

7. REFUSE BAG DELIVERY SYSTEM

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The purpose of this report is to inform the Committee of the outcome to date of the new refuse bag delivery system, introduced in April of this year.

INTRODUCTION

In March 2000, the Council approved a proposal to change the way the annual bag delivery was carried out. The change was motivated by difficulties with the old delivery mechanism, in particular missed deliveries, theft, fraud and tenant/landlord issues. In addition it was expected that the proposed new system had the potential for some net savings.

COUPON SYSTEMS

The system introduced involved posting out to all ratepayers a coupon, which would be redeemed at supermarkets, or Service Centres for two 26 pack bags of refuse bags. The concept of splitting the annual allocation of 52 bags into two 26 packs arose from discussion at City Services Committee when the proposal was first put to the Committee. The information available to date indicates that take-up of the option of only redeeming one 26 pack instead of the two has not been high. It is therefore proposed to revert to the single 52 pack in subsequent years. This will save around \$11,000.

Other key elements of the new system are as follows:

- Coupons designed with foil insert to prevent photocopying.
- Two barcodes on coupons. One for use by supermarkets the other unique to each separate coupon. All redeemed coupons are being scanned, and frontline staff have access to the data base that shows if coupons for specific properties have been redeemed. This database information will be able to be used next year to monitor amongst other things fraudulent claims for extra bags.
- Radio and Press information releases alerting the public to the changes, plus explanatory note with the coupons.
- Helpline phone number available.
- Back up delivery system for genuine cases where people do not have access to a supermarket.
- Coupons contain information about the number of dwellings on single rated properties and numbers of packs were issued on this basis. Bag issue for such multiple dwelling properties are carried out at Service Centres and the Pages Road store. Customers were given the opportunity to correct the information the Council held on the number of dwellings on the property, and this information has been recorded on the data base for future use.
- Supermarket involvement ends on 30 June. Thereafter coupons can be redeemed only at Service Centres. There will be reminder radio advertising in late June.
- Coupon delivery was to both rural and urban areas of the City. The Central Business District is excluded from the system, (as previously), as a daily refuse collection system operates there.
- Reports of coupon theft, failed postal delivery have been taken at face value and additional coupons issued with records kept. As above this data base information will be able to be used next year to monitor amongst other things fraudulent claims for extra bags.
- Landlords are expected to act responsibly and ensure either coupon or bags are handed on to tenants.

COUPON ALLOCATION POLICY

Background

Fair allocation of bags has always been an area of debate. The Council's Solid Waste Section receives a continuous trickle of requests from charities, trusts, kindergartens and other worthwhile organisations looking for additional free bags or free dumping at the Refuse Stations.

The policy adopted to date has generally been to provide some small level of assistance as a token of good faith, and to offset the perception of the Council as an unhelpful and bureaucratic organisation. However it is also necessary to explain that the Council does not offer free waste disposal on request because:

- Such action would not be aligned with the Council's Waste Management Plan that states *that "the generators of waste should pay the real costs of waste services"*;
- In equity, if one organisation is given assistance, then others start to expect the same treatment;

A system would therefore need to be developed with rules as to who would be entitled to additional free bags. The Waste Management Plan also states that waste subsidies should be transparent, so a clearly identified fund would need to be established for the purpose.

The nature of the old bag delivery system meant that a reasonable number of bags would have been delivered in an ad hoc way to buildings which may or may not have been entitled to bags.

The new delivery mechanisms provided an opportunity to establish a policy on building categories, which hitherto had not been possible. The approach taken, in alignment with the above philosophy, (ie waste generators to pay costs), was that only properties for which full rates were paid would be sent a coupon. A threshold capital value of the property was also set (of \$14,000) so as to exclude garage lock-ups and the like from receiving a coupon.

Discussion

Inevitably the establishment of this policy has meant that some buildings which had received bags in the past have not this year received a coupon. The converse is also true. Property types that have not received coupons this year because they do not pay full rates or are below the \$14,000 threshold are:

- Council owned car parks
- churches
- small lock-ups
- plunket rooms
- schools
- community halls
- unrated sports club facilities

Comments questioning this new approach have been forthcoming from one Service Centre. Typically each Service Centre administers between three and thirteen community centres, (40 in total), and different approaches have been taken to the issue. Some have purchased and issued bags to facility management committees, other have invoked a clause in the agreements with user groups, which requires that such groups remove their own refuse from the premises.

The Council's Solid & Hazardous Waste Management Plan states that:

When calculating charges for waste management services the following principles will be used unless there are clearly identified reasons why not to do so.

- *the generators of waste should pay the Real Costs of waste services,*
- *those who benefit from the service should pay.*

It is relevant in this context to provide, wherever possible, a clear link between refuse disposal and cost. The policy that has been introduced this year with respect to bag allocation provides that link. The policy is unequivocal, easy to understand and, it is felt, equitable, (see recommendations for wording of policy).

However the link between cost and refuse disposal would be considerably strengthened if the rates demand document was changed so that the refuse disposal service was clearly identified as a fixed lump sum per property.

It is possible that as waste minimisation gathers momentum in the future, the Council will wish to offer ratepayers a range of waste disposal services priced to incentivise waste separation and recycling. Clearly identifying the waste disposal service now as a first step, will assist in introducing such schemes in the future should it be desirable. It is to be noted here that separation of refuse disposal cost as a separate item on the Rates bill would not be a precedent as this is already done for water, stormwater and waste water services.

OUTCOMES FROM NEW BAG DELIVERY SYSTEM

General

The introduction of the new system has run extremely smoothly. The customer centre helpline was heavily loaded with enquiries for a while, but the majority of customers were generally only seeking clarification. Between 17 April when the coupons were sent out, and 25 June, 2,230 calls for service were received and are broken down as follows:

1. bag allocation number change (multi dwelling properties)	284	
2. coupon stolen	32	
3. lost, threw it out	230	
4. never received coupon	1,437	
5. only redeemed 26 bags by mistake	8	
6. other	239	(out of 130,260 total coupon mailouts)
Total	2,230	

Only two customers needed bags delivering direct to their homes.

The Customer Centre has reported generally neutral or positive comment about the new system, with little negative reaction either directly or through the media. This is regarded as a very good result which reflects on the initial Public Relations as well as the system itself.

Landlords

There has been some correspondence in the Press regarding the issue of landlords receiving the coupons. The changed method of bag delivery has meant that landlords, or their property managers now receive the coupons. This change has been welcomed by most landlords who are now better able to manage supply of bags to their tenants. There are a minority of other landlords, of course, who do not share this view, and want to avoid being involved.

Landlord/tenant problems with respect to refuse bags has in the past been a major source of calls to the Council. (Approximately 28,000 rental properties exist in Christchurch). Typically the tenant in residence, when the bags were delivered direct to houses, used up more than one bag per week, then left incoming tenants with a limited number or no bags. It is not expected that the new system will eliminate landlord/tenant bag problems, but it is expected to reduce them as at least now, responsible landlords do have the opportunity to properly manage the issue of bags.

The Essential Services Customer Centre reports that:

- (i) Coupons sent to landlords outside Christchurch have not caused a higher level of calls than for coupons sent to landlords within Christchurch. The key is not where the landlord lives, but the attitude of the landlord.
- (ii) The most significant number of lost coupon calls have been generated from Housing New Zealand properties. A division of Housing New Zealand requested that we send coupons direct to tenants. Since Housing New Zealand is such a large landlord an exception was made and notwithstanding technical difficulties in doing so, their request was met. Based on the not so good experience this year, we will be re-negotiating with Housing New Zealand on a different approach for next year.

Cost

It is too early to be completely definitive about costs as there are still unredeemed coupons out in the community and the coupons are valid until April 2002. Savings from the total number of bags issued (if any) will not be known until that time.

An estimate of the final direct cost has been made however. Excluding one-off first time costs (mostly advertising) the cost is \$95,000. This is considerably less than the previous years costs of \$149,985 with a provisional saving of around \$55,000.

SUMMARY

The introduction of the new refuse bag delivery system has run smoothly, with a provisional cost saving of \$55,000 to date.

The public reaction has been generally positive, although some concern has been expressed about the cessation of free bag delivery to community centres. Valuable data has been obtained and entered on a database, which will enable continuing improvements to be made to this new system in the future.

Approval is sought for officers to enhance the rates demand so that the refuse collection service is clearly identified separately as a lump sum annual charge to be introduced in the 2002/03 financial year.

- Recommendation:**
1. That officers enhance the rates demand so that the refuse collection service is identified separately as a lump sum annual charge.
 2. That non-rateable properties such as schools, churches etc which do not pay full rates will not be eligible for an annual bag supply.
 3. That a coupon redeemable for a 52 bag pack will be allocated annually to all properties of capital value greater than \$14,000 on which full rates are paid.

- Chairman's Recommendation:**
1. That recommendation 1 & 2 above be adopted.
 2. That a coupon redeemable for **two 26 bag packs** will be allocated annually to all properties of capital value greater than \$14,000 on which full rates are paid, and that ratepayers be encouraged to reduce to 26 bags per annum.