498208> (page 13). They were estimated at 10% of the service cost for each option.

More detailed resourcing and cost estimates are to be determined once Council has made decisions on its preferred service model, and preferred service providers have been selected.

**When will Council make decisions on its preferred service approach?**

Council has not yet made any decisions on which option it will implement. The community will have an opportunity to comment on Council's proposals and future rubbish collection options between 15 July and 13 August 2020, before Council is scheduled to make final decisions in early September 2020.

**Can residents opt out of a Council rates-funded system?**

In the report back to Council in December 2019 (refer HCC2019/1(2)/230, paragraph 62), officers noted that *“the rates-funded refuse service model could be paired with the ability for households to opt-out of the rates-funded service.”* However, this ability was not carried forward into the proposals for consultation with the community, as this would be administratively very complex to implement and administer.

In addition, two other options (“Pay As You Throw”, and Council opting out of rubbish service provision entirely) would provide the community with the ability to opt-out, should Council ultimately choose either of these two options as its preferred service model.

**If Council opts for a rates-funded system, who would make the decision on bin size?**

While the choice of rubbish bin size would rest with the landlord, not the tenant, it is likely that in a constructive landlord-tenant relationship, the landlord’s decision will be informed by input from their tenants.

**How would stakeholders such as Kāinga Ora be able to provide feedback on Council’s proposals?**

They will have an opportunity to provide their feedback to Council’s proposals during the upcoming community consultation in July/August 2020.

**If Council opts for a rates-funded system, how would residents be able to change their size of bin mid-year?**

There would be some flexibility for households to choose a different size bin with a targeted rate reflecting the size of the bin. This would normally have to be by 31 March each year because of the way rates are set, although it may be possible to change bin size during the year. It’s likely a fee would be charged for this separately and the details for this process and any associated fees would be worked out in the coming year, after Council has made decisions on its preferred service model.

**How will the roll out of bin sizes be handled?**

As part of the procurement process, tenderers have been provided with an estimated mix of bins.

During implementation (if the rates-funded refuse option is chosen), roll out would be based on a default bin size, unless rate-payers advise otherwise by an agreed deadline. The bin mix would be adjusted accordingly.

**Have the estimated costs taken into account future changes to the waste levy?**

In early 2020, the New Zealand Government consulted on its proposals to increase and expand the scope of the waste levy. However, it has not yet made decisions on these proposals, nor has there been an announcement. Our proposals can only reflect the existing regulatory context, albeit the consultation document will include commentary regarding relevant assumptions and risks, including the implications of an increase in the waste levy.

Note that cost increases associated with the waste levy will also equally affect any collection services run by the private sector. Therefore, cost increases associated with the waste levy (and/or the Emissions Trading Scheme) would be faced by all households, whether they use a Council service or a private rubbish bin service.

**For the new recycling contract, how is the commercial risk regarding changes in recycling market prices managed?**

Volatility in the recycling markets is outside the control of Council. For the purposes of the current procurement process and future contract negotiations with the preferred supplier, Council is looking at a risk/revenue sharing approach. This could involve sharing in the risk of a further deterioration in the recycling markets, and also benefiting from any increase in revenue (e.g. recycling markets recover).

**Which councils currently have fortnightly waste collection and no food waste collection in NZ?**

Central Otago and Clutha currently have fortnightly collections with no associated food waste collections. Note that while HCC's proposal for a fortnightly refuse collection is not coupled with a food waste collection, a complementary opt-in green waste service is proposed. In addition, in line with Council's Waste Minimisation and Management Plan 2017-23, work is scheduled to investigate the feasibility of a separate food waste collection, and this could potentially be implemented in the future.

**What are the economics of electric waste trucks?**

The additional cost, if any, of moving to electric trucks is not yet clear. This is to be confirmed through Council's procurement process.

Electric trucks tend to be higher cost upfront, albeit there are savings with regard to operating costs. This includes savings in fuel (energy) costs, and savings associated with the exemption from road user charges until at least 2025.

**Are there any concerns over the practical application and or availability of electric trucks at present?**

A number of suppliers are investing in this technology, and it is in use in New Zealand in kerbside collection services and similar services such as street cleaning (e.g. New Plymouth, Auckland, Queenstown, Hamilton). Availability of electric trucks for any Lower Hutt services is to be confirmed through Council's procurement process.

In addition to the waste sector, electric vehicle technology is also increasingly utilised in other sectors. For example, there are 10 fully battery-electric double decker buses in operation in Wellington, with a significant increase in these numbers expected over the next three years.

**Auckland Council has recently awarded tenders for domestic collection. How many electric trucks were promised in the tender and how many trucks will likely eventuate at the contract commencement?**

This information is not available to Hutt City Council, and questions regarding their tender specifications and tender responses should be directed at Auckland Council.