

28. RESIDENT PURCHASED REFUSE BAGS

Officer responsible City Water & Waste Manager	Author Mike Stockwell, DDI 371 1332
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The purpose of this report is to gain this Committee's approval for a move from Council supplied refuse bags currently funded directly by Rates, to a system of resident purchased official refuse bags (or stickers) i.e. a waster pays system.

BACKGROUND

The Council's Annual Plan Subcommittee has been looking at alternatives to reduce the rates increase over the forthcoming four years, which is currently projected on the draft 2002/03 budget (at the time of writing this report) as 22.83% total over the four years 2002/03 to 2005/06 (i.e. 5.71% average increase per year). One of a basket of possible options to reduce this rates increase is to move from 52 Council supplied "free" rates funded refuse bags to resident purchased (waster pays) refuse bags. Under this system residents would purchase official Council bags from approved outlets (such as supermarkets, Service Centres and the like), which would generate extra revenue to help reduce Rates increases.

REDUCING RATES

The Annual Plan Subcommittee considered a report from the City Water and Waste Manager (Mike Stockwell) on 6 March 2002, which presented various options for a new resident purchased refuse bag system – refer attached memo of 27 February 2002. This attached report discusses:

- the background to possible (yet to be agreed) future directions for kerbside refuse and recycling collection
- the need to inform/educate residents about alternative options available for reducing the refuse going into their bags (for example by recycling more into a second green recycling bin, available free from Service Centres right now)
- the effect (reduction) on Rates of a new system
- the advantages and disadvantages of a new system

The Annual Plan Subcommittee indicated a clear preference for Option 5 in the attached report, which is for 52 fewer (i.e. zero) free bags. The extra revenue would come into effect in the 2004/05 financial year. This will have its main rates reduction effect (2.85% reduction, i.e. 7.55% projected increase down to 4.70% increase) in the 2004/05 financial year, which coincides with opening the new Regional Landfill (i.e. it will help offset the increase in rates caused by the new landfill when it opens in 2004).

ANOTHER OPTION – RESIDENT PURCHASED STICKERS ON RESIDENTS’ OWN REFUSE BAG

Another alternative to residents purchasing official Council bags is for them to purchase official Council stickers, which they would place on a bag of their choice. This would enable them to use for example supermarket bags (perhaps two bags per sticker by ripping the sticker in half with half on each bag) or any other bag within specified size/weight limits (note here that industry will be able to manufacture these bags for sale to supermarkets etc, thereby providing a business opportunity). The advantages and disadvantages of the official resident purchased sticker system **measured against the alternative of resident purchased official bag system** are listed below.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Additional cost savings (i.e. extra "revenue" over and above that from bag sales) due to stickers being cheaper than bags for the Council to manufacture – likely to be around \$0.600m. ▪ Will provide for reuse of old bags (e.g. supermarket bags, fertiliser bags et. 	<ul style="list-style-type: none"> ▪ There will be a significant number of stickers put on non-regulation size bags which will still have to be collected by Onyx under the clean street policy. This will increase costs and probably inevitably litter on the street. Extra payment to Onyx could be \$100,000/year (to be negotiated when actual situation is known). This disadvantage while manageable needs to be acknowledged.

COST TO RESIDENTS

The approximate extra cost to residents of purchasing 52 official bags or official stickers, as opposed to getting 52 "free" Rates funded bags under the current system, is outlined below.

Cost in \$ Including GST

(1) Cost to Council of Bag or Stickers	(2) Retailer Mark-up per Bag	(1) + (3) Total Cost per Bag	Cost of 52 Bags
1.05 (1)	say 0.10	1.15	59.80

(1) This cost includes kerbside collection, transfer, disposal and the cost of bag or sticker manufacture.

TIMING OF INTRODUCTION

To have a rates reducing effect in the 2004/05 financial year, the last "free" bag delivery would need to be April 2003. Residents would then start running out of bags in March 2004 and start purchasing official bags or stickers at that time. Therefore, some extra revenue will accrue in the 2003/04 year (i.e. for April, May, June 2004), with the full financial benefit in the 2004/05 year (i.e. 12 months July 2004 to June 2005).

SUMMARY

This report (and its attachment) offers a means to reduce rates by an injection of extra revenue by moving from 52 resident supplied "free" refuse bags to a resident purchased (waster pays) alternative – either an official bag or an official sticker to be placed on a bag of choice. The latter has the potential to increase extra revenue further. If the last "free" bag delivery is in April 2003, then there will be a small financial impact in 2003/04 and full financial impact (i.e. 2.85% Rates reduction) in 2004/05, which will help offset the increased costs from the new Regional Landfill. If stickers are adopted, then the reduction in rates would increase further by an additional 0.38 %, making the total reduction 3.23% in the 2004/05 year (i.e. 2.85% + 0.38%).

Recommendation: That this Committee recommends to the Annual Plan Subcommittee that the Council move from the current 52 "free" Rates funded refuse bags system to:

- (a) Either a resident funded (waster pays) official bag system (last "free" bag delivery April 2003, 2.85% lower Rates increase); or
- (b) A resident funded (waster pays) official sticker on bag of choice system (last "free" bag delivery April 2003, 3.23% lower Rates increase); or
- (c) Retain the current system.

Chairman's

Recommendation: Not seen by Chairman.