

## Waste collection in the Central City

7 June 2016

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### Purpose and background

1. At its meeting of 16 February 2016, the Future Melbourne Committee was advised that its existing four compactors and associated recycling hubs had effectively established communal waste collection zones in certain laneway precincts of the central city. The Committee provided in-principle agreement, subject to further community engagement, to the concept of a fee paying model. Council's draft 2016/17 budget provides funding to establish an additional compactor and makes provision for revenue from the compactor service.
2. The purpose of this report is to seek approval for the establishment of a funding model for the service.

### Key issues

3. An extensive community engagement process was undertaken. 217 responses were received to an on-line survey and three written responses received by email. 319 businesses were visited to advise them of the proposal and a further 17 businesses and residents attended drop-in sessions. Details of the community engagement are provided in Attachments 1 and 2.
4. The majority of respondents supported the introduction of the proposed collection model. Businesses expressed an understanding of the need to introduce a fee to ensure the long-term sustainability of the service. They stated that their use of the garbage compactors would rely on the cost relative to that of a private waste collection. Both businesses and residents stressed the need for garbage compactors and recycling hubs to be conveniently located.
5. The Victorian Waste Management Association's submission noted their support for improving commercial waste management. The Association noted that the service should be tendered out and expressed a concern that introducing a fee may lead to more dumped rubbish.
6. The collection proposal is summarised below. Further detail is provided in Attachment 1.
  - 6.1. Each collection area would have at least one garbage compactor and one recycling hub for cardboard and co-mingled recycling. Each recycling hub is funded through provisions of the Waste Services Contract. They may need to be located in a different laneway to the waste compactor.
  - 6.2. Access to the recycling hubs would be free for businesses and residents.
  - 6.3. Residents and small businesses that currently access the rateable service could access the garbage compactors for free in lieu of their rateable waste service should they wish to do so.
  - 6.4. A fee would apply for all other businesses to use the card system that allows access to the garbage compactors and records usage. A fee based on the number of garbage compactor transactions would commence on 1 October 2016. The fee is estimated to be sufficient to substantially off-set annual operating costs. The fee structure is based on low, medium and high access rates as outlined in Attachment 1. The tiered structure is based on a \$5 fee per use.
  - 6.5. It is proposed that the payment method will use Council's existing ePathway system. This will require users to pay upfront on a quarterly basis, based on their historical pattern of usage.
  - 6.6. Access to the garbage compactors and recycling hubs would be open to any resident or business and would not be restricted to those within the surrounding area or precinct.
  - 6.7. The existing provisions of Council's *Activities Local Law 2009* would be applied to prohibit the storage of bins in laneways and streets within the collection areas and enforce dumped rubbish. Bins could still be collected from laneways and streets but would need to be stored on private property between collections.
7. The garbage compactors and recycling hubs including a fee arrangement would be provided through Council's existing Waste Services Contract. This contract expires in March 2019. At this time the service will be tendered as part of the scope. The costs for the provision of the existing compactor bins and recycling hubs and for the establishment of a fifth compactor have been included in the draft 2016-17 budget. If this proposal is introduced, the access fee arrangement for businesses will provide a revenue stream sufficient to off-set the operating costs. It is estimated that the proposed \$5 fee will generate \$415,000 in revenue. The fee is not intended to cover capital costs.

**Recommendation from management**

8. That the Future Melbourne Committee recommends that Council includes the fee structure described in this report in the 2016-17 Annual Budget.

**Attachments:**

1. Supporting Attachment (*Page 3 of 8*)
2. Outcomes of the community engagement (*Page 6 of 8*)

**Supporting Attachment****Legal**

1. No direct legal implications arise from the recommendation from management.

**Finance**

2. The 2016-17 draft budget includes revenue provision of \$340,000 from the establishment of the waste collection model. This revenue figure is based on the installation cost plus first year operating costs for the proposed fifth compactor.
3. It is expected that a reduction in compactor usage will be associated with the initial introduction of the fee and that there will be some marginal non-compliance. Allowing for a 20 percent reduction and that the fee will not commence until 1 October 2016, it is estimated that the proposed fees will generate \$415,000 in revenue in 2016-17. The fee structure, based on a tiered system of usage, is detailed in the following table. Usage figures and associated fees are based on a quarterly basis.

Usage Level	Transactions per Quarter	Frequency	Fee per Quarter
1 (low)	45	Approx every 2 days	\$225
2 (medium)	180	Approx 2 per day	\$900
3 (high)	360	Approx 4 per day	\$1,800

4. Usage data collected from the current compactors will be used to determine the initial usage level category for current customers. An assessment will be made by officers in consultation with new customers to agree on the expected/required usage level. Once established, it can be adjusted if the usage rate changes over time.
5. Provision has been made in the draft 2016-17 budget for the costs associated with this report, as follows:
  - 5.1. Operation and maintenance of four existing garbage compactors - \$600,000
  - 5.2. Establishment, operation and maintenance for a fifth compactor - \$340,000
6. Operation and maintenance of recycling hubs is part of the Waste Services Contract.

**Conflict of interest**

7. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

**Stakeholder consultation**

8. An extensive community engagement process was undertaken from 31 March to 2 May 2016. A dedicated page was set up on the Participate Melbourne website, with details about the proposal and an on-line survey. A range of methods were used to notify and engage residents, businesses and waste companies, as follows:
  - 8.1. Residents, businesses and owners in the proposed collection areas were notified by mail (over 13,000 recipients). Business and resident precinct groups were notified by email.
  - 8.2. 17 people attended the three drop-in information sessions that were held at local venues within the proposed collection areas. 317 businesses that currently use the garbage compactors were visited

in person. An interpreter assisted where appropriate (i.e. during approximately 130 visits made to businesses in Chinatown).

- 8.3. All waste collection companies that are registered to collect waste in the central city were notified by email. Two meetings were held with the Victorian Waste Management Association; one with their executive and one that was open to their general membership.
  - 8.4. Written submissions were received from three respondents, including the Victorian Waste Management Association.
  - 8.5. 217 responses were received via the on-line survey.
9. A summary of community engagement responses is provided at Attachment 2.

#### **Relation to Council policy**

10. The establishment of collection areas would support the implementation of Council's *Waste and Resource Recovery Plan 2015-18* which includes a commitment to continue operating the existing garbage compactors and recycling hubs and to install new garbage compactors and recycling hubs in three additional locations.

#### **Environmental sustainability**

11. Measures detailed in this report have the potential to increase diversion of waste from landfill and reduce the number of greenhouse gas emissions generated from waste collection and disposal.

#### **Further detail on the waste collection proposal**

12. The drivers for establishing the collection catchment areas are the amenity and environmental issues associated with the collection and on-street storage of bins in the central city.
13. The six initial waste collection catchment areas and locations of the garbage compactors are as follows. Each area will also have at least one recycling hub.
  - 13.1. Chinatown Catchment (1). Generally bounded by Swanston/Lonsdale/Russell/Bourke streets. Garbage compactor in operation at Bullens Lane. Additional garbage compactor may need to be installed in the future.
  - 13.2. Chinatown Catchment (2). Generally bounded by Elizabeth/Lonsdale/Swanston/Bourke streets. Garbage compactor in operation at Lacey Place.
  - 13.3. Hardware Catchment. Generally bounded by Queen/Lonsdale/Elizabeth/Bourke streets. Garbage compactor in operation at Kirks Lane.
  - 13.4. Caledonian Catchment. Generally bounded by Queen, Lonsdale, Elizabeth and Bourke streets. Garbage compactor in operation at Caledonian Lane.
  - 13.5. Little Collins Street Catchment. Generally bounded by Elizabeth/Bourke/Swanston/Collins streets. Garbage compactor to be established during the 2016/17 financial year (subject to budget).
  - 13.6. Degraeves Catchment. Generally bounded by Elizabeth/Collins/Swanston/Flinders streets. Garbage compactor to be located within this precinct in 2017/18 financial year (subject to budget).
14. The estimated number of businesses in each area (based on Council's Census of Land Use and Employment) and the number using the existing garbage compactors is shown in the table below. In total there are 2,400 businesses within the six areas. There are 1,195 businesses within the four areas where compactors are already located, of which 299 (25%) used the free garbage compactors in the 2015 calendar year.

	Total number of businesses	Number of businesses using garbage compactors in 2015	Proportion of businesses using the existing compactor
Chinatown Precinct (1)	282	109	39%
Chinatown Precinct (2)	261	27	11%
Hardware Precinct	327	128	39%
Caledonian Precinct	325	35	10%
Little Collins Street Precinct	590	N/A	N/A
Degraves Precinct	619	N/A	N/A
<b>Total</b>	<b>2404</b>	<b>265</b>	

15. The collection catchment areas would be implemented subject to the availability of garbage compactors and recycling hubs. The proposed implementation dates are as follows; subject to budget approval:
  - 15.1. Chinatown (1) and (2); Hardware and Caledonian catchments – 1 October 2016
  - 15.2. Little Collins Street Catchment – 1 March 2017 (subject to compactor establishment)
  - 15.3. Degraves Catchment – 1 March 2018 (subject to compactor establishment)
  
16. The key steps to be undertaken prior to implementation of the waste collection proposal commencing 1 October 2016 are as follows:
  - 16.1. Notify the residents, businesses and others who contributed to the community engagement process.
  - 16.2. Establish an invoicing system for monthly charging of businesses at the agreed rate per transaction.
  - 16.3. Renew the prescriptions under the *Activities Local Law 2009* to remove any areas that are currently prescribed for bin storage within the areas.
  - 16.4. Register businesses (existing and new), including entering into appropriate contractual arrangements to support charging them for compactor use.
  - 16.5. Implement improvements to the compactor and recycling hub program as identified in the community engagement process.

## Community engagement responses summary

### Participate Melbourne survey responses

1. An on-line survey was open from 31 March to 2 May 2016. A total of 217 respondents completed the survey. This included:
  - 1.1. 80 current compactor users (68 businesses and 12 residents)
  - 1.2. 137 who do not currently use the compactor (50 businesses, 61 residents, 18 property owners (absentee), 1 waste company and 6 others).

### Key survey findings

#### *Effectiveness*

2. Respondents were asked whether they thought the waste collection proposal would be effective in terms of a range of improvement aspects. The results are shown below. All aspects were expected to improve by a majority of respondents except for 'improving business / local economy'.

Table: Responses to the survey question: "Do you think the Waste Collection Zones, including the garbage compactor and recycling hubs would be effective in terms of (Tick all that apply)"

Improvement aspect	Number of respondents	Percentage of respondents
Reducing the number of bins stored in laneways	167	77%
Reducing dumped rubbish	139	64%
Reducing the number of waste trucks	138	64%
Increasing recycling	134	62%
Improving the general area	159	73%
Improving business/local economy	73	34%
<b>Total number of respondents to this question</b>	<b>217</b>	<b>100%</b>

#### *Support for the introduction of waste collection proposal*

3. A majority of respondents supported the introduction of the scheme. Of the 217 survey respondents, 180 (83%) of respondents supported the introduction, 31 (14%) did not support it and 6 (3%) declined to answer the question.

#### *Fee-paying model*

4. In total, there were 33 answers recorded. Of these, the pay-by-weight model was the most preferred, with 16 respondents (48%) selecting this as their preference. The flat fee was preferred by 9 respondents (27%) and the category fee by 8 respondents (24%).

#### *Further comments*

5. Survey respondents were asked to provide comments in regards to their support for the proposal, including the collection areas, the fee-paying model, the locations and boundaries, potential improvements to the proposal and any other comments/feedback. A summary of these comments is provided below.

- 5.1. Location of compactors and recycling hubs
  - 5.1.1. A range of issues were raised in relation to transport of waste to the garbage compactors or recycling hubs, including convenience / ease of accessibility, the distance that must be travelled, manual handling and occupational health and safety, time taken and spillage while transporting waste. More garbage compactors and recycling hubs were requested to be located in each area in order to mitigate against the issues raised.
  - 5.1.2. Some respondents were concerned about the locations of future garbage compactors or recycling hubs, particularly in relation to noise from the compactor operations or views being obstructed. Two respondents requested that the Lacey Place compactor be removed.
- 5.2. Amenity issues
  - 5.2.1. The positive amenity impacts of the compactors were noted by most respondents, including reduced number of bins on the street, a cleaner environment and less rodent activity. Two respondents stated that there had been an increase in rodent activity and odour since the introduction of the compactors.
- 5.3. Recycling, food organics and waste reduction/minimisation
  - 5.3.1. Food organics recycling was requested to be added to the program.
  - 5.3.2. Some respondents made suggestions for other initiatives that could be adopted such as banning plastic bags, waste minimisation programs, more educational materials and a website to explain what can/can't be recycled.
- 5.4. Suitability / appropriateness of the service
  - 5.4.1. Some respondents noted that the communal facilities are not appropriate for large waste generators such as hotels; where there are large numbers of bins being emptied daily or where a bin lift would be needed to empty bins into the compactor.
- 5.5. Suggested improvements
  - 5.5.1. A variety of improvements to the amenity and aesthetics of the compactors were suggested, including increased dumped rubbish/items collections; better lighting and more frequent cleaning of the compactors and surrounds.
  - 5.5.2. The recycling hubs could be improved by being emptied more frequently, particularly in busy times; by having businesses provided with containers and signage to assist with source separation. Some residents requested that the garbage compactors not be accessible overnight to avoid any disturbance due to noise.

### **Other response channels**

- 6. There were a number of other ways that interested parties could provide feedback on the proposal. These are outlined below along with a summary of feedback received through each method.

#### *Face-to-face visits with businesses*

- 7. 319 businesses that currently use the compactors were visited as part of the engagement campaign. The objective of these visits was to ensure that the businesses were aware of the

proposal and the opportunity to provide feedback via the on-line survey or in writing. A Chinese language interpreter accompanied the City of Melbourne staff in around 130 of these visits. These visits provided an overall view of the proposal which was:

- 7.1. That the businesses were not surprised that a fee was being considered.
- 7.2. That cost and convenience was a key factor and that this would determine whether they continued using the compactors.
- 7.3. That the program has resulted in substantial improvements to the amenity of the area and should be continued.

*Drop-in sessions*

8. 17 people attended the three drop-in information sessions that were held at local venues within the proposed collection areas. The feedback received at these sessions reflected the comments made in the on-line survey, which have been summarised above. The points that have not been mentioned above are as follows:
  - 8.1. Laneways selected for garbage compactors or recycling hubs need to be appropriate; e.g. concrete or asphalt paving rather than bluestone.
  - 8.2. Some attendees felt that requiring residents to carry their waste out of their building and to an external location was unreasonable.
  - 8.3. The idea of a 'wrap' on the compactors, possibly with historical photos of the area, would improve their aesthetic appearance.

*Written submissions*

9. Three email responses were received. One was from a resident who had specific questions/concerns about their building, which reflect the comments noted above. The second was from a building caretaker who also provided the same feedback/comments in the on-line survey. The third was a submission from the Victorian Waste Management Association (VWMA). The submission from VWMA was made after two meetings were held; one with the association executive team and another that was open to all association members. A summary of the VWMA submission is included below.
  - 9.1. The VWMA has for a number of years supported the City of Melbourne's desire to address the issues relating to commercial waste, including reducing bins stored in laneways, reducing dumped rubbish, reducing the number of garbage truck movements and increasing recycling.
  - 9.2. A key concern is that establishing the proposed waste collection model could have a negative economic impact on commercial waste collection providers and the possibility of restraint of trade if the City of Melbourne chooses to not go to tender to determine providers of waste services within the collection areas.
  - 9.3. They are concerned that with the introduction of a fee, there will be more illegally dumped rubbish and businesses opting out for a more accessible service.
  - 9.4. An opportunity to segregate organic waste should be provided. The option of converting the garbage compactors to take recyclables should be explored.