

19. DRAFT 2008 AMENDMENTS TO THE LONG TERM COUNCIL COMMUNITY PLAN (LTCCP) 2006-16

General Manager responsible:	General Manager Corporate Services, DDI 941-8528
Officer responsible:	Corporate Finance Manager
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PURPOSE OF REPORT

1. The purpose of this report is to seek the Council's approval to consult on the following documents:
 - (a) Draft amendments to the LTCCP 2006-16, including a new Revenue and Financing Policy.
 - (b) The Statement of Proposal and Summary of Information in respect of these matters.

EXECUTIVE SUMMARY

2. On 9 November 2006 the Council resolved to adopt its Waste Management Plan 2006. Council staff were requested to commence planning and project work in respect of the preferred kerbside collection service contained in the Plan (two bins and a bag) and to investigate adding an 80 litre wheelie bin collection to the service in place of the bag.
3. On 13 December 2007 the preferred tenderer was confirmed for the kerbside collection of domestic rubbish, organics and recyclables. Staff were authorised to conclude contractual terms and conditions and finalise commercial discussions with the preferred tenderer for both a two bin and bag and three bin system. The cost of both systems were to be referred to the Council for a subsequent decision on which system was to be adopted.
4. On 4 March 2008 the Council resolved to adopt the three bin system as its preferred option.
5. The additional cost of implementing the Council's waste minimisation strategy, with the three bin kerbside collection service will be \$6.2 million in 2009/10 and \$12.4 million in 2010/11. Whilst these costs have been included in the Council's draft Annual Plan 2008/09 they have not been budgeted for in the LTCCP 2006-16. For that reason, and because of the significance of the additional cost, the LTCCP needs to be amended.
6. At present the Council provides free to ratepayers 26 rubbish bags each year with the cost, including collection and disposal charges, being recovered through the general rate. If "user pays" bags were introduced for the collection and disposal of rubbish as part of the two bin and a bag system, this cost would fall on ratepayers choosing to use that service, in addition to the net cost of the system that would be funded by rates.
7. Also on 4 March 2008 the Council resolved to approve the rate and user-charge funding of the waste minimisation strategy contained in the Waste Management Plan. The Revenue and Financing Policy must be amended through the special consultative process before the new rates and charges can be introduced.
8. Consultation will be undertaken in respect of the draft Annual Plan and the draft 2008 Amendments to the LTCCP 2006-16 which include the additional costs of the three bin kerbside collection service and the amended Revenue and Financing Policy containing the proposed method of funding of the three bin system.
9. A Statement of Proposal and Summary of Information in respect of these matters have been prepared and are attached to this report.
10. Audit NZ has approved the Statement of Proposal and its report will be tabled at the meeting.

FINANCIAL IMPLICATIONS

11. It has now been determined that the additional cost of implementing the Council's waste minimisation strategy including the new kerbside collection service, will be \$6.2 million in the first year. In the second year, this will increase to \$12.4 million.
12. The Council proposes to meet this cost by way of the following funding mechanism:
 - (a) A new uniform targeted rate for organic waste and recycling;
 - (b) A 75% part charge for outlying depot-based service;
 - (c) User charges for collections within the CBD; and
 - (d) The balance of the net cost being funded by general rates.

Do the Recommendations of this Report Align with LTCCP 2006-16 budgets?

13. The costs that will be incurred by the Council in the course of implementing its waste minimisation strategy have been budgeted for in the LTCCP 2006-16, with the exception of the additional operating costs in respect of the enhanced kerbside collection service. These could not be determined until such time as negotiations with the preferred tenderer for this service was chosen.

LEGAL CONSIDERATIONS

14. The Council adopted its Waste Management Plan on 9 November 2006. Before doing so, the Council consulted extensively with its ratepayers and appointed a working party to further investigate options for the reduction of waste going to the Kate Valley Landfill.
15. Two options for an enhanced kerbside collection service were proposed. The Council requested staff to work towards the implementation of the preferred option (two bins and a bag) but also to consider further an 80 litre wheelie bin collection instead of the bag.
16. At its meeting on 13 December 2007 the Council requested staff to finalise commercial discussions with the preferred tenderer for the kerbside collection service for both a two bin and bag and a three bin system.
17. Whilst it initially preferred the two bin and bag system, the Council has made it clear that the three bin system was always under consideration and after further work was carried out by staff that option was ultimately preferred.
18. The Council has resolved to adopt a new funding mechanism in respect of its waste minimisation strategy. This comprises:
 - (a) A new uniform targeted rate for organic waste and recycling;
 - (b) A 75% part charge for outlying depot-based service;
 - (c) User charges for collections within the CBD; and
 - (d) The balance of the net cost being funded by general rates.
19. The Council will be consulting with its ratepayers in respect of the implementation and funding of the waste minimisation strategy, both of which are referred to in the draft Annual Plan 2008/09 and the draft 2008 Amendments to the LTCCP 2006-16.
20. To comply with its statutory obligations, the Council will also be consulting on the proposed amendments to its LTCCP 2006-16, including the Council's Revenue and Financing Policy.

21. The Council has already consulted extensively on the introduction of either a two bin and bag or three bin system for the kerbside collection of waste and recyclable materials.
22. If the result of consultation is that the implementation of the waste minimisation strategy is not confirmed by the Council, then the strategy could not be introduced in 2008/09 and it would be necessary to negotiate a variation of existing contractual obligations.
23. Adoption of the proposed funding mechanism for the enhanced kerbside collection service will require amendment of the Council's Revenue and Financing Policy. Section 102(6) of the Local Government Act 2002 allows the Policy to be amended only as amendment to the Council's LTCCP. This means that the special consultative procedure must be used.
24. The Council must also comply with Section 101(3) of the Act. The following matters are to be considered with regard to the Council's funding needs and sources:
 - (a) Community outcomes;
 - (b) Distribution of benefits between the community and individuals;
 - (c) The period in which those benefits are expected to occur;
 - (d) The extent to which particular individuals or a group contribute to the need to undertake the activities; and
 - (e) The costs and benefits of funding an activity distinctly from other activities.
24. The Council must have regard to the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community. To the extent that the Council has taken these matters into account before making its decision to approve the amended Revenue and Financing Policy for consultation, it has complied with its statutory obligations.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

25. The Council's waste minimisation strategy is contained in the Waste Management Plan 2006. This includes the processing of organic waste and recyclable materials as well as a kerbside collection service.
26. Implementation of the waste minimisation strategy is included in the draft Amendments to the LTCCP 2006-16.

CONSULTATION FULFILMENT

27. The Council consulted extensively with its ratepayers before it made its decision to adopt the Waste Management Plan 2006. This included an indication of the additional operating costs that would be incurred in respect of the enhanced kerbside collection service.
28. Decisions on incurring those costs and the method of funding them will not be made until further consultation is carried out.
29. Further consultation is required in respect of implementing the waste minimisation strategy. This will be included in the special consultative procedure to be carried out before the Council decides on its Annual Plan 2008/09 and the 2008 Amendments to the LTCCP 2006-16.

STAFF RECOMMENDATION

It is recommended that the Council resolve to:

- (a) Approve for consultation the draft 2008 amendments to the LTCCP 2006-16 that include:
 - (i) The additional operating costs for implementing the waste minimisation strategy contained in the Waste Management Plan 2006; and
 - (ii) A new Revenue and Financing Policy that provides for the funding mechanism for implementing the waste minimisation strategy.
- (b) Note that if the result of consultation is that the implementation of the waste minimisation strategy is not confirmed by the Council, then the strategy could not be introduced in 2008/09 and it would be necessary to negotiate a variation of existing contractual obligations.
- (c) Approve the Statement of Proposal and Summary of Information in respect of those matters.
- (d) Approve the following dates for publicly notifying the Statement of Proposal and Summary of Information, consultation and the hearing of submissions in respect of the draft 2008 Amendments to the LTCCP 2006-16:
 - (i) Public notice in The Press: 29 March 2008
 - (ii) Public notice in The Star: 2 April 2008
 - (iii) Consultation period: Monday 31 March to 5pm on 1 May 2008
 - (iv) Hearing dates: 12, 13, 14 May 2008