



13.2 **UPDATE ON DON'T WASTE IT! WASTE MANAGEMENT STRATEGY 2022-2025 IMPLEMENTATION AND WASTE CHARGES REVIEW 2023**

EXECUTIVE MEMBER: **LACHLAN JOHNSON, GENERAL MANAGER, OPERATIONS AND INFRASTRUCTURE**

PREPARED BY: **PETER LIU, CHIEF FINANCIAL OFFICER**
SPYROS KARAMESINIS, HEAD OF MANAGEMENT ACCOUNTING AND FINANCIAL ANALYSIS
STACEY WARD, SENIOR STRATEGY OFFICER WASTE FUTURES

1. PURPOSE

1.1 To provide an update on the Don't Waste It! Waste Management Strategy 2022-25 and the outcomes of the Waste Charges review.

2. EXECUTIVE SUMMARY

2.1 Council has undertaken reviews of its Rating Strategy and the Don't Waste It! Waste Management Strategy 2022-25.

2.2 This report provides an implementation update on the Waste Strategy along with an update on the updated timelines to key aspects of the Strategy resulting from outcomes of the single unit dwelling (SUDs) Food Organics and Garden Organics (FOGO) rollout.

Implementation Update for Don't Waste It! Waste Management Strategy 2022-25

2.3 The Strategy, alongside the Waste Transition Plan informs how we will meet legislative requirements for new waste services including FOGO and Glass Recycling, and importantly how we will meet our sustainability targets.

2.4 Since the adoption of the Strategy 2022-25 in 2022 the first key milestone was achieved with the rollout of the kerbside FOGO service for SUDs.

2.5 In January 2023 approximately 14,600 kerbside FOGO bins were delivered to eligible SUDs.

2.6 Since the implementation of the kerbside FOGO service, Council's diversion rate increased to 39.5% in February 2023 from an average of 31.8%.

2.7 Additional Communal Glass and Food Organics (FO) hubs will be rolled out from April 2023 and the Multi-unit dwellings (MUDs) FOGO rollout will commence from mid 2023.

2.8 There have been a significant number of requests to upsize / downsize bins arising from the SUDs roll out. These requests will be actioned through April and May once additional bins are delivered.

2.9 Planning is underway for the MUDs FOGO rollout that is on track to commence in July 2023.



Updated Timeline on the Waste Transformation

- 2.10 Implementation of the communal food organics hubs will commence in April 2023 to align with the rollout of the communal glass recycling hubs (previously mid-2023).
- 2.11 Expansion of the communal glass hubs has been delayed due to internal resourcing constraints but will commence in April 2023.
- 2.12 The fortnightly garbage transition for SUDs receiving a kerbside FOGO service will commence in January / February 2024 (previously mid-2023). This will align with a fortnightly garbage transition for all MUDs receiving a kerbside FOGO service.
- 2.13 FOGO progress audits have been commissioned for May 2023 to enable all messaging regarding the fortnightly garbage transition to be back by FOGO audit data.

Waste Charges Review

- 2.14 The Rating Strategy 2022-25 was endorsed by Council in June 2022 which included the introduction of a tiered waste charge structure separated from general rates. This resulted in separating \$13.7m from general rates and revenue neutral in year one. It is based on a cost recovery model to fund the Waste Strategy which included new waste services such as Kerbside Food Organic Garden Organic recycling and communal hubs.
- 2.15 The Rating Strategy 2022-25 including the Waste Charge structure 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.
- 2.16 Officers have performed a review of the Waste Charges against the above objectives and have made changes to achieve optimal outcomes for our community as part of the Budget 2023/24 process. This includes a proposal to incorporate the costs associated with the provision of a kerbside FOGO services to MUDs in the default waste charge in recognition of the shared nature of these services, making them more comparable to the communal hubs, rather than the kerbside SUDs FOGO services.
- 2.17 This proposed change is likely to be more efficient to administer as well as importantly, remove potential impediments and complications to the uptake of FOGO services in MUDs which is critical to helping Council achieve its landfill diversion targets.



3. RECOMMENDATION

That Council:

PART 1

- 3.1 Notes that Officers are implementing the Don't Waste It! Waste Management Strategy 2022-25 and the following timelines have been updated:
- 3.1.1 Implementation of the communal food organics hubs will commence in April 2023 to align with the rollout of the communal glass recycling hubs (previously mid-2023).
 - 3.1.2 Expansion of the communal glass hubs has been delayed due to internal resourcing but will commence in April 2023.
 - 3.1.3 Fortnightly garbage transition for Single Unit Developments (SUDs) receiving a kerbside Food Organic Garden Organics (FOGO) service has been moved until January / February 2024 (previously mid-2023). This transition will also include Multi Unit Developments (MUDs) receiving a kerbside FOGO service.

PART 2

- 3.2 Notes following a review of Waste Charge Structure against our Rating Strategy objectives, the Waste Charge structure has been updated with the following key features/changes and be included as part of the draft Budget 2023/24 for community consultation:
- 3.2.1 Maintains the Default Waste Charge to recover the cost of kerbside bins collection including MUDs FOGO, Communal Food Organics & Glass Hubs, Hard & Green Waste, and Resource Recovery Centre Operations. This charge will be set at \$198.20, an increase of \$22 compared to 2022/23 due to contract indexation & tender pricing, the State landfill levy increasing above inflation, and new FOGO services for MUDs and Communal Hubs.
 - 3.2.2 Maintains a tiered waste charge for SUDs Kerbside FOGO at a lower cost of \$66 for 2023/24 which reflects the annual cost of Kerbside FOGO bin collection. This is a reduction on 2022/23 FOGO charge by \$22. This recognises the differences between a convenient kerbside collection and the communal service and supports a user-pays approach.
 - 3.2.3 No separate FOGO charge will be introduced for MUDs FOGO as a charge will increase the complexity and administration with the rollout of MUDs FOGO. MUDs FOGO will have shared common bin(s) which are more similar to Communal FOGO at a much lower cost than SUDs FOGO.
 - 3.2.4 To reduce the cost of administration, make the charge simple to understand, and achieve fairness, the one-occupancy rebates for car-spaces and storage areas will be replaced with the following adjustments:
 - Residential car-spaces and storage areas will not be charged the Default Waste Charge.
 - Commercial car-spaces and storage areas will incur a fee set at 10% of the Default Waste Charge in recognition of the incidental waste generated from



commercial activities. Note this does not apply to commercial carpark operations that generate sufficient income to support the full Default Waste Charge.

- 3.2.5 Notes Officers will continue to monitor and review the Waste Charge structure and if necessary, make adjustment as part of the annual budget process.
- 3.2.6 Releases the draft waste charges for community consultation.
- 3.2.7 Notes the draft Budget 2023/24, to be considered by Council on 19 April 2023, has been informed by this waste charges review.

PART 3

- 3.3 Notes that the consultation period for the proposed changes to the waste charges aligns with the consultation on the draft Budget 2023/24.
- 3.4 Receives and hears feedback and submissions from the public at the Special Council meeting on 7 June 2023, commencing 6.30 pm at the St Kilda Town Hall, prior to considering adoption at the Special Council Meeting on 20 June 2023 commencing 6:30pm at the St Kilda Town Hall.

4. KEY POINTS/ISSUES

4.1 Progress Update on Don't Waste It! 2022-25

- 4.1.1 The Waste 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 changes to the Strategy have been informed by the results of the kerbside FOGO SUDs rollout, resident feedback, and additional consultation with Metropolitan councils.

Kerbside SUDs FOGO rollout

- 4.1.3 The first piece of significant work on the implementation of the Don't Waste It! Waste Management Strategy 2022-25 was the rollout of the kerbside FOGO service for SUDs in January 2023. Approximately 14,600 kerbside FOGO bins were rolled out.
- 4.1.4 Visual contamination inspections from Council's FOGO processor have indicated low levels of contamination.
- 4.1.5 Additional waste audits are being scheduled for mid-2023 for properties receiving the kerbside FOGO service to monitor the initial impact of the service, gain detailed information about contamination within the FOGO service and to inform ongoing educational initiatives.
- 4.1.6 A key learning from the kerbside SUDs FOGO rollout is that the opt-out, queries and bin size changes are more resource intensive than originally estimated.
 - Approximately 650 opt out requests have been processed from properties that do not have space to accommodate and additional



kerbside bin, who are accessing the communal drop off points or have previously installed a home composting system.

- Approximately 500 FOGO bin upsize / downsize requests have been received

4.1.7 An estimated 4,000 FOGO caddies and liners have been collected from residents from our libraries and St Kilda Town Hall. An additional 3,000 have been ordered to maintain an adequate ongoing supply.

Multi-Unit Dwelling FOGO rollout

4.1.8 Council's kerbside MUDs FOGO rollout is on track to commence in July 2023, with work underway to gather necessary data relating to Council's MUDs.

4.1.9 Owners Corporation data for the City of Port Phillip is being gathered to enable Council Officers to make initial contact Owners Corporations regarding the upcoming service rollout.

Fortnightly Garbage Transition

4.1.10 The fortnightly garbage transition for SUDs has been amended to January / February 2024 (formally June 2023).

4.1.11 The altered transition timeframe will also incorporate MUDs with a kerbside FOGO service. As a result, all residential properties (SUDs and MUDs) with a kerbside FOGO service will transition to fortnightly garbage in January / February 2024 (12 months after SUDs FOGO rollout and 6 months after MUDs FOGO rollout)

4.1.12 As per the Strategy, properties that don't receive a kerbside FOGO service and properties that instead have access to communal FO hubs will stay with a weekly garbage collection until evidence from municipal audits indicate a potential opportunity for change.

4.1.13 The revised timeframe enables a significant period for resident education to prepare properties for the change in collection frequency

Communal FOGO and Glass Recycling Hubs

4.1.14 Because of the increased resourcing requirements to administer the SUDs FOGO roll-out, the expansion of the communal glass recycling hubs in early 2023 has been delayed. The updated timeframe for the expansion to commence is April 2023.

4.1.15 Due to community feedback from the kerbside SUDs FOGO rollout, Council will bring forward the implementation timeline for the communal FO hubs to align with the communal glass rollout.

Container Deposit Scheme

4.1.16 The Victorian Container Deposit Scheme (**CDS**) will come into effect in November 2023 which will see dedicated collection points for eligible CDS materials installed throughout Port Phillip.



- 4.1.17 Council's CDS Network Operator is in the process of identifying potential CDS collection points. The number of proposed collection points is yet to be determined.
- 4.1.18 Approximately 26% of materials in the Victorian mixed recycling stream are CDS eligible but this does not include all glass or plastic containers. A major driver behind the CDS is litter prevention, as such CDS eligible containers are mainly those that you would expect to be used outside of the home.
- 4.1.19 Despite the litter prevention focus of the CDS, the placement of the CDS collection points is likely to impact Council's communal glass recycling hubs, with the potential for 29.4% of materials collected being eligible CDS containers. This impact has been accounted for in the communal glass recycling hub design, with the hubs designed to be repositioned and relocated as required depending of resident uptake and the positioning of CDS collection points.

4.2 Waste Charges Review

- 4.2.1 The Rating *Strategy 2022-25* was endorsed by Council in June 2022 which included the introduction of a tiered waste charge structure separated from general rates. This resulted in separating \$13.7m from general rates at revenue neutral in year one. It is based on a cost recovery model to fund the Waste Strategy which included new waste services such as Kerbside Food Organic Garden Organic recycling and communal hubs.
- 4.2.2 The Rating *Strategy 2022-25* including the Waste Charges structure 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.

Challenges with current Waste Charges:

- 4.2.3 Officers have received feedback from our community and identified the following challenges with the current waste charges:
- 4.2.4 **Kerbside FOGO Charge**
- Community feedback divided on a tiered Kerbside FOGO charge structure.



- Under the current structure, all properties that access a MUDs FOGO service would be charged the same fee as SUDs with a kerbside FOGO service. However, they are distinctly different service offering and costs. MUDs FOGO will be provided with shared common FOGO bin(s) costing less than SUDs FOGO with individual bins. The pricing structure requires consideration of these differences to achieve equitable outcomes.
- A MUDs FOGO service is more like that of communal FOGO. Communal FOGO are funded from the Default Waste Charge.
- Based on the rollout of SUDs FOGO, administering requests and responding to questions for MUDs FOGO to approximately 45,000 units and apartments will require intensive resourcing. This cohort has more complexity as it involves individual owners, owner's corporation arrangements as well as tenants. A MUDs FOGO charge adds further complexity and administration demands to the roll-out of such a service to a large cohort of the City.
- Allocating the cost of the shared common MUDs FOGO bin collection to individual owners will be difficult as the number of units/apartments within the complex vary as well as the number of bins required for each apartment complex will vary. This would be costly to maintain and provide limited benefit.

4.2.5 **Car spaces and Storage areas**

- Community feedback on the waste charge for car spaces and storage areas where they are not eligible for the One-Occupancy rebate have been overwhelmingly negative. Concerns included unfairness of a waste charge for no waste services, and the rebate structure is confusing which resulted in incorrect rebates processed.
- Administration of the rebate is resource intensive requiring significant investigation. This is an ongoing issue as each ownership transfer and new developments will require an assessment.
- Some car spaces/ storage areas have different addresses to the residence due to the subdivision of development.
- Complex ownership structure with different names to the residence.
- Costly to administer and require manual reviews. Cost is up to 40% of the waste charges generated from car spaces and storage areas. Not value for money.
- With increasing density within the municipality, likely to see an increase in separately acquired car parking spaces. Growth in Fishermans Bend will increase workload.

Waste Charges Recommendation:

- 4.2.6 With consideration of the rating strategy objectives and the challenges identified, the following waste charges are recommended. This will address the major concerns identified:



- The Default Waste Charge will include the cost of providing MUDs FOGO. This charge will be set at \$198.20, an increase of \$22 compared to 2022/23 due to contract indexation and tender pricing, the State landfill levy increasing above inflation, and new FOGO services for MUDs and Communal Hubs.
- Single-Unit Dwellings Kerbside FOGO will be set at \$66 for 2023/24 which reflects the annual cost of Kerbside FOGO bin collection. This is a reduction on 2022/23 FOGO charge by \$22 from \$88.10. This recognises the differences between a more convenient kerbside collection and communal services and supports a user-pays approach.
- No separate FOGO charge will be introduced for Multi-Unit Dwellings FOGO. This addresses the challenges identified with the MUDs FOGO rollout (such as reduce complexity, a service difference with SUDs FOGO, and reduce administration & costs).
- To reduce the cost of administration, improve community understand, and achieve fairness, the One-occupancy rebates for car-spaces and storage areas will be replaced with the following adjustments:
 - a) Residential car-spaces and storage areas will not be charged the Default Waste Charge.
 - b) Commercial car-spaces and storage areas will incur a fee set at 10% of the Default Waste Charge in recognition of the incidental waste generated from commercial activities. Note this does not apply to commercial carpark operations that generate sufficient income to support the full Default Waste Charge.

Waste Charges outcomes assessed against key objectives:

4.2.7 Rating outcomes that are equitable.

- Ratepayers contribute to the cost of direct waste services from the Default Waste Charge.
- The separate SUDs FOGO charge recognises the more convenient kerbside collection compared to communal services. This fee reflects the annual cost of kerbside collection bins.
- The cost to provide MUDs FOGO service with common shared bins is significantly lower than SUD FOGO.
- Residential car spaces and storage areas do not generate addition waste, this usually comes from the residency. Therefore, a waste charge will not be applied.
- Commercial car spaces increase incidental waste generation through increased commercial activities therefore a fee set at 10% of the Default Waste Charge is fair.

4.2.8 Rating outcomes that are efficient. By not introducing a separate FOGO charge for MUDs will remove price as a consideration for the take up of FOGO services (less opt outs).



- 4.2.9 An easier to understand Waste Charges Structure and efficient to administer.
- No need for rates notices to be reissued for adjustment of waste charges as no separate fee for MUDs FOGO will be introduced which will reduce the administration of the MUDs FOGO rollout.
 - Difficult to justify a charge for car spaces as it does not generate additional waste. This also removes the need to make an eligibility assessment of one-occupancy rebate each time a change of ownership for car spaces takes place which results in a reduction in administration.
- 4.2.10 Rating outcomes that align with Council's broader objectives to achieve environmental outcomes. Likely reduce community opt-out of MUDs FOGO service as there is no pricing incentive for opt-out of FOGO service. Therefore, will assist with the diversion from landfill.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The community consultation is aligned with the draft Budget 2023/24 community consultation process which is planned for 20 April 2023 to 17 May 2023. It aims to seek feedback on:
- 5.1.1 The Default Waste Charge will include the cost of MUDs FOGO as this will reduce the complexity, the administration and cost of rolling out MUDs FOGO.
- 5.1.2 Maintaining a tiered waste charge for SUDs FOGO Kerbside at lower charge of \$66 which reflects the cost of FOGO bins collection and recognises the service convenience of kerbside collection.
- 5.1.3 Default Waste Charge will not apply to residential car spaces and storage areas for simplicity, achieve fairness and reduce administration.
- 5.1.4 Commercial car spaces and storage areas will be charged a waste charge at 10% of the Default Waste Charge in recognition of the incidental waste generated from increased commercial activities.
- 5.2 Although previously consulted with our Community about the transition to fortnightly garbage collection for all single-unit dwelling (SUDs) and multi-unit dwellings (MUDs) that receive a kerbside Food and Garden Organics (FOGO) service, this Council Plan and Budget community consultation process will provide an update that the transition will start from January or February 2024 instead of mid-2023.
- 5.3 The community consultation process will encourage feedback via:
- 5.3.1 an online survey on the [Council Plan and Budget | Have Your Say Port Phillip](#) webpage with the option of paper-based survey
- 5.3.2 pop-ups conversations around the municipality.
- 5.4 On 7 June 2023, a hearing on the community feedbacks is scheduled to provide our community members the opportunity to speak to their submitted feedbacks.



6. LEGAL AND RISK IMPLICATIONS

- 6.1 Any delay in the rollout of fortnightly waste collection may cause reputational damage or community dissatisfaction.

7. FINANCIAL IMPACT

- 7.1 Waste charges are expected to raise \$14.8 million to recover the cost of direct waste services in draft Budget 2023/24.
- 7.2 Any delay in the rollout of fortnightly waste collection will have a negative impact on Council's budget estimated at \$116,000 a month.

8. ENVIRONMENTAL IMPACT

- 8.1 The Strategy details the roll-out of new waste services and provides a basis upon which to reduce the environmental impact of waste generation in the City. Any amendments to the Strategy timeframes will have flow on effects to the timeline for achieving the predicted environmental outcomes.

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 waste charges are to be distributed fairly to the community to help pay for Council services.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

Don't Waste Strategy

- April 2023 – Commence expansion of communal FO and glass recycling hubs
- May / June 2023 – Bin changeovers for FOGO bin upsize and downsize requests
- May / June 2023 – Additional kerbside audit (FOGO bins and garbage bins) for SUDs receiving a kerbside FOGO service
- July 2023 – Rollout of kerbside FOGO for eligible MUDs commences.
- September 2023 – Communications commence regarding fortnightly garbage transition for eligible properties
- November 2023 – Victorian CDS commences
- January / February 2024 – Fortnightly garbage transition for SUDs and MUDs with a kerbside FOGO service



Waste Charges

19 April 2023	Draft Council Plan 2021-31 (Year Three) and Budget 2023/24 presented for Council to consider releasing for community consultation
20 April to 17 May 2023	Consultation period on the Draft Council Plan 2021-31 (Year Three) and Budget 2023/24 and engagement findings presented to Council.
7 June 2023	Hearing of community feedback on the Draft Council Plan 2021-31 (Year Three) and Budget 2023/24
20 June 2023	The updated Council Plan 2021-31 (Year Three) and Budget 2023/24 presented for Council's consideration for adoption.
July 2023	Rates Notice and Rates Brochure will be updated to reflect the changes to the waste charges and a communication channel for our ratepayers on the updated timeline of the waste services

11.2 COMMUNICATION

- Council will be educating the community on revised fortnightly garbage transition as part of the upcoming Council Plan and Budget consultation but will not be seeking specific feedback on the transition dates.
- Council will reach out to Owners Corporations identify through the Business Licencing Authority's 'Owners Corporation Register' informing them of the upcoming kerbside FOGO service
- A targeted communications strategy will be developed in relation to the fortnightly garbage transition
- The recommended changes to the waste charges achieve outcomes that are fair & equitable, simple to administer and understand, and aligns with our environment objectives to increase diversion from landfill.
- The communication plan for the Council Plan and Budget 2023/24 will include the engagement process for the changes to the waste charges.

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

Nil