



13. REFUSE BAG DELIVERY BY COUPON REDEMPTION

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Corporate Plan Output: Solid Waste	

The purpose of this report is to advise Councillors of proposals to change the way refuse bags are delivered to households.

BACKGROUND

Since bags were introduced as the method of handling the weekly domestic refuse collection, an annual ‘bag delivery’ has taken place. The work has generally been carried out by Works Operations (now Canroad Construction Ltd), and the aim has been to deliver to every ratepayer (with the exception of Central City Businesses), one pack of 52 refuse bags, within a three week period in April.

While the majority of bags are delivered successfully, there is always a percentage (between 3%-5%) which fail to arrive with the customer, and considerable efforts have to be made each year in coping with the complaints and necessary re-deliveries.

PROBLEMS WITH CURRENT BAG DELIVERY

These are outlined below:

- Improper delivery: Some houses are genuinely missed. The principal causes are:
 - (i) Getting the correct number of bags for private lanes, back sections, flats and so on
 - (ii) Occasional lapses by the deliverers.
- Theft: A pack of bags has a considerable value and we know that theft occurs, but cannot get accurate figures on the amount. Anecdotally we think about 50% of complaints come from theft;
- Fraud: A small percentage of customers who use more bags than 52 a year, complain of ‘non delivery’ in order to get a second pack of bags;
- Flats/Landlords: A ‘Landlords List’ is updated annually and landlords are contacted to see if they want to pick up their bags. Nevertheless the Council continues to be involved in disputes between tenants and landlords.

Various methods have been trialed to reduce these problems, but with mixed success:

- Organisations that deliver telephone books were used in sectors of the City for one year. However this initiative demonstrated no improvement;
- Street and house lists, whereby every house is ticked off as a bag is delivered. This involved huge effort and considerable extra stress for staff but the gains were only marginal.

- Improved database to track complaints. This has not been as successful as hoped due to various technical difficulties.
- Delivery to back door, and use of letter box slips where deliverers felt that bags could not be left in a secure place. This gave significant reductions in missed deliveries but also added to the cost of delivery.

Recent years missed delivery numbers are as follows:

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| • Prior to 1998 | Typically 6,000 packs |
| • 1998 when back door deliveries were introduced | 3,500 packs |
| • 1999 | 4,000 packs |

The value of 4,000 packs of bags including collection and disposal of waste is approximately \$150,000. If 50% of the re-deliveries arise from theft and fraud, that represents a loss to Council of \$75,000.

PROPOSAL

Last year Palmerston North introduced a coupon scheme for bag delivery, which they report has been very successful. It is proposed that we introduce such a delivery method, which would operate as follows.

- The Council mails out coupons with the rates assessments in April to all households and businesses.
- This coupon (or coupons in the case of landlords) can be redeemed at any major supermarket for a 52 pack of official refuse bags at no cost.
- The Waste Management Unit of the Council provides pallets of refuse bag packs to participating supermarkets by early April 2000 and an agreed common stocktaking procedure would be followed by all supermarkets. Payment to supermarkets would be a commission on each pack handled.
- There would be major advertising in newspapers and on radio to publicise the scheme to all residents and interested parties.

ADVANTAGES

- Lower levels of fraud and the theft problem would be eliminated.
- Households which use less than 52 bags per year would not end up with surplus bags as at present as they would not need to cash in coupons for bags.
- Potentially reduces the current significant extra workload and stress on Service Centre staff that occurs in April.
- The system is expected to cost less than the current one after reduction of theft and payment of commission to supermarkets,

DISADVANTAGES/POTENTIAL PROBLEMS

- Perceived loss of service: Generally not a problem for most people who shop at a supermarket at least once a week, or have someone do shopping for them. Elderly peoples villages will be targeted for bag delivery by a contractor. Advertising will offer a delivery service for those who are unable to get to a supermarket.
- Lost coupons: Publicity will aim to cover the importance of locating and retaining the coupons until they are redeemed. Any genuine case will be honoured.
- Tenant/Landlord issues: There are approximately 28,000 rented properties in the city. All landlords will be allocated coupons to cover all their properties. Publicity will be targeted to both landlords and tenants to highlight responsibilities. For tenants there is no loss of service, their landlords should deliver to them as currently.

SUMMARY

The current refuse bag delivery system requires an unacceptably high level of re-deliveries (3%-5%) because of genuine missed deliveries, theft and fraud. Refuse bag delivery complaints generate unusual levels of unpleasant behaviour from the public and the theft/fraud aspect costs the Council approximately \$75,000 annually in lost revenue.

It is proposed to replace the delivery with a system whereby coupons are delivered through rates to householders who will redeem their coupons at supermarkets for packs of bags. It is expected that the new system will cost less, result in lower levels of fraud and theft and reduce the number of unwanted bags delivered to households.

- Recommendation:**
1. That staff continue to work with supermarkets, Service Centres, and other stakeholders in order to implement a coupon based bag delivery system for April 2001.
 2. That the coupons be designed in such a way as to provide for redemption of 26 bags at a time.