

Long Term Plan Amendment

Te Panonitanga o Te Mahere ā-Ngahurutanga

As far as possible, we try not to change our three-yearly Long Term Plan (LTP), but the important decisions we need to make about our recycling and rubbish systems can't wait. We also received a strong message through our recent Annual Plan consultation that our community wants us to get on and address the issues with these services. That's why we're proposing an amendment to the LTP 2018-2028.

Next year we will be required to do a full review and update of our LTP for the period 2021-2031. As part of this process we will review key strategies such as our infrastructure strategy and financial strategy, and complete a comprehensive review of priorities, plans and budgets.

Our Significance and Engagement Policy (which can be viewed here

[http://portal.huttcity.govt.nz/Record/ReadOnly?Query=container:\[uri:3677911\]&Tab=31&Uri=3677410&Page=3](http://portal.huttcity.govt.nz/Record/ReadOnly?Query=container:[uri:3677911]&Tab=31&Uri=3677410&Page=3)) considers a range of factors in determining the significance of our proposals. The proposed amendment to the LTP has been assessed as meeting the requirements of the Policy and requires formal consultation under the Local Government Act 2002.

Recycling and rubbish collection

Te hangarua me te kohinga para

Environmentally, recycling and rubbish collection is one of our biggest issues. We have to get better at collecting rubbish and recycling, and minimising what is sent to our landfill unnecessarily. For any effective change to recycling and rubbish we need to take a system-wide approach that aligns with our wider waste minimisation objectives which include reducing litter, reducing waste going to landfill and less contamination in our recycling. We need a modern approach, that is environmentally-friendly and that is easier for more people to use.

The contracts for our recycling and rubbish collection services expire on 30 June 2021, and we need new contracts in place from that date.

We are therefore proposing changes to our recycling and rubbish collection services to be funded by targeted rates, i.e. a cost per property, to start from 1 July 2021. These proposals do not apply to commercial property owners.

The next few pages examine the issues in more depth, provide options on how we could address these, outline the effect on rates, debt and levels of service, and invite your views on what we're proposing. Go to **haveyoursay.huttcity.govt.nz** for more information on our proposals and to give us your feedback.

Background

We were due to consult with the community as part of the draft Annual Plan 2020/21 process. Due to Covid-19 we needed to change our plans as we focused on getting through the lockdown. We made a decision to defer consultation on rubbish and recycling.

The contracts for our recycling and rubbish collection services expire on 30 June 2021. The contracts have previously been extended repeatedly and no further extensions are feasible. We therefore need to have new contracts in place ready to start from 1 July 2021.

Every year, on average each person in the Wellington region sends more than 600kg of rubbish to landfill. We know that we need to get better at reducing, re-using, reprocessing and recycling.

Over the last 18 months we have completed a strategic review of our recycling and rubbish collection system. As a result we are proposing significant changes to how kerbside collection operates in our city.

What's wrong with the current system?

For rubbish, households can currently choose to use our official rubbish bags or pay a private company. For recycling, as well as the weekly collection service, there are five community recycling stations across Lower Hutt.

Continuing with a system similar to our current one would result in our recycling and rubbish collection services failing to meet our environmental, health and safety and other business objectives in a number of key areas:

- a. Recycling crates don't hold recyclables well, especially on windy days. Plastic and paper enters the stormwater system, ending up in Wellington Harbour, leading to ocean and beach pollution;

- b. The crates are not a full cost service, i.e. people are expected to pay for their own crates, which means uptake is uneven and there are fewer people recycling. Some residents use their own containers such as cardboard boxes, which makes handling difficult for the people picking up the bins and increases the health and safety risks. The use of flexinets to minimise wind-blown litter is also voluntary and people are also expected to pay for their own nets and usage appears to be low;
- c. Recycling crates are not big enough, which discourages people from recycling the increasing amount of recyclable materials when their crate is already full;
- d. The community recycling stations are used by people who 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;
- e. Our rubbish bag collection service poses higher health and safety risks to the people picking up the bags due to the need to exit the vehicle to complete the collection, manual handling of bags, and exposure to sharps. Bags are also not effective in containing rubbish as they are prone to damage from animals;
- f. 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); and
- g. The market is increasingly moving towards alternative collection models using bins to overcome the types of issues listed above.

Council’s preferred approach

Council is looking at a system-wide change to rubbish and recycling to align with our wider waste minimisation objectives, which include reducing litter, reducing waste going to landfill and less contamination in our recycling. Our preferred approach to rubbish and recycling is to change to an alternate weekly collection system. This means rubbish is picked up one week and recycling the next. As part of any new service, bins would be fitted with latches to prevent rubbish and recycling ending up as litter. These services would be funded by targeted rates, i.e. a cost per property, and would start from 1 July 2021.

In any new rubbish and recycling system we want to provide services that customers want, can easily use and can afford. We must consider the environment and how we’re going to reduce harmful greenhouse gases and carbon emissions.

Our Proposals

Recycling

We are proposing a change to recycling. The current kerbside collection service using crates has not been reviewed for many years. Council currently charges \$40 per annum as a targeted rate to households that are able to receive this service. The advice Council has received during its review of the recycling service is that the existing crate service cost is expected to increase to an estimated \$116 per annum from 1 July 2021. This is largely because of ongoing volatility in the international commodity markets, which affects both market availability and costs, in particular the revenue from the sale of recyclable materials. In addition the higher resourcing costs associated with crate-based systems have prompted the market to move towards alternative collection models that provide for increased automation.

We are proposing that households would receive a 240-litre wheelie bin for mixed recycling, and a crate or wheelie bin for glass - both collected fortnightly. Households would also be able to opt for a smaller wheelie bin for recyclables such as a 120-litre bin. The targeted rate remains the same regardless of bin size. This new approach would assist in addressing the problems with the current crate where it is not large enough to contain recycling which then ends up as litter in the environment. This would mean an increase in the current \$40 per annum targeted rate to a total of \$105 per property from 1 July 2021. This would apply to all households. The current community recycling stations would be removed. This does not include the recycling station at Seaview which is run by a private company.

We've developed this proposal as a way of addressing problems with the current recycling system, and we'd value your feedback.

As part of the recycling change, we're also considering making this service free to the 200 or so schools, early childhood centres and kōhanga reo in our city. This would mean that the cost of providing free services to schools could be spread across ratepayers. Based on information from a neighbouring council that has implemented this practice, the cost (if funded by households) would be less than \$2 per annum. We would include this in our next LTP consultation, and would like to hear your views leading up to this.

Rubbish Collection

We are proposing a new wheelie bin for rubbish which would be rates funded. There would be some flexibility to choose a different size bin with a targeted rate reflecting the size of the bin. It's likely a fee for changing bin size would be charged separately and the details for this would be worked out before the commencement of the new service. Rubbish bags would be phased out completely for all of the options. As well as Council's preferred option of an alternate weekly collection service there are three other options to choose from in this consultation.

We've worked with experts to come up with the following options as a way forward for rubbish collection for residents:

Option 1 (Council's preferred option): Council provides a fortnightly rubbish bin collection service	Households would receive: - a 240-litre wheelie bin collected fortnightly (default size)	NOTE: There would be some flexibility to choose a different size bin with a targeted rate reflecting the size of the bin. It's likely a fee would be charged for this separately and the details for this would be worked out in the coming year. An 80-litre or 120-litre bin could be selected but this would have to be by 31 March each year because of the way rates are set.
	Estimated targeted rate per property per annum from 1 July 2021 (based on fortnightly collection)	
	▪ \$115 for a 240-litre bin ▪ \$80 for an 80-litre bin	

	▪ \$90 for a 120-litre bin	
Option 2 Council provides a pay-as-you-throw rubbish collection service	Households would receive:	NOTE: Households would only pay when the bin contents were collected. Actual costs to households would depend on how frequently the bin was emptied and on sufficient numbers of households taking this option up to make it a viable option.
	- a 120-litre bin as part of a pay-as-you-throw wheelie bin collection service	
	Estimated user fee per property per annum from 1 July 2021 (based on weekly collection)	
	▪ \$234 for a 120-litre bin (if bin emptied weekly) ▪ If the bin is emptied less frequently the cost would be \$117 per annum for fortnightly collection, \$58.50 per annum for four-weekly collection, or \$4.50 per pick up	
Option 3: Council provides a weekly rubbish bin collection service	Households would receive:	NOTE: There would be some flexibility to choose a different size bin with a targeted rate reflecting the size of the bin. It's likely a fee would be charged for this separately and the details for this would be worked out in the coming year. An 80-litre or 240-litre bin could be selected but this would have to be by 31 March each year because of the way rates are set.
	- a 120-litre wheelie bin collected weekly (default size)	
	Estimated targeted rate per property per annum from 1 July 2021 (based on weekly collection)	
	▪ \$144 for a 120-litre bin ▪ \$114 for an 80-litre bin ▪ \$288 for a 240-litre bin	

Option 4 Council no longer offers a rubbish collection service <i>(This option would save Council minor overheads in operating a rubbish collection system)</i>	Instead of Council providing a rubbish collection service, households would pay a private rubbish bin service provider
	Estimated user fee per property per annum from 1 July 2021 (based on weekly collection)
	▪ Current market price - \$285 for a 120-litre bin based on an average price (if bin emptied weekly)* ▪ Current market price - \$242 for an 80-litre bin based on an average price ▪ Current market price - \$411 for a 240-litre bin based on an average price *Business case provided an indicative cost. As at February 2020 the price range for this service was \$245 to \$325 per annum, ascertained from pricing information publicly available on service provider websites. We've used a figure midway through the range for the purposes of this estimate.
Green Waste Optional Add-On	
Council provides an opt-in green waste collection service	Council could provide households with a 240-litre green waste wheelie bin collected every four weeks. Households would only pay for this service if they have opted-in by 31 March each year. The green waste bin would only be available for garden waste, it would not be able to be used for any food waste.
	Estimated targeted rate per property per annum from 1 July 2021 (based on four-weekly collection)
	▪ \$95 optional cost This price is based on 50% of Lower Hutt households participating. Costs would be lower if more households participated.

How do the rubbish collection options compare?

✓ = positive impact

X = negative impact

Addressing issues with the current services	Option 1 – Fortnightly Collection	Option 2 – Pay-as- you- throw	Option 3 – Weekly Collection	Option 4 – No Council Collection Service
Worker health and safety risks with current rubbish bag collection addressed	✓	✓	✓	✓
‘Animal strike’ issues with current rubbish bag collection addressed	✓	✓	✓	✓
Reduces the number of rubbish trucks on the roads and reduces associated greenhouse gas emissions	✓	No impact	✓	No impact
Opportunity to facilitate the roll-out of electric rubbish trucks in order to minimise greenhouse gas emissions further	✓	✓	✓	No impact
Risk of odour concerns with fortnightly bin collection	X	No impact	No impact	No impact
Fortnightly bin collection may not suit the needs of larger households	X	N/A	N/A	N/A
More choice for households to purchase a rubbish collection service that meets their household needs	No impact	✓	No impact	✓
We are concerned over the possibility that user pays options could lead to more household rubbish being illegally dumped or contaminating the recycling bins as a way of avoiding paying for a rubbish service	✓	X	✓	X

Costs

The costs quoted per household for services in each option are detailed estimates, but actual costs may differ once contracts are confirmed. All costs are GST inclusive. These costs are estimates only and may change through our procurement process.

Multi-unit apartments and rural properties

Multi-units, apartments and properties on rural roads may not be suitable for receiving the services using 80-240-litre bins. For options 1, 2 and 3, alternative services would be made available, at an average household cost, using an alternative method, such as via a dedicated drop-off point using 660-litre bins.

Recycling stations

Under all options, our recycling stations would be phased out due to the ongoing concerns with illegal rubbish dumping at these facilities, and because the new bins would significantly increase capacity for households to recycle.

Disabilities and older people

Wheelie bins can be challenging for older people and those with disabilities. For options 1 and 3, a 'wheel-in-and-wheel-out' service would be offered at an average household cost. This would be subject to qualifying criteria.

Rental properties

The provision of a rates-funded rubbish collection service as per option 1 and 3 would be paid for by the landlord as part of the property's rates. In our communications we will give everyone plenty of notice of any change. We will encourage landlords and tenants to talk about their requirements and to select an appropriate bin size.

Food waste

While a green (garden) waste option is included, none of the rubbish and recycling options includes the collection of food waste. This is because the system to support processing of food waste at this large scale doesn't yet exist in our region, and further analysis and market development would be required.

Miscellaneous

Under all options, if feasible and cost-effective, the crate for glass collection may be substituted with a wheelie bin for glass only. This would be dealt with through any procurement process.

For options 1, 2 and 3, bins would be fitted with latches to avoid content spilling out during windy days or when bins tipped over.

Impact on levels of service

Rubbish and recycling services that we provide would be expected to improve with greater customer satisfaction and less litter entering the environment over time as a result of the proposed change. Measures of performance would be developed this year for implementation in 2021/22 when the system was operational. These may cover:

1. Tonnes of recycling collected per annum increases compared to previous years;
2. Fewer complaints from residents as evidenced by information held by the contact centre;
3. Increased resident satisfaction as reported in our surveys on litter control and recycling. We would extend this to include our rubbish service;
4. Less recyclables entering the environment due to inadequate containers, potentially measured through the number of windblown litter complaints;
5. Fewer serious worker health and safety injuries reported as a result of the new rubbish and recycling collection service.

Important considerations

As with any significant changes to the way the city operates, it's important to consider all the factors that impact on our basic services. This is essential when rolling out a new recycling and rubbish system as this affects everyone in our community. We want to clearly set out the things we have considered and the assumptions we've made in developing the options for our new proposed rubbish and recycling service.

Review of cost estimates

The cost estimates for the new rubbish and recycling system have been provided by expert waste management consultants Morrison Low. Following the delay in considering this matter as a result of the Covid-19 disruption and subsequent withdrawal of the Audit New Zealand opinion on the March 2020 Proposed LTP Amendment, the costs have recently been reviewed and are based on 37,000 households receiving the new service. Treasury's Better Business Case model was followed in determining the options for future waste management.

Cost estimates have been checked by preparing the cost estimate for the actual Hutt City Council Request for Proposal (RFP) pricing schedules, using recent tender prices from four procurement processes completed in the last 18 months. The review has confirmed that the Better Business Case (BBC) estimates of cost per household remain appropriate for the refuse collection service options, with the RFP estimate coming in lower than the BBC cost estimate.

The review has highlighted that the BBC estimates are lower than the RFP estimate for the recycling collection service, due to the significant challenges in the recycling commodity market at the present time. To reflect the current market, the estimate used in the consultation has been increased to \$105 per household.

The review has also highlighted that the BBC estimate for the green waste collection service is higher than the RFP estimate, and has therefore been lowered to \$95 per household.

The cost of electric vehicles has not been factored into the assessment, however the RFP cost estimates are lower than the BBC estimates and have therefore been taken into account within the current BBC estimates.

Key risks impacting cost estimates

Assumption	Risk	Level of Uncertainty	Reason for the uncertainty	Financial impact of the uncertainty
Forecasting assumptions Growth in the rating base (1% per annum) Inflation based on BERL published rates which may change, so should be considered indicative only Assumed implementation date of 1 July 2021 Assumed levels of allocated overheads	Budget short falls due to assumptions not holding true	Med	Implementation date of the project might change Actual participation and presentation rates could vary The growth in the rating base may not hold true	If the assumptions do not hold true this could result in budget shortfalls, however this risk is minimised by having an independent audit of the assumptions Any new or revised information that comes to hand in the coming months would be reflected in the LTP 2021-2031 as this is being developed
Covid-19 Ongoing impacts of economic, financial and social consequences are expected to continue into the future	Pricing of the service may be impacted in the future The community's ability to pay may be adversely affected	Med	Ongoing effects of the lockdown unable to be quantified at this time	Pricing of contracts may be impacted in the future but this is unable to be quantified at the present time, with the recovery phase having only recently commenced To mitigate this risk in respect of ratepayer funded services, Council's Covid-19 Response Plan includes measures to reduce financial stress

				and provide social support to residents, and includes a new rates postponement policy, support to businesses, a focus on welfare and other initiatives including a new Community Resilience Fund For a user pays model Council would likely need to increase the resourcing for monitoring, cleaning up, prosecution and education costs to address any increase in illegal dumping There was minimal financial impact on the rubbish and recycling services during the lockdown between March and May, and have assumed that any future situation resulting in lockdown would be unlikely to impact the cost of the service
Recycling end markets Assume that the recycling revenue is at the bottom end of the commodity market cycle	The revenue is lower than anticipated	High	Ongoing volatility in the international commodity markets, both market availability and price	Recycling revenue is estimated at the low end at \$7.07 per household Recyclables processing is estimated at \$38.22/household under current market conditions versus \$21.23/household in the original business case (all figures GST inclusive)

Waste disposal cost increases Emissions Trading Scheme (ETS) costs increase or the Waste Disposal Levy (WDL) increases	Refuse collection service cost increases Note that all waste service providers, Council and private, would need to pass these costs onto their customers	Med	Timeframes and outcomes of government policy review are unknown	ETS changes could increase disposal cost by \$25/tonne. WDL could increase by \$50/tonne (from \$10/tonne to \$60/tonne) Refuse disposal increases from \$106.96/tonne to \$181.96/tonne Consequential increase in cost per household of \$41/household per year (all figures GST inclusive)
Non-standard collection services Assisted service uptake is low and therefore costs are able to be shared across all households Multi-unit developments and private lane costs able to be apportioned to these non-standard properties School and early childhood education collection costs potentially able to be shared across all households	Higher service costs not able to be passed onto those that use them	Low	Policy for charging non-standard collection costs yet to be developed	Differential charging regimes require development
Tonnage uncertainty Tonnes of rubbish and recycling presented by households are based on typical ranges elsewhere in NZ, but Hutt volumes are unknown	Tonnage higher than estimated	Low	These are new collection services for HCC and therefore historic tonnage data is not available	Presentation rates are assumed at 90% - if they were to go to 100% there could be an increased cost of \$10.02/household including GST for the Council's preferred option (Option 1), because there would be more rubbish going to landfill, incurring more costs Processing accounts for 33% of

				recycling service costs and 50% of refuse service costs
Cost of electric vehicles Cost estimates exclude any cost premium for electric vehicles	Introduction of electric fleet adds to cost of service	Med	Extent to which suppliers will offer electric fleet is unknown	The following statements represent a high level conservative estimate of additional costs that take into consideration only the estimated higher capital cost without considering Road User Charges exemptions or reduced fuel cost – the additional cost of providing collection services using electric vehicles cannot be verified until after the Request for Proposal analysis has taken place: Fleet costs are approximately 20% of annual collection costs EVs have a capital cost approximately 50% higher than diesel A full EV fleet could increase service cost by 10% for rubbish collection Options 1, 2 and 3, and 10% for recycling collection

Financial implications

The section which follows explains the financial implications of the proposed recycling and rubbish changes, together with details on how the 2018-2028 LTP financial content would change as a result of the proposal.

Impact on Financial Strategy

Background

Council's total assets are worth \$1.6 billion and include infrastructure assets, land and buildings. Total liabilities are lower at \$0.3 billion and include borrowings and payables to suppliers. Annual income in 2020/21 of \$0.18 million is largely applied to fund operating costs for services delivered by Council and to maintain assets.

The Council's financial strategy focuses on strong fiscal management whilst addressing growing demands for increased capital expenditure in core infrastructure assets such as the stormwater, wastewater and water supply networks and roading networks.

Since the Long Term Plan 2018-2028 was prepared, we have received new reports and information on what's needed to maintain and improve our Three Waters infrastructure and our transport network. In 2020 we are now set to reach the population figure we did not expect to reach until 2030. Wellington Water has advised us we need to double our investment in our water network to ensure a properly functioning water supply, waste and stormwater system. Our local roading, walking and cycling networks also need investment to accommodate a growing population and provide more options for people moving around our city.

In light of the unprecedented situation of Covid-19, we prepared a one-year "emergency budget" for the 2020/21 Annual Plan. Prior to the Covid-19 lockdown in March 2020, we were progressing plans to consult on significant proposed changes to the Long Term Plan 2018-2028. This included consulting on long term investment choices for Three Waters, Naenae Pool and fitness centre development, Cycleways and Cross Valley Connections; together with proposed changes to funding solutions and our financial strategy. These plans were put on hold as a result of Covid-19, and will be progressed further when we develop our Long Term Plan 2021-2031. This will include a redeveloped infrastructure strategy, revenue and financing policy and development contributions policy.

Key principles of the financial strategy

Council's financial strategy promotes the sustainable funding of services and is based upon the key principles of:

- affordability of rates
- delivering services effectively and efficiently
- achieving intergenerational equity by spreading the costs between both present and future ratepayers
- maintaining prudent debt levels
- strengthening Council's financial position.

These principles provide the foundation to driving towards sustainable financial management.

Impact on financial strategy of proposed recycling and rubbish changes

Debt

The proposed changes would result in capital expenditure being incurred by Council, funded from borrowings. The amount of additional borrowings required would be dependent on the option chosen. In the context of the broader projected borrowings of Council across all the activities delivered by Council, the increased borrowing for this proposed service change would not have a material impact on borrowings. Consequently, there is no proposed change to the borrowing limits in the financial strategy.

Rates revenue

The financial strategy includes an assessment of the affordability of rates as an important consideration. The LTP 2018-2028 included limiting rates revenue increases to reflect inflationary cost changes together with growth in the city rating base.

The proposed changes to the recycling service would result in a higher targeted rate for this service. Depending on the option chosen for the rubbish collection service, there may also be an additional rating charge for this service. The financial strategy would therefore need to be updated to reflect the changes to rates revenue for these additional service changes. For the rubbish collection service, while households may be charged an increased cost, there would be an offsetting saving as there would no longer be the need to buy rubbish bags or pay for commercial operators' rubbish collection services.

LTP 2021-2031

The financial strategy will undergo a full review as part of the development of the LTP 2021-2031. Any decisions made as part of this proposed service change for rubbish and recycling will be incorporated into the broader review of the financial strategy. There will be public consultation on the financial strategy as part of the LTP 2021-2031.

Impact on Financial Operating Results

The proposed options would provide for additional operational costs incurred by Council to be funded by offsetting additional revenue. This would ensure that the impact of the proposed service changes would not have a detrimental impact on the financial position of Council. This would support a balanced budget position being achieved for the proposed service change.

Impact on Financial Statements

Changes to the targeted rates included in the 2018-2028 LTP

- Increase targeted rate for recycling from \$40 to \$105 per residential property from 1 July 2021.
- Depending on option chosen (1 or 3), introduce new targeted rate for all households for rubbish collection, estimated at an average of \$115 per residential property (option 1) or \$144 (option 3), from 1 July 2021. Households that currently pay for rubbish bags or a private rubbish collection service would no longer have to pay for this under these options. There would be no new targeted rate in the case of options 2 or 4. The costs for option 2 would be recovered through user fees.

- If Council approves a green waste service that households want to use, then this would require a new targeted rate for green waste, estimated at \$95 per participating property, from 1 July 2021.

Changes to the prospective financial statements

The prospective financial statement for the City Environment activity would change as a result of the proposed recycling and rubbish changes – refer to page 40 of the 2018-2028 LTP. The tables that follow provide first a summary financial impact followed by detailed financial impact of the changes to the prospective financial statements as a result of the proposed LTP amendment, depending on the option chosen.

In summary the key changes are:

- increased targeted rates revenue required to pay for the delivery of the new recycling service model
- increased targeted rates revenue required to pay for the delivery of the new rubbish service model (only for option 1 or 3)
- increased fees for services provided to pay for the delivery of the pay-as-you-throw rubbish service model (option 2)
- capital cost for purchase of bins (only for options 1, 2 and 3) with associated loan funding resulting in increased interest expenditure and increased depreciation costs.

Net changes to budgets per year - Option 1					
Forecast Rubbish (Option 1)	2020/21	2021/22	2022/23	2023/24	2024/25 onwards
Estimated impact on average residential targeted property rates – increased cost per annum (inc. GST)	Cost for ratepayers currently depends on individual choices for bag or bins etc.	\$115	\$117	\$120	\$123
Targeted recycling rates charge currently is \$40 per residential property. The service charge would increase.		\$65	\$66	\$68	\$70
Capital Expenditure funded from Debt		\$4.7M			
Net increased operational expenditure funded from rates (ex GST)	\$0.3M	\$6.5M	\$6.7M	\$7.0M	\$7.2M

Net changes to budgets per year - Option 2					
Forecast Rubbish (Option 2)	2020/21	2021/22	2022/23	2023/24	2024/25 onwards
Estimated impact on average residential property – increased cost per annum (inc GST), fee charge based on usage	Cost for ratepayers currently depends on individual choices for bag or bins etc.	\$234	\$239	\$245	\$251
Targeted recycling rates charge currently is \$40 per residential property. The service charge would increase.	-	\$65	\$66	\$68	\$70
Capital Expenditure funded from Debt		\$4.1M			
Net increased operational expenditure funded from fees (ex GST)	\$0.3M	\$6.7M	\$6.9M	\$7.1M	\$7.4M

Net changes to budgets per year – Option 3					
Forecast Rubbish (Option 3)	2020/21	2021/22	2022/23	2023/24	2024/25 onwards
Estimated impact on average residential targeted property rates – increased cost per annum (inc. GST)	Cost for ratepayers currently depends on individual choices for bag or bins etc.	\$144	\$147	\$150	\$154
Targeted recycling rates charge currently is \$40 per residential property. The service charge would increase.	-	\$65	\$66	\$68	\$70
Capital Expenditure funded from Debt		\$4.3M			
Net increased operational expenditure funded from rates (ex GST)	\$0.3M	\$7.5M	\$7.8M	\$8.0M	\$8.3M

Net changes to budgets per year - Option 4					
Forecast Rubbish (Option 4)	2020/21	2021/22	2022/23	2023/24	2024/25 onwards
Estimated impact on average residential targeted property rates – increased cost per annum (inc GST)	Cost for ratepayers currently depends on individual choices for bag or bins etc.	\$0	\$0	\$0	\$0
Targeted recycling rates charge currently is \$40 per residential property. The service charge would increase.	-	\$65	\$66	\$68	\$70
Capital Expenditure funded from Debt		\$2.5M			
Net increased operational expenditure funded from rates (ex GST)	\$0.3M	\$2.5M	\$2.6M	\$2.7M	\$2.8M

Green waste

Cost per year (including GST)					
Forecast Green Waste	2020/21	2021/22	2022/23	2023/24	2024/25 onwards
Impact on residential property rates (for participating households only)	-	\$95	\$97	\$100	\$102

Net changes to budgets per year					
Forecast Green Waste	2020/21	2021/22	2022/23	2023/24	2024/25 onwards
Capital expenditure funded from debt	-	\$0.9M increase	-	-	-
Increased operational expenditure to be funded from targeted rate	-	\$1.7M	\$1.7M	\$1.8M	\$1.8M

Detailed prospective financial statements for the year ending 30 June, for each of the options and the additional green-waste option:

Disclosure in detailed LTP amendment version (Option 1 - Council's preferred option – alternate weekly collection – recycling one week and rubbish the next)								
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Revenue								
User charges	(0.314)	(1.071)	(1.094)	(1.119)	(1.146)	(1.175)	(1.205)	(1.237)
Expenditure	-	-	-	-	-	-	-	-
Employee costs	-	-	-	-	-	-	-	-
Operating costs	0.040	(4.984)	(5.185)	(5.399)	(5.625)	(5.852)	(6.105)	(6.366)
Support costs/internal charges	-	-	-	-	-	-	-	-
Interest expenditure	-	(0.144)	(0.138)	(0.129)	(0.120)	(0.110)	(0.092)	(0.078)
Depreciation	-	(0.311)	(0.311)	(0.311)	(0.311)	(0.311)	(0.311)	(0.311)
Total expenditure	0.040	(5.440)	(5.634)	(5.840)	(6.056)	(6.274)	(6.508)	(6.756)
Surplus/ (Deficit) before tax	(0.273)	(6.510)	(6.728)	(6.959)	(7.202)	(7.448)	(7.714)	(7.992)
Total capital expenditure	-	(4.672)	-	-	-	-	-	-
Prospective funding requirement	-	-	-	-	-	-	-	-
Rates funding requirement	-	-	-	-	-	-	-	-
Surplus/(deficit)	(0.273)	(6.510)	(6.728)	(6.959)	(7.202)	(7.448)	(7.714)	(7.992)
Total rates funding requirement	(0.273)	(6.510)	(6.728)	(6.959)	(7.202)	(7.448)	(7.714)	(7.992)
Loan funding requirement	-	-	-	-	-	-	-	-
Capital to improve level of service	-	4.672	-	-	-	-	-	-
Less depreciation	-	0.311	0.311	0.311	0.311	0.311	0.311	0.311
Total loan (funding)/repayment	-	4.360	(0.311)	(0.311)	(0.311)	(0.311)	(0.311)	(0.311)
Total funding requirement	(0.273)	(2.150)	(7.040)	(7.271)	(7.513)	(7.760)	(8.025)	(8.304)
<i>Please note that a negative indicates additional funding required over and above current LTP.</i>								

Disclosure in detailed LTP amendment version (Option 2 - Pay-as-you-throw rubbish and fortnightly recycling)								
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Revenue								
User charges	(0.319)	3.128	3.244	3.363	3.490	3.620	3.754	3.897
Expenditure	-	-	-	-	-	-	-	-
Employee costs	-	-	-	-	-	-	-	-
Operating costs	0.040	(5.208)	(5.415)	(5.635)	(5.867)	(6.100)	(6.358)	(6.626)
Support costs/internal charges	-	-	-	-	-	-	-	-
Interest expenditure	-	(0.126)	(0.120)	(0.113)	(0.104)	(0.096)	(0.080)	(0.068)
Depreciation	-	(0.272)	(0.272)	(0.272)	(0.272)	(0.272)	(0.272)	(0.272)
Total expenditure	0.040	(5.606)	(5.807)	(6.020)	(6.243)	(6.468)	(6.711)	(6.966)
Surplus/ (Deficit) before tax	(0.278)	(2.477)	(2.563)	(2.656)	(2.753)	(2.848)	(2.957)	(3.069)
Total capital expenditure	-	(4.078)	-	-	-	-	-	-
Prospective funding requirement	-	-	-	-	-	-	-	-
Rates funding requirement	-	-	-	-	-	-	-	-
Surplus/(deficit)	(0.278)	(2.477)	(2.563)	(2.656)	(2.753)	(2.848)	(2.957)	(3.069)
Total rates funding requirement	(0.278)	(2.477)	(2.563)	(2.656)	(2.753)	(2.848)	(2.957)	(3.069)
Loan funding requirement	-	-	-	-	-	-	-	-
Capital to improve level of service	-	4.078	-	-	-	-	-	-
Less depreciation	-	0.272	0.272	0.272	0.272	0.272	0.272	0.272
Total loan (funding)/repayment	-	3.806	(0.272)	(0.272)	(0.272)	(0.272)	(0.272)	(0.272)
Total funding requirement	(0.278)	1.329	(2.835)	(2.928)	(3.025)	(3.120)	(3.229)	(3.341)
Notes: Please note that a negative indicates additional funding required over and above current LTP.								

Disclosure in detailed LTP amendment version (Option 3 – Weekly rubbish and fortnightly recycling – not the preferred Council option)								
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Revenue								
User charges	(0.319)	(1.071)	(1.094)	(1.119)	(1.146)	(1.175)	(1.205)	(1.237)
Expenditure	-	-	-	-	-	-	-	-
Employee costs	-	-	-	-	-	-	-	-
Operating costs	0.040	(6.023)	(6.257)	(6.506)	(6.768)	(7.033)	(7.324)	(7.627)
Support costs/internal charges	-	-	-	-	-	-	-	-
Interest expenditure	-	(0.132)	(0.126)	(0.118)	(0.109)	(0.100)	(0.084)	(0.071)
Depreciation	-	(0.284)	(0.284)	(0.284)	(0.284)	(0.284)	(0.284)	(0.284)
Total expenditure	0.040	(6.438)	(6.667)	(6.908)	(7.161)	(7.417)	(7.692)	(7.982)
Surplus/ (Deficit) before tax	(0.278)	(7.509)	(7.761)	(8.027)	(8.307)	(8.592)	(8.897)	(9.218)
Total capital expenditure	-	(4.258)	-	-	-	-	-	-
Prospective funding requirement	-	-	-	-	-	-	-	-
Rates funding requirement	-	-	-	-	-	-	-	-
Surplus/(deficit)	(0.278)	(7.509)	(7.761)	(8.027)	(8.307)	(8.592)	(8.897)	(9.218)
Total rates funding requirement	(0.278)	(7.509)	(7.761)	(8.027)	(8.307)	(8.592)	(8.897)	(9.218)
Loan funding requirement	-	-	-	-	-	-	-	-
Capital to improve level of service	-	4.258	-	-	-	-	-	-
Less depreciation	-	0.284	0.284	0.284	0.284	0.284	0.284	0.284
Total loan (funding)/repayment	-	3.974	(0.284)	(0.284)	(0.284)	(0.284)	(0.284)	(0.284)
Total funding requirement	(0.278)	(3.535)	(8.045)	(8.311)	(8.591)	(8.876)	(9.181)	(9.502)
<i>Please note that a negative indicates additional funding required over and above current LTP.</i>								

Disclosure in detailed LTP amendment version (Option 4 - No rubbish and fortnightly recycling)								
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Revenue								
User charges	(0.314)	(1.071)	(1.094)	(1.119)	(1.146)	(1.175)	(1.205)	(1.237)
Expenditure	-	-	-	-	-	-	-	-
Employee costs	-	-	-	-	-	-	-	-
Operating costs	0.040	(1.185)	(1.256)	(1.330)	(1.407)	(1.486)	(1.572)	(1.662)
Support costs/internal charges	-	-	-	-	-	-	-	-
Interest expenditure	-	(0.076)	(0.073)	(0.068)	(0.063)	(0.058)	(0.049)	(0.041)
Depreciation	-	(0.164)	(0.164)	(0.164)	(0.164)	(0.164)	(0.164)	(0.164)
Total expenditure	0.040	(1.426)	(1.493)	(1.562)	(1.635)	(1.708)	(1.785)	(1.867)
Surplus/ (Deficit) before tax	(0.273)	(2.496)	(2.587)	(2.681)	(2.781)	(2.883)	(2.990)	(3.104)
Total capital expenditure	-	(2.464)	-	-	-	-	-	-
Prospective funding requirement	-	-	-	-	-	-	-	-
Rates funding requirement	-	-	-	-	-	-	-	-
Surplus/(deficit)	(0.273)	(2.496)	(2.587)	(2.681)	(2.781)	(2.883)	(2.990)	(3.104)
Total rates funding requirement	(0.273)	(2.496)	(2.587)	(2.681)	(2.781)	(2.883)	(2.990)	(3.104)
Loan funding requirement	-	-	-	-	-	-	-	-
Capital to improve level of service	-	2.464	-	-	-	-	-	-
Less depreciation	-	0.164	0.164	0.164	0.164	0.164	0.164	0.164
Total loan (funding)/repayment	-	2.300	(0.164)	(0.164)	(0.164)	(0.164)	(0.164)	(0.164)
Total funding requirement	(0.273)	(0.197)	(2.751)	(2.845)	(2.945)	(3.047)	(3.154)	(3.268)
<i>Please note that a negative indicates additional funding required over and above current LTP.</i>								

Disclosure in detailed LTP amendment version (Optional add on green waste)								
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Revenue								
User charges	-	-	-	-	-	-	-	-
Expenditure								
Employee costs	-	-	-	-	-	-	-	-
Operating costs	-	(1.563)	(1.616)	(1.672)	(1.732)	(1.792)	(1.859)	(1.928)
Support costs/internal charges								
Interest expenditure	-	(0.028)	(0.027)	(0.025)	(0.024)	(0.022)	(0.018)	(0.015)
Depreciation	-	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)
Total expenditure	-	(1.653)	(1.705)	(1.759)	(1.817)	(1.875)	(1.939)	(2.005)
Surplus/ (Deficit) before tax	-	(1.653)	(1.705)	(1.759)	(1.817)	(1.875)	(1.939)	(2.005)
Total capital expenditure	-	(0.921)	-	-	-	-	-	-
Prospective funding requirement								
Rates funding requirement								
Surplus/(deficit)	-	(1.653)	(1.705)	(1.759)	(1.817)	(1.875)	(1.939)	(2.005)
Total rates funding requirement	-	(1.653)	(1.705)	(1.759)	(1.817)	(1.875)	(1.939)	(2.005)
Loan funding requirement								
Capital to improve level of service	-	0.921	-	-	-	-	-	-
Less depreciation	-	0.061	0.061	0.061	0.061	0.061	0.061	0.061
Total loan (funding)/repayment	-	0.860	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)
Total funding requirement	-	(0.793)	(1.766)	(1.821)	(1.878)	(1.937)	(2.000)	(2.066)
Please note that a negative indicates additional funding required over and above current LTP.								

These same changes would also flow through into the consolidated financial statements, including the

- prospective financial statements, see from page 163 of the LTP 2018-2028
- reconciliation of financial statements to funding impact statements, see page 196.

Impact on Revenue and Financing Policy

Page 114 of the LTP states the revenue and financing policy for the Solid Waste (rubbish and recycling) activity, as follows:

ACTIVITY	OUTCOME	FUNDING SOURCE PROPORTION	FUNDING RATIONALE [LGA 2002 SECTION 101(3)(A)] Who benefits (community as a whole, or individuals, group or users, exacerbators), intergenerational benefits, reasons for funding the activity separately)
Solid Waste			
Council contracts out the collection of residential solid waste and household recycling. It also owns a landfill for the disposal of the city's refuse. Council wishes to promote recycling and waste reduction and to provide for the disposal of the city's solid waste. Commercial operators also provide waste and recycling collection services so that ratepayers have options other than Council services.	This activity contributes primarily to the following Community Outcomes: ▪ Healthy people ▪ A healthy natural environment	Public – Low Other – High	Who benefits: The primary benefits of this activity are private benefits to people whose refuse is disposed of, and this is the classic example of polluter pays. Council provides kerbside recycling which is funded through a targeted rate. Recycling produces public benefits through sustainable resource use and through the deferral of costs involved in replacing landfills. There are also public benefits in ensuring that refuse is disposed of appropriately. The consequences of poorly dealt with waste are immediate public health effects. Longer term health effects can also result from interaction with contaminated sites. The benefits of this activity are ongoing and spread over a long period. These intergenerational benefits support the ongoing use of debt financing for associated capital works. Who pays: The solid waste function makes an overall surplus, particularly as a result of landfill activities. This return on investment compensates Council as a whole and the whole ratepayer base for the long-term business risks of landfill operation and aftercare. Any surplus is therefore used to offset general rates.

Changes to the Solid Waste activity would depend on the option chosen and the Revenue and Financing policy would be updated to reflect the change.

Under all options, we would continue to contract out the collection of household recycling, with costs met through a targeted rate corresponding to the costs of delivering that service.

If options 1, 2 or 3 are chosen, we would continue to contract out the collection of residential solid waste. However, in option 1 and 3, we would recover the cost of this service through a new targeted rate for rubbish collection. A fixed targeted rate would be applied to all households for the rating financial year from 1 July each year to 30 June. In some exceptional circumstances we may choose to reduce this fixed rates charge and this is likely to be by way of a rates remission policy. In option 2, we would recover the cost of service provision through user fees, collected through the service provider.

If option 4 is chosen, then we would no longer offer any collection of residential rubbish.

If the additional green waste option is chosen, then we would introduce a new service, with costs met through a targeted rate corresponding to the costs of delivering that service, applicable to those people who want it, but they must opt in.

What's the timeline if we change the recycling and rubbish system?

- 16 July to 16 August 2020 – Community feedback on service changes
- 15 September 2020 – Decisions on service changes made
- 16 September 2020 - 30 June 2021 – Getting ready for the service changes
- 1 July 2021: Service changes in place