

Appendix 09

SKM Recycling Processing Cost Increase

Appendix 1: Recycling processing cost increases - scenarios and their budgetary and legislative implications

Scenarios	Options	2018-19 Budgetary implications	Legislative implications
A	<p>Increase the budget by \$760,000.</p> <p>Increase the waste service charge above the 17 percent proposed increase in the 2018-19 budget to cover the \$760,000 extra.</p>	<p>An increase to 28.5 percent (or an extra \$48.30 per household per year) in the waste service charge from 17 percent (or \$30 per household per year).</p> <p>This is an overall rate increase of 4 percent compared with 3.24 percent.</p> <p>Note: not all the 17 percent increase in the waste service charge is due to the China policy although it is the predominant source. The proposed 2018-19 budget factors in an increase of \$870,000 to the overall waste service budget and includes an increase of landfill costs of \$90,000, and garbage, recycling, green waste and hard waste collections of \$175,000.</p>	<p>A \$760,000 increase would not be a material change that would warrant re-drafting and re-advertising the proposed budget.</p> <p>The rating strategy would be reviewed.</p> <p>Council is required by the <i>Local Government Act 1989</i> to adopt a budget by 30 June 2018.</p>
B	<p>Leave the waste service charge increase at 17 percent, forecast an increase of expense of \$760,000 and fund the increase from the Reserve in 2018-19.</p>	<p>The forecast balance of the Reserve at the end of 2017-18 is \$4.66 million. The intention of the Reserve is to fund significant future waste management issues/initiatives such as food waste recovery services, public place recycling infrastructure, legacy landfill management or rate relief for alternative waste treatment. These are all very significant future costs. A loss of income will mean that the Reserve is not likely to increase. The Reserve Policy allows the Reserve to be used for rate relief.</p> <p>The decision how to manage the 2018-19 increase may affect how a \$760,000 increase is managed in the 2019-20 budget.</p>	<p>Nil – this will be within the scope of Council's Waste Management Financial Reserve Policy.</p>

Scenarios	Options	2018-19 Budgetary implications	Legislative implications
C	Leave the waste service charge increase at 17 percent, forecast an increase of expense of \$760,000 and cover it from potential waste service budget savings or additional income in 2018-19.	<p>A budget saving or additional income of \$760,000 in the waste service budget is unlikely.</p> <p>Each year budgeting is refined. There may be some savings and extra income from new properties that take up a waste service but not to this scale. It could only be determined at a midyear budget review.</p> <p>The removal of waste and recycling initiatives that have already been committed to such as the electronic waste recycling, food waste avoidance, lighting recycling, and garage sale trail would equate to \$120,000.</p>	Nil - this will be within the scope of Council's Waste Service and Charge Policy
D	Leave the waste service charge increase at 17 percent, forecast an increase of expense of \$760,000 and cover it from potential general rates budget savings in 2018-19	A budget saving of \$760,000 maybe possible in the overall Council budget but could only be determined at a midyear budget review.	This would not be consistent with Council's Waste Service and Charge Policy and therefore not comply with the <i>Local Government Act 1989</i> .

Appendix 2: waste service charge comparisons with other councils

Note: This information has been sourced from each councils' publically available 2018-19 budget documentation. Each councils' waste and recycling services and waste service structures vary. Some of these councils also operate waste and resource recovery facilities including landfills and transfer stations.

Council	Contractor	Waste and recycling service structure	2017-18 waste charge	Proposed waste charge 2018-19	\$ increase per property increase	% increase per property increase
Hobsons Bay	SKM Recycling	Standard service - 120 litre garbage bin collected weekly, 240 litre recycling collected fortnightly	\$169.70	\$218.30 (if the \$760,000 expense were to be included in the waste service charge)	\$48.60	28.5%
		A 240 litre green waste service collected fortnightly and a standard service (120 litre garbage bin collected weekly, 240 litre recycling collected fortnightly)	\$180.75	\$232.50 (if the \$760,000 expense were to be included in the waste service charge)	\$51.75	28.5%
Brimbank	SKM Recycling	Variable service models. The most comparable to Council's standard service is a 140 litre garbage bin collected weekly and a 240 litre recycling bin collected fortnightly	\$313.80	\$329.27	\$15.47	4.93%
Boroondara	SKM Recycling via contract with Cleanaway	120 litre garbage bin collected weekly, 240 litre recycling bin collected fortnightly. If residents choose an optional green waste bin then there is a one off bin costs and then ongoing servicing costs are through the standard charge	\$349	\$405	\$56	16%
Wyndham	SKM Recycling	140 litre garbage bin collected weekly, 240 litre recycling collected fortnightly	\$260	\$270 Wyndham City Council's proposed 2018-19 budget states "At this stage in the Budget process, the Waste Management Charge is computed to be \$270 per property based on current information available. However, since China has recently banned the import of recycled material into the country, this decision is having a global impact on the cost of processing and sale of recycling material. Council is still working through the full cost implications of this announcement and are waiting for further economic updates in the recycling industry to provide more exact details as to the likely additional costs of disposing recyclable material.	\$10	3.8%

Council	Contractor	Waste and recycling service structure	2017-18 waste charge	Proposed waste charge 2018-19	\$ increase per property increase	% increase per property increase
				As a result, the Waste Management Charge is still under review and may change before the final Budget is adopted in June 2018"		
Bayside	Polytrade	140 litre garbage bin collected weekly, 240 litre recycling bin collected fortnightly	\$231	\$324	\$92.75	40%
Maroondah	Polytrade	120 litre garbage bin collected weekly, 240 litre recycling bin collected fortnightly	\$255.50	\$324 (adopted budget)	\$68.50	26.8%
Manningham	VISY	80 litre garbage bin collected weekly, 240 litre recycling bin collected fortnightly, 240 litre garden waste bin collected fortnightly	\$212	\$254.50 (Hobsons Bay City Council's comparable waste charge would be \$232.50)	\$42.50	20%
Moonee Valley	SKM Recycling	Incomparable service charge because the supply of bins are not included in this charge. Also the size of recycling bins differ	\$142.80	\$160.20	\$17.40	12.18%
Port Phillip	SKM Recycling	Incomparable service charge structure	NA	NA	NA	NA
Maribyrnong	SKM Recycling	No waste charge - Incomparable service charge structure	NA	NA	NA	NA
Melbourne	SKM Recycling	No waste charge - Incomparable service charge structure	NA	NA	NA	NA