

10.2 WASTE STRATEGY PROJECT 8: COMMERCIAL WASTE COLLECTION: PROGRESS UPDATE AND RESPONSE TO PETITIONS

- Attachments:**
1. **Petition Received - Nicholas Catania - Confidential**
 2. **Petition Received - Cam Sinclair - Confidential**
 3. **Commercial Waste Service Changes - Information Pamphlet**

RECOMMENDATION:

That **COUNCIL NOTES** the progress update on implementation of Council's decision to cease the City's commercial waste service as part of Project 8 of the Waste Strategy and the response to the petitions received.

PURPOSE OF REPORT:

To provide Council with a progress report on Waste Strategy Project 8 as requested at its 18 May 2021 Council Meeting in response to two petitions received at that meeting.

BACKGROUND:

Project 8 of the City's Waste Strategy 2018 – 2023 "Commercial Waste Collections Options Appraisal" was established to investigate the value of providing the existing commercial service in this capacity and review alternative options.

At the 15 September 2020 Ordinary Council Meeting, Council received a business case detailing the following options:

1. No change to service
2. City provides a fit for purpose service
3. City provides a limited charged service as per residential customers (three bin FOGO service)
4. Discontinue existing commercial service
5. Discontinue existing commercial service with rate rebate

The decision was made to end the City's commercial waste and recycling service on the 30 June 2021 and a one-off rebate granted for all commercial ratepayers (Option 5).

The decision was based on the findings of the options appraisal and aligning business case, which demonstrated that the current commercial waste service is no longer a viable option in the future, for the following reasons:

- a) It does not meet the objectives of the City's Waste Strategy or its vision of achieving zero waste to landfill;
- b) The current commercial system is an extension of the City's residential two bin system and does not offer a tailored approach to the requirements of different businesses;
- c) The introduction of a third Food Organics Garden Organics bin in 2021 would introduce greater inefficiency in the current commercial service; and
- d) A significant additional investment would be required for the City to provide a fit for purpose commercial service.

At the Council Meeting 18th May 2021 Council received two petitions in relation to the discontinuance of commercial waste on the 30 June 2021. The first petition was submitted by Cam Sinclair and contained 101 signatures. The second petition was submitted by Nick Catania and contained 273 signatures. Both petitions requested that the Council reconsider their decision to discontinue its commercial waste collection stating reasons for that request. In both cases Council made the decision to receive the petition and requested that a report be prepared. Responses to the specific issues raised by the petition are provided later in this report.

DETAILS:

The City currently provides a commercial waste collection service for both rubbish and recycling inclusive of the businesses rateable charge. Each rate-paying business may receive a capacity allowance which is calculated using historical methods based on premise type and size (floor space m²).

Due to inadequately designed bin stores capacity and limited verge presentation space, many locations are also being serviced multiple times per week.

It is worth noting that whilst the City's commercial customers only account for 12% of the City's total rateable properties, in terms of bin lifts they account for around 21%, demonstrating a clear disparity in service provision between commercial and residential customers. Commercial bins are on average 6kg heavier than the equivalent domestic bin, thereby resulting in higher disposal costs.

The service provided is not based on the best environmental outcome in terms of materials recovery, and the City does not currently have the ability to provide such a service. The current service is one that is suitable for domestic homes and has been extended to commercial premises, which may have been appropriate when waste was collected in a single bin destined for landfill. This single service approach has introduced inefficiency, does not incentivise landfill diversion and does not support the City's vision of zero waste to landfill. The City has an obligation to collect domestic waste; there is no obligation to provide a commercial waste service and businesses are not compelled to use the City's waste service.

The City currently has 1748 commercial ratepayers. Approximately 162 of these ratepayers do not use the City's service and others purchase additional services from private providers on top of what the City provides. Private waste companies provide a wide ranging service that is tailored to the needs of a business and costed in a way that incentivises material recovery.

Progress to date and planned steps for the service end:

- Initial letter/notification to all commercial Ratepayers (22 September 2020), advising of service end from 30 June 2021 and rationale for change.
- From December 2020 face-to-face site visits were carried out, consulting with businesses as well as marking bin infrastructure in preparation for removal. Information Flyer provided during the visits

All commercial premises have now been visited. Over 4200 waste and recycling bins have been marked in preparation for removal.

To date:

- 9 businesses proactively requested a site visit to discuss options.
- 13 properties have already cancelled their service with us (since September 2020) and moved to a private provider.
- 59 calls came through to Customer Services and were resolved.
- 99 enquiries came through to the waste team and were resolved.
- Business e-newsletters, media releases and social media has also been used regularly to highlight the change and will continue until project completion.
- All commercial premises will receive a reminder letter in mid-June, advising about bin retrieval dates for their areas.
- Although not part of the initial Council Decision, the City has also developed a Micro Business service option. The City has capacity to offer a service to some commercially rateable businesses which are able to manage within the capacity and collection frequency parameters of the City's standard residential collection system - which will change to a three bin FOGO system from October 2021. This will be a discretionary, charged service option.

This on-request option would be provided principally on the basis that:

- It can be accommodated within the City's existing residential collection schedules/routes

- is fully aligned with the City's residential collection system, including: bin infrastructure, capacity allowances and collection frequencies
- that the business does not top-up their waste services through a private waste provider

Whilst some businesses may be able to cope with the current collection system, this may not be the case when the FOGO 3 bin system implemented and collection parameters change, i.e. to 1 x 140lt general waste bin serviced fortnightly; 1 x 240lt recycling bin serviced fortnightly; and 1 x 240lt FOGO bin serviced weekly.

The current commercial market is extremely competitive. Larger suppliers have economies of scale and can provide competitively priced services that are both tailored to business needs and designed and incentivised to maximise recycling and divert waste from landfill. Administration therefore continues to encourage businesses to seek multiple quotes to ensure best value.

Responses to some of the key issues raised by businesses and petitioners.

- Removal of "Entitlement":

The City only has a statutory obligation to collect household waste. The City's Commercial Waste Service is a discretionary service which businesses are not compelled to use.

Very few Councils undertake a fully tailored Commercial Waste Collection and even those that do (e.g. Stirling and City of Perth), advise they are unable to match most private provider rates, as the market is so competitive.

- Rate/Rebate Concerns and misunderstandings:

Despite regularly communicating how rates are determined, a number of commercial businesses are under the misapprehension that their rates pay for mainly waste services. Administration has advised that the City's commercial rate comprises costs for a whole suite of associated service costs, including the maintenance of infrastructure, roads and parking (including one hour free); provision of health, building control, and compliance; community services (including Rangers); street cleaning and sanitation services, etc. and that there is currently no separate waste charge.

While the City does not have a separate waste charge, a rebate from overall operational savings of about \$520 will be given to all commercial ratepayers next financial year (2021-22). Additionally the commercial rate did not rise last year and it is proposed to freeze commercial rates again for the 2021/22 financial year.

Waste Services and associated costs are currently spread across all residential and commercial rate payers, despite many commercial properties receiving an enhanced bin allowance/collection service. This is highlighted by the fact that commercial waste dwellings currently make up around 12% of the City's total rateable properties, but account for approximately 21% of total waste lifts.

The impact of the service change will be monitored and a review report will be presented to Council six months after the service ends. This is intended to highlight any ongoing service or financial impacts. Further support for business could then be considered by Council.

- Why a FOGO/three bin system is not suitable for most Commercial Entities:

The 3-bin Food Organics and Garden Organics (FOGO) collection system is a bin system designed for residential households, focussing predominately on the recovery of residential quantities of food, organic and garden waste. Commercial businesses, for the most part, are less likely to generate garden waste. Additionally, the collection frequency and the bin infrastructure of this system is generally not suitable for most commercially rateable businesses, as the current 240L general waste bin collected weekly will be replaced with a smaller 140L bin which will be collected fortnightly, alternating with the collection of the 240L commingled recycling bin. The 240L FOGO bin will be collected weekly. The vast majority of commercially rated businesses will require a more tailored waste service to ensure their waste is collected efficiently, whilst maximising waste recovery.

Petition 1 – Cam Sinclair (Received 18/5/21)

“We the undersigned call on the City of Vincent to reconsider the discontinuation of the commercial waste collections for the 2,111 small businesses in our community who rely on it every week, and look at a range of alternatives such as the City acting as an agent to purchase the services required by local businesses”.

This motion was also raised at 9 February Annual General Meeting of Electors and was not supported for the following reasons:

- Council had already considered a range of options in arriving at its decision to discontinue the commercial waste service
- The City did not hold complete waste management information for all City of Vincent businesses- many businesses use top-up services from private providers and others don't use the City service at all.
- The City did not maintain a Business Directory - only holding details of the commercial ratepayer, many of whom are landlords
- The City's commercial waste database was limited use to help broker commercial arrangements.
- The City was not able to release ratepayer/commercially sensitive information to third party organisations.

There is significant competition in the commercial waste sector to the extent that there would be no advantage in the City negotiating services for businesses.

Each business is not disadvantaged by requesting competitive quotes from a number of commercial providers that would provide tailored services to support the specific waste streams produced by each business. Introducing the City as an agent between a private business and a private waste operator could result in an unnecessary additional level of administration and overhead and interfere with the customer and supplier relationship.

To summarise, it would be inefficient for the City to act as the “middle-man” to broker contractual arrangements when an individual business can access a competitive market directly and get a specifically tailored solution that addresses their ongoing waste needs.

Petition 2 – Nick Cantania (Received 18 May 2021)

We the undersigned ratepayers and residents support the operators of 2,111 business in the City of Vincent and urge the City of Vincent Council to withdraw their decision to cease collection of waste/rubbish from the business premises in the green and yellow wheelie bins because:

- **These bins are the same as these used by residences and do not require any additional vehicles for the collection,**

City Response: This is part of the issue. The City provides the same size bins for commercial premises as for residential which is often not the best option. Many businesses would be better served by commercial sized bins (660 or 1100litres) rather than domestic sized bins. The current service is one that is suitable for domestic homes and has been extended to commercial premises, which may have been appropriate when waste was collected in a single bin destined for landfill. This single service approach has introduced inefficiency, does not incentivise landfill diversion and does not support the City's vision of zero waste to landfill.

- **The businesses will be burdened by extra costs to employ waste collectors**

City Response: This is an oversimplification of the situation. Many businesses already use private providers (to provide bins in addition to the City allowance) and some don't use the City at all. The City accepts that some business will incur increased cost but others won't. The current commercial market is extremely competitive and a tailored service for waste streams such as cardboard and CDS eligible containers may reduce costs overall. In all cases a business can expect to receive a competitively priced service that is both tailored to their needs and designed and incentivised to maximise recycling and divert waste from landfill; much improved in terms of environmental outcome than the City's outdated service.

- **Private waste collectors will add to the busy Vincent streets, especially around town centres,**

City Response: This is an inaccurate assumption. As outlined above, private providers are already operating throughout the City and as such, this would increase their customer base coverage in the

area, thus improving operational efficiency and in turn environmental performance. A number of the City's commercial ratepayers already use private contractors in addition to the City to 'top up' their commercial allowance from the City. In these cases, ceasing the City's commercial waste service would reduce the number collection vehicles visiting a business and improve environmental performance. Larger commercial bins will also mean less visits to each premise.

- **Private contractors will also dump their waste in landfill and cause environment damage,**
City Response: This is inaccurate. As outlined above private contractors provide competitively priced services that are both tailored to business needs and designed and incentivised to maximise recycling and divert waste from landfill. Landfill is more expensive than recycling due to the landfill levy so there is no incentive to landfill when material can be recycled.
- **Businesses will be paying the same rates and will receive no waste collection services.**
City Response: Council have committed to a one-off rebate from operational savings of circa \$520 per commercial ratepayer to assist with the transition. Additionally Council has requested that Administration provide a further implementation review report to Council on the discontinuation of the commercial waste service six months after implementation. The review report is intended to include any financial and service impacts on commercial ratepayers and an assessment of any further transitional support that may be required for commercial ratepayers, to be considered as part of the 2022-2023 Annual Budget.
- **The City of Vincent has offered no assistance to the businesses that have suffered greatly as a result of the COVID-19 restrictions and indeed are adding cost pressures to these vulnerable establishments.**
City Response: In response to the current economic climate and the challenges faced by our commercial businesses due to COVID-19 commercial rates for 2020-21 were frozen and are in fact lower than the City's residential rate in the dollar. It is proposed that commercial rates are frozen for a further year. The City is also offering a one-off rebate of around \$520 per ratepayer to assist with the transition.

CONSULTATION/ADVERTISING:

The City developed a Communications Strategy to outline how it will engage with businesses, prior to, during and post the discontinuance of commercial services. This Strategy was approved at the 15 September 2020 Council Meeting. Business e-newsletters, media releases and social media has also been used regularly to highlight the change and will continue until project completion.

LEGAL/POLICY:

Nil.

RISK MANAGEMENT IMPLICATIONS

Low: There is a very low risk that a commercial business will not be able to find a private service provider.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Enhanced Environment

We have improved resource efficiency and waste management.

By discontinuing the commercial waste service, commercial customers will be provided with a tailored, contemporary waste service that incentivises and delivers diversion from landfill, which the City would be unable to deliver without significant investment and high risk.

The City's Waste Strategy 2018-2023 has a vision of zero waste to landfill through maximising recovery and avoidance and cost effective, sustainable and contemporary waste services.

The City's Sustainable Environment Strategy 2019-2024 has identical aims and sets the target of zero waste to landfill by 2028.

SUSTAINABILITY IMPLICATIONS:

City of Vincent commercial premises will have access to tailored waste packages from private providers including variable recoverable/recyclable waste streams. This will provide a cost effective collection service which incentivises correct waste behaviours. We expect this will facilitate increased diversion from landfill and assist in the delivery of our Sustainable Environment Strategy 2019-2024 target of zero waste to landfill by 2028.

FINANCIAL/BUDGET IMPLICATIONS:

There is the opportunity to reduce base operating costs by circa \$921,000 per annum by discontinuing the current in-house commercial service.

In addition, capital savings of circa \$470,000 for truck replacement costs can be retained in the waste reserve and be used to offset FOGO implementation costs.

A one off rebate of around \$520 has been approved for the coming financial year. The impact of the change will be monitored and a review report will be presented to Council six months after the service ends. This will highlight any ongoing service or financial impacts. Further support for business could then be considered by Council.



FINDING A NEW CONTRACTOR

While we are unable to recommend a specific service provider, here a few things to consider when looking for a new waste contractor:

- Get more than one quote to find the best price.
- Understand your waste.
- How much waste and recyclables does your business/organisation currently generate?
- What types of waste streams do you need?
- What bin size works best for your location/ storage area?
- How often do you need to have your waste collected?
- Are there any opportunities to minimise or avoid waste and maximise recycling?

For more information, including links to the WALGA preferred supplier list or more tips and tools that can help your business or organisation to reduce waste, save money and improve staff morale, please www.vincent.wa.gov.au/commercialwaste or call us on 9273 6000.



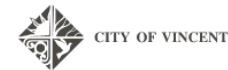
For more information about waste and recycling in the City of Vincent, visit www.vincent.wa.gov.au/waste-recycling or contact us on 9273 6000 or mail@vincent.wa.gov.au

Administration & Civic Centre
Email: mail@vincent.wa.gov.au | Phone: 9273 6000
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COMMERCIAL WASTE COLLECTION SERVICE CHANGES

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IMPORTANT INFORMATION

The City of Vincent is ending its commercial waste and recycling service on 30 June 2021.

If you currently have waste bins from the City of Vincent and your business is a commercial ratepayer you will need to arrange for a commercial waste company to collect your waste and recycling from July 2021. This includes properties with rate exemptions.

Commercial landlords will need to notify tenants so they can make their own arrangements with a private waste company.



WHY IS THE CITY IMPLEMENTING THIS?

The City's current commercial waste service is an extension of the two-bin system for residents. It isn't designed to meet the needs of different businesses or encourage the diversion of waste from landfill. The residential three-bin Food Organics – Garden Organics (FOGO) system which will be implemented from October 2021 is also not suitable for most commercial and non-residential properties.

Commercial waste companies are better placed to provide this service to businesses/organisations. They have economies of scale and can provide competitively priced services that are tailored to the needs of your business.

These services are designed to maximise recycling and divert waste from landfill, which is an important consideration for the City to meet our target of sending zero waste to landfill by 2028.

To help make the transition easier, commercial ratepayers will get a rates rebate of approximately \$520 in 2021–22.

WHAT DOES THAT MEAN FOR YOUR BUSINESS/ORGANISATION?

If you are currently using the City's waste collection services:

- **March 2021 – June 2021:** your business/organisation will receive a reminder to seek a new waste contractor before 1 July 2021. Please note that your bins will be marked in preparation for removal.
- **30 June 2021:** the City's commercial waste services officially cease and all non-residential City bins will be removed during July.
- A rate rebate of about \$520 will automatically be applied on rates issued in 2021/22 (this rebate applies only to commercial ratepayers).

IF YOU ARE CURRENTLY NOT USING THE CITY'S WASTE SERVICES:

If you are currently not receiving any waste and recycling services through the City you will not be affected by the change. As a commercial ratepayer you will still receive a rebate of about \$520, which will automatically be applied on rates issued in 2021/22.

