



**3.2 DON'T WASTE IT! WASTE MANAGEMENT STRATEGY 2022-2025 AND RATING STRATEGY 2022-25**

**EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE**

**PREPARED BY: LACHLAN JOHNSON, EXECUTIVE MANAGER CONSTRUCTION, CONTRACTS AND OPERATIONS**

**PETER LIU, HEAD OF MANAGEMENT ACCOUNTING & FINANCIAL ANALYSIS**

**MARLEEN MATHIAS, PROGRAM DIRECTOR - WASTE FUTURES**

**1. PURPOSE**

1.1 To present the *Don't Waste It! Waste Management Strategy 2022-25 and Rating Strategy 2022-25* for adoption following consultation with the community.

**2. EXECUTIVE SUMMARY**

2.1 Council has undertaken reviews of its Rating Strategy and the Don't Waste It! Waste Management Strategy. The draft strategies were released for community consultation following a Council resolution at the 24 April 2022 Special Council meeting.

**2.2 Waste Management Strategy**

2.2.1 Council's Don't Waste It! Waste Management Strategy, alongside the Waste Transition Plan informs how we will meet legislative requirements for new waste services including Food Organic Garden Organic (FOGO) and Glass Recycling, and how we will meet our sustainability targets.

2.2.2 Based on Councillor feedback and the outcomes of deliberative community engagement conducted in early 2022, officers developed revisions to the current waste management strategy represented in the draft *Don't Waste It! Waste Management Strategy 2022-25*.

2.2.3 Broader community consultation was undertaken in April and May 2022 as part of the community consultation process for the draft Council Plan and Budget 2022/23 and the draft Rating Strategy. The feedback received was relatively small with 115 completed surveys received. No changes were made to the *Don't Waste It! Waste Management Strategy 2022-25* for adoption having considered the benefits that the Strategy will achieve including landfill diversion, meeting State Government waste targets and encouraging more sustainable practices.

2.2.4 The proposed *Don't Waste It! Waste Management Strategy 2022-25* includes the provision of the following new waste services:

- Weekly collection of 120-litre FOGO bin to eligible Single Unit Developments (SUDs), commencing from January 2023.
- Weekly collection of FOGO bin (size to be determined) to eligible Multi-Unit Developments (MUDs), commencing from July 2023.



- A move to fortnightly garbage collection for properties with kerbside FOGO bins, six months after the commencement of the kerbside FOGO services to ensure best waste management outcomes.
- Communal organics services for properties that are ineligible or unable to accommodate the additional FOGO kerbside bin commencing from July 2023.
- Communal glass recycling services to be rolled-out across the City providing access for all residents commencing from January 2023.

## 2.3 Rating Strategy

2.3.1 The draft *Rating Strategy 2022-25* included changes to the rating structure to provide Council with enhanced flexibility to effectively deal with issues associated with:

- valuation shifts between property classes
- changes in rates distribution within the residential property class
- capacity to raise sufficient income to fund new waste services and above rates cap increases in waste costs (while committing to being as efficient and effective as possible in-service delivery).

2.3.2 The *Rating Strategy 2022-25* seeks to achieve the following objectives:

- Rating outcomes that are equitable: fairness in the amount that each ratepayer contributes to the total rates burden of the community.
- Rating outcomes that are efficient: carefully considering and seeking to minimise the impact on decisions on the broader economy.
- Rating outcomes that are simple to understand and efficient to administer.
- Rating outcomes that manage the impact of change including phasing in changes to reduce their impact where necessary.
- Rating outcomes that align with Council's broader objectives while carefully considering any trade-offs with other rating objectives.

2.3.3 Feedback received from our community consultation on the draft *Rating Strategy 2022-2025* was relatively small with 103 completed survey samples. No changes were made to the *Rating Strategy 2022-2025* for adoption having considered the benefits that the Strategy will achieve such as transparency on waste costs, addressing rates shift within residential class, funding new waste services, and uses pricing to encourage more sustainable practices.

2.4 Officers will monitor the implementation of both strategies and make adjustments if necessary, to achieve optimal outcomes for our community as part of the Budget 2023/24 process.



### 3. RECOMMENDATION

#### **PART 1**

That Council:

- 3.1 Adopts the *Don't Waste It! Waste Management Strategy 2022-25* (Attachment 1).
- 3.2 Notes the *following* new waste services to be delivered in 2023 in the *Don't Waste It! Waste Management Strategy 2022-25*.
  - Weekly collection of 120-litre FOGO bin to eligible Single Unit Developments (SUDs), commencing from January 2023.
  - Weekly collection of FOGO bin (size to be determined) to eligible Multi-Unit Developments (MUDs), commencing from July 2023.
  - A move to fortnightly garbage collection for properties with kerbside FOGO bins, six months after the commencement of the FOGO services.
  - Communal organics services for properties that are ineligible or unable to accommodate the additional FOGO kerbside bin commencement from July 2023.
  - Communal glass recycling services to be rolled-out across the City providing access for all residents commencing from January 2023.

#### **PART 2**

That Council:

- 3.3 Adopts the *Rating Strategy 2022-25* (Attachment 2).
- 3.4 Notes the *Rating Strategy 2022-2025* includes the following rating structure changes to be included in Budget 2022/23 for adoption:
  - Shifting the rating system from Net Annual Value (NAV) to Capital Improved Value (CIV).
  - Introducing Differential Rating at the property class level (Commercial, Industrial and Residential).
  - Separating the cost of private benefits/direct waste services (Kerbside Bins Collection, Communal FOGO & Glass, Hard & Green Waste, and Resource Recovery Centre) from General Rates to a waste charge structure.
  - Implement a tiered waste charge structure including rebates to ensure a fairer fee structure based on user-pays principle.
- 3.5 Notes the average of general rates and waste charges are proposed to increase by the rates cap of 1.75% despite inflation forecast at 4.5% (likely higher) and new waste services and related waste cost increases of 14%.

#### **PART 3**

That Council:

- 3.6 Authorises the CEO to make amendments to the proposed *Don't Waste It! Waste Management Strategy 2022-25* and proposed *Rating Strategy 2022-2025* to reflect any changes through this resolution or consideration of the Budget 2022/23 as separate item on the meeting agenda, and to make minor editorial adjustments to the document to prepare for publication and distribution.



## 4. KEY POINTS/ISSUES

### 4.1 Waste Management Strategy

- 4.1.1 Council's *Don't Waste It! Waste Management Strategy*, alongside the Waste Transition Plan is reviewed periodically to ensure its currency in meeting Victorian Government legislation and policy requirements on waste services and internal sustainability targets.
- 4.1.2 The development of the *Don't Waste It! Waste Management Strategy 2022-25* has been informed by the significant work undertaken over the first four-years of the *Don't Waste It! Strategy* including the roll-out of a kerbside FOGO collection service in Elwood, the glass collection trials in Garden City, the multi-unit development FOGO trial and the ongoing communal glass and food organics collection services.
- 4.1.3 The strategy sets out how we will transform our current waste and recycling services over the next four years to best serve our diverse and expanding community as well as meeting Victorian Government requirements as set out in *Recycling Victoria* and the *Circular Economy (Waste Reduction and Recycling) Act 2021*.
- 4.1.4 Community feedback received in February and early March 2022 was incorporated into the strategy and informed the collection frequency of the kerbside FOGO service, criteria for the selection of the communal sites and priority actions of the updated Waste Management Strategy.
- 4.1.5 Further engagement on the draft *Don't Waste It! Waste Management Strategy 2022-25* was completed between 29 April and 27 May 2022 as part of the broader community engagement on the Council Plan and Budget 2022/23.
- 4.1.6 The key themes of the community feedback received were:
- Support for the delivery of new waste services – kerbside and communal FOGO as well as communal glass
  - Concern about the move to a fortnightly garbage collection.
- 4.1.7 The shift to a fortnightly garbage collection service for properties with a kerbside FOGO service is the best way achieve food organics diversion from landfill and achieve Council's landfill diversion targets.

To support the community to understand the importance of the shift to a fortnightly garbage collection service, communications and education materials developed as part of the waste transformation plan will focus on how residents can minimise their garbage stream and the importance of separating food organics and garden organics (FOGO) material to maximise recycling of FOGO materials.

- 4.1.8 The key elements of the *Don't Waste It! Waste Management Strategy 2022-25* are set out below.

#### **Waste Services**

- Weekly collection of the 120-litre garbage bin (default) service
- Weekly collection of the 120-litre recycling bin (default) service



- New Services – FOGO and Glass Recycling:
  - Weekly collection of 120-litre FOGO bin to eligible Single Unit Developments (SUDs), commencing early 2023.
  - Weekly collection of FOGO bin (size to be determined) to eligible Multi-Unit Developments (MUDs), commencing July 2023.
  - A move to fortnightly garbage collection for properties with kerbside FOGO bins, six months after the commencement of the FOGO services.
  - Communal organics services for properties that are ineligible or unable to accommodate the additional FOGO kerbside bin from July 2023.
  - Communal glass recycling services to be rolled-out across the City providing access for all residents from early 2023.
- Enhancement of public place recycling, including the roll out of additional public place recycling bins.

#### **Key Targets**

- The *provision* of additional waste services (particularly organics recycling) will help to increase the amount of material that is recycled and not sent to landfill. The key waste reduction targets are:
    - 20-30% reduction in FOGO materials in the garbage stream (per property) for properties using a kerbside service by 2025
    - 10-15% reduction in FOGO materials (per property) in the garbage stream for properties using a communal service by 2025
    - 10-20% reduction in glass materials in the kerbside recycling stream by 2024
    - 40-50% reduction of glass in the kerbside mixed recycling stream for houses / townhouses by 2025
    - 30-40% reduction of glass in the kerbside mixed recycling stream for apartments / units by 2025.
    - 20-30% reduction in the garbage stream for public place bins by 2025.
- 4.1.9 The waste service trials undertaken across the City over the last four-years have provided a strong evidence base to underpin the hybrid kerbside and communal waste service offering as well as the associated waste reduction targets that have been included in the *Don't Waste It! Waste Management Strategy 2022-25*.

## **4.2 Rating Strategy**

- 4.2.1 Victorian councils have been granted the power under the Local Government Act 2020 (the Act) to declare rates and charges on rateable land within their municipal boundaries. Councils use property values as the basis for



calculating how much each property owner pays in rates. The Rating Strategy informs how Council rates are distributed in the community. It does not impact on the total rates revenue that is raised each year, which is determined by the annual budget process within the confines of the rating capping legislation.

4.2.2 Since the last *Rating Strategy* review in 2018, there have been significant developments in the operating environment including:

- *New Local Government Act 2020 came into force with new requirements.*
- *The responsibility of the Property Valuation function was centralised to the Victorian Valuer General, with valuations performed annually.*
- *COVID-19 pandemic had negative impacts to our community and Council both socially and economically.*
- *A new Council was elected, and a new Council Plan developed.*
- *Significant waste sector changes were introduced, including the National Waste Policy 2018 & Action Plan and Recycling Victoria: A New Economy 2020 policy.*
- *Significant changes to our community profile; a greater growth in residential properties; and valuation shifts in specific property types have resulted in some disproportionate rates distribution shifts.*

4.2.3 The draft *Rating Strategy* was consulted with our community as part of the Council Plan and Budget 2022/23 process in April and May 2022 following a deliberative engagement panel process in February and March.

4.2.4 The outcomes of the consultation process undertaken were presented to councillors in June 2022 which included four main themes:

- *56% support for a shift from Net Annual Value to Capital Improved Value.*
- *56% support for the introduction of differential rating.*
- *41% support for a separate waste charge.*
- *24% support for a tiered waste charge.*

4.2.5 No changes are proposed to the *Rating Strategy* taking into account the advantages of a separate waste charge structure (such as transparency on waste costs, addressing rates shift within residential class, funding source for new waste services, and uses pricing to encourage more sustainable practices) and a relatively small survey/feedback sample.

4.2.6 Officers will monitor the implementation of the Rating and Waste Strategies, and if necessary, make adjustments to the strategies to ensure optimal outcomes for our community as part of the Budget 2023/24 process. This will include an assessment of whether to continue with a tiered waste charge.

### ***Rating Strategy Objectives***

4.2.7 The *Rating Strategy* seeks to achieve the following objectives:

- *Rating outcomes that are equitable: fairness in the amount that each ratepayer contributes to the total rates burden of the community.*
- *Rating outcomes that are efficient: carefully considering and seeking to minimise the impact on decisions on the broader economy.*



- *Rating outcomes that are simple to understand and efficient to administer.*
- *Rating outcomes that manage the impact of change including phasing in changes to reduce their impact where necessary.*
- *Rating outcomes that align with Council's broader objectives while carefully considering any trade-offs with other rating objectives.*

### **Rating Strategy Principles**

4.2.8 The Rating Strategy can be summarised in the following principles:

- *We will levy rates consistent with a ratepayer's ability to pay, as measured by the Capital Improved Value of property owned within the municipality.*
- *A higher differential rate will be set for commercial and industrial properties compared to residential properties. This reflects an objective to maintain fairness and relative consistency in the distribution of rates between property classes as well as the taxation and higher rental yield benefits generally available to owners of these types of properties.*
- *Differential rating will also be considered to assist with the development of our City consistent with Council Plan Objectives.*
- *Consistent with our rating objective to manage the impacts of change, any differential rating changes will be gradual taken into consideration the annual general property valuation and demographic changes as part of the budget development process.*
- *The Council has chosen not to implement a municipal charge, given the introduction of a fixed waste charge.*
- *A waste charges will apply to all rateable assessments to recover the cost of waste services that are direct or provide private benefits (such as kerbside collections; communal food organics and garden organics and glass recycling; hard and green waste collection; and Resource Recovery Centre operations).*
- *The setting of waste charges will be tiered recognising some key service differences between kerbside collection and communal services. It will include a mix of concessions, bin sizes, and exemptions to influence community behaviour, and support equitable outcomes.*
- *Special rates and charges will be used where a specific benefit or service can be identified for ratepayers and only following consultation with the affected ratepayers.*
- *The Council is committed to providing targeted support for the financially disadvantaged in the community through the thoughtful use of:*
  - Rates charged to the property
  - Deferred rates payments
  - Interest and rates waivers for extreme financial hardship circumstances
  - Pensioner rebates for rates (including a supplementary City of Port Phillip sponsored rate rebate)



- A compassionate approach to debt management.
- *Support for residents who are not property owners will be achieved through a range of social and community support mechanisms.*
- *The Council committed to support the provision of affordable housing for “Older Persons” by providing a 50 per cent rates concession for Public Housing Estates located in the City of Port Phillip managed by the Ministry of Housing. This provides Council the first option to nominate low income, disadvantaged, or inappropriately housed residents of the City of Port Phillip when vacancies become available in these Public Housing Estates.*
- *Non-rateable properties will be required to contribute to services provided by the Council through the payment of waste service charges at full cost.*
- *Properties provided for under the Cultural and Recreational Lands Act 1963 will be provided support within the governance of Council’s Community Funding Policy. This will achieve a better, more transparent and consistent outcome that aligns with Council’s strategic directions and policies.*
  - The Rating Strategy will be reviewed by 30 June following a general council election.

### **Rating Strategy Outcomes**

4.2.9 The Rating Strategy will achieve the following outcomes:

- *Shifting the rating system from NAV to CIV and the introduction of differential rating at property class level will provide Council with enough flexibility to effectively deal with the issue associated with the annual property valuation shifts between property classes.*
- *Separating the cost of private benefits/direct waste services (Kerbside Bins Collection, Communal FOGO & Glass, Hard & Green Waste, and Resource Recovery Centre) from General Rates to a waste charge structure will provide Council with enough flexibility to effectively deal with the issue associated with changes in rates distribution within the residential property class, provides more transparency on waste costs, and the capacity to raise sufficient income to fund new waste services and above rates cap increase in waste costs.*

### **4.3 Implementation of the Waste Management Strategy and Rating Strategy for Budget 2022/23**

4.4 The Council Plan and Budget 2022/23 was developed in conjunction with the Waste Management Strategy and Rating Strategy. The initiatives and actions are funded and or *reflected* in the Council Plan and Budget 2022/23 and the Revenue and Rating Plan (10-year Financial Plan) for adoption at the same Council Meeting 29 June 2022.

## **5. CONSULTATION AND STAKEHOLDERS**

5.1 The following engagement and consultation activities were used to inform the draft *Waste Management Strategy and Rating Strategy*:





- *Community consultation was undertaken from 10 February to 5 March 2022 to inform revisions to the Waste Management Strategy included online surveys on Council's Have Your Say.*
- *A deliberative panel process from 1 February to 1 March 2022 over five sessions to consider and develop a response to Council's proposal for changes to the Waste Management Strategy and Rating Strategy.*

5.2 Following a Council resolution at the 24 April 2022 Special Council meeting and as part of the engagement approach for the Council Plan and Budget 2022/23 process Council delivered consultative engagement with our community in April and May 2022.

**Consultation on the draft *Don't Waste It! Waste Management Strategy 2022-25* and the draft *Rating Strategy***

5.3 Consultation on the draft *Don't Waste It! Waste Management Strategy 2022-25* and draft *Rating Strategy* took place between 29 April to 27 May 2022 as part of the engagement approach for the Council Plan and Budget 2022/23 and included:

- *An online survey on Council's Have Your Say engagement site. 125 completed surveys were received.*
  - *An average of 115 responses to the Waste Management Strategy specific questions.*
  - *An average of 103 responses to the Rating Strategy Specific questions.*
  - *The opportunity to provide a written submission. Ten (10) submissions were received from the community in relation to the Waste Management Strategy.*
  - *Eight (8) pop-up sessions across the City's neighbourhoods as part of Council's Neighbourhood Conversations program, with 220 conversations taking place.*
  - *The consultation was promoted to our community via Council's website, Divercity Online and Have Your Say databases, and through social media and various stakeholder databases and community newsletters.*

**Consultation feedback on the draft *Don't Waste It! Waste Management Strategy 2022-25***

5.4 Key feedback themes from the consultation included:

- *Generally positive feedback on the new FOGO services & glass service proposals.*
- *Responses indicated some concern with the change to garbage collection frequency for properties receiving a kerbside FOGO service.*
- *With the exception of garbage collection frequencies, most responses were polarised.*

5.5 Whilst it is noted that community feedback was against the shift to fortnightly garbage collection, no changes to the draft *Don't Waste It! Waste Management Strategy 2022-25* have been made.



- 5.6 The shift to a fortnightly garbage collection service for properties with a kerbside FOGO service is the best way to achieve food organics diversion from landfill and achieve council's landfill diversion targets.
- 5.7 To support the community to understand the importance of the shift to a fortnightly garbage collection service, communication and education materials developed as part of the waste transformation plan will focus on how residents can minimise their garbage stream and the importance of separating food organics and garden organics (FOGO) material to maximise recycling of FOGO materials.

### **Consultation feedback on the draft *Rating Strategy 2022-25***

- 5.8 Key feedback themes from the consultation included
- *Positive feedback received on CIV and Differential Rating consistent with our proposed strategy.*
  - *Responses indicated some concern from residents on the introduction of a separate waste charge.*
  - *Low support for a tiered waste charge (24% favourable)*
- 5.9 No changes were made to the *Rating Strategy* taken into account the advantages of a separate waste charge structure (such as transparency on waste costs, addresses rates shift within residential class, funding source for new waste services, and uses pricing to encourage more sustainable practices) and a relatively small survey/feedback sample.
- 5.10 Officers will monitor the implementation of the Rating and Waste Strategies, and if necessary, make adjustments to the strategies to ensure optimal outcomes for our community as part of the Budget 2023/24 process.

## **6. LEGAL AND RISK IMPLICATIONS**

- 6.1 The Act provides a limited range of options for councils to develop rating systems, which have been considered in the Rating Strategy review.
- 6.2 The principles within the Rating Strategy are compliant with provisions for developing rates within the Act.

## **7. FINANCIAL IMPACT**

- 7.1 The Rating Strategy review does not impact on the total rates revenue that is raised each year, which is determined by the annual budget process and in accordance with the requirements of rate capping legislation.
- 7.2 This review considers the introduction of a Waste Charge that, if adopted, will result in additional Waste Charge income (approximately \$2.3 million per annum plus indexation) offset by matching additional costs of new waste services and above rates cap cost escalations. This will assist in ensuring Council's financial sustainability.
- 7.3 Council rates collection processes have been developed to manage the financial risk of rates collection and defaults, while also implementing a compassionate approach to rate debt management.



## 8. ENVIRONMENTAL IMPACT

- 8.1 The *Rating Strategy* review aims to address funding of new waste services to increase landfill diversion and recycling, which in turn contributes to reducing impacts to the environment.
- 8.2 The *Don't Waste It! Waste Management Strategy 2022-25* incorporates the proposed approach to the roll-out of new waste services and provides a basis upon which to reduce the environmental impact of waste generation in the City.

## 9. COMMUNITY IMPACT

- 9.1 The *Rating Strategy*, together with other Council policy initiatives, must consider the possibility that rates may become unaffordable for groups in the community. In response to this, the *Rating Strategy* retains an emphasis on targeted support for financially disadvantaged members of our community.

## 10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 Consistent with the Council Plan strategic direction *Well-Governed Port Phillip*, Council is a financially sustainable, high performing, well-governed organisation that puts the community first. The cost of providing Council services is a key component of the value equation. The *Rating Strategy* contains the principles by which rates and waste charges are to be distributed fairly to the community to help pay for Council services.
- 10.2 The *Don't Waste It! Waste Management Strategy 2022-25* aligns with the Council Plan strategic direction of *Sustainable Port Phillip* and seeks to achieve a transformational shift in diversion from landfill and other waste management objectives.

## 11. IMPLEMENTATION STRATEGY

### 11.1 TIMELINE

- *29 June 2022 - The updated Rating Strategy 2022-2025, Don't Waste It! Waste Management Strategy 2022-25 and updated Council Plan 2021-31 (Year Two) and Budget 2022/23 presented for Council's consideration for adoption.*
- *30 June 2022 – Implementation of the waste strategy will commence, including the delivery of the Waste Transformation Program.*
- *30 June 2022 – Implementation of the rating strategy will commence. This includes configuration of Council's rating system.*
- *July 2022 - Rates Notice and Rates Brochure will be updated to reflect the changes to the rating strategy.*
- *July 2022 – Temporary resources engaged to respond to increased enquiries and the ASSIST, Rates and Waste teams will attend workshops to understand:*
  - the changes relating to the Rating Strategy and Waste Strategy and impact to our community
  - FAQs from the community and how we respond to the common requests and complaints
  - How we will organise our resources and processes to ensure a collaborative and aligned approach to providing support to the community

# SPECIAL MEETING OF THE PORT PHILLIP CITY COUNCIL

## 29 JUNE 2022



- 7 August 2022 - Financial Hardship Policy updated.
- 8 August 2022 - Website updated.
- 8 August 2022 - Rates notices and brochures sent to ratepayers.
- 15 September 2022 - first of 10 direct debit payments processed.
- 30 September 2022 - First rates instalment due.
- January 2023 – Roll out of kerbside FOGO and communal glass services commence.

### 11.2 COMMUNICATION

- The *Rating Strategy 2022-25* and the *Don't Waste It! Waste Management Strategy 2022-25* will be published on the website 8 August 2022.
- The rates brochure will be a key communication tool to inform our community on the *Waste Management Strategy and Rating Strategy*. *This will be sent out with the Rates Notice in early August 2022. The website will also be updated and our assist, rate, waste teams will be provided guidance on key facts and likely questions and responses.*
- *A broader and deeper communications strategy will be developed to support progressive roll out of new waste services over the next two years. This will include communications directly to residents on the changes to waste services as well as waste education messaging targeted to various community segments.*

### 12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

- ATTACHMENTS**
- 1. Don't Waste It! (2022-25) Waste Management Strategy**
  - 2. Rating Strategy 2022-25**