Recyclable Materials Collection and Processing

Activity Management Plan

Long Term Plan 2015–2025

1 September 2014

Christchurch City Council

Quality Assurance Statement

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1 Key Issues for the Recyclable Materials Collection and Processing Activity

The Council provides recyclables collection and drop off services to maximise the beneficial use of this resource and to minimise waste.

To meet our obligations in the Solid Waste Management Plan 2013, Sustainability Policy as approved by Council, and Waste Minimisation Bylaw.

To provide an economically sensible way to reuse recyclable material rather than disposal to landfill.

1.1 Community Outcomes

Everything that the Council does in its day-to-day work is focused on achieving community outcomes. All activities outlined in this plan aim to deliver the results required to achieve these outcomes, contribute to Council strategies and meet legislative requirements. Likewise, all Council capital and operating expenditure is directed towards a level of service that moves the community closer to these outcomes now or at some future point.

The main Community Outcome groups are:

- Liveable City
- Strong Communities
- Healthy Environment
- Prosperous Economy
- Good Governance.

The way the solid waste assets are used for refuse minimisation and disposal contributes to the Council's community outcomes is detailed in the Waste Management and Minimisation Plan (2013). The effective management of Recyclables Material Collection and Processing for Christchurch means achieving the community outcomes that:

- Result in a reduction in residual waste going to landfill. This will be achieved by:
    - Providing a convenient, reliable, safe and cost effective collection service
    - Operating an efficient Materials Recycling Facility (MRF)
    - Providing materials to the MRF to be processed for recycling in order to maximise the beneficial use of materials collected, encouraging greater use of recycling
- Extend the life of Kate Valley landfill by diverting organic waste from that facility.
- Injuries and risks to public health are minimised
    - Providing convenient, reliable and safe residual waste management services and facilities minimises the health and environmental risks of residual waste.
    - To minimise health and safety incidents with the collection and processing contractors
- Statutory obligations are met by the council.
- City assets, financial resources and infrastructure are well managed, now and in the future.

Section 4 shows how these outcomes flow down into and influence the Council's activities and levels of service in relation to Recyclable Materials Collection and Processing.

1.2 Effects of growth, demand and sustainability

Describe how our population growth and demand effects the decisions Council will make in delivering services to ensure that they are sustainable and will meet the needs of the people of Christchurch into the future.

Population Growth and Demand:

A forecast of population and traffic growth has been used to determine where and when Council infrastructure needs to be developed and at what capacity. Council has considered the influence of changing

demographics, community expectations, industrial/commercial demand, technology and legislation on the demand for this service. As a result of the 2010 / 2011 earthquakes Council has:

- seen a reduction in population from previous census and growth forecast models;
- has revised population growth figures based on the latest census and current rebuild influences
- carried out a major wheelie bin collection re-routing exercise to reflect the impact of the closure of the residential red zone, population shift and housing developments in the South-West and North-West of the city.

The change in growth projections has had no material impact on the collection of kerbside wheelie bins or the processing capability of the MRF. The original MRF design factored in the need for additional processing capability as a result of growth and potential uptake as a regional facility. Therefore no major works are required to be factored in and therefore no projects are listed in Table 10-1.

Sustainability:

The Local Government Act 2002 requires local authorities to take a sustainable development approach while conducting its business. Sustainable development is the fundamental philosophy that is embraced in Council's Vision, Mission and Objectives, and that shapes the community outcomes. The levels of service and the performance measures that flow from these inherently incorporate the achievement of sustainable outcomes.

1.3 Key Challenges and Opportunities for Recyclable Materials Collection and Processing

In working towards the community outcomes and influenced by population growth and demand, Council faces the challenge of making decisions that prioritise resources to deliver the best mix of services at the right level and in a sustainable way. The key challenges and opportunities that have been priorities by Council are below in Table 2-1.

Table 1-1

Key Issue	Discussion
Recyclable material still being placed in the red bin	An audit of the red bins in 2011-2012 showed that there is still approx 1.6kg per bin – or 14% of the contents which could be recycled instead of going to landfill. We will continue to promote the use of the yellow and green bins correctly in order to maximise diversion from landfill while keeping contamination at a minimum.
Use of biodegradable and compostable plastics	We continue to be concerned at the increased use and promotion of biodegradable and compostable plastic packaging by manufacturers and suppliers who do not consider the life cycle of the product. These products can not easily be identified or separated from 'real' plastic – resulting in downgrade of product and reduced sale price. (They also cannot be handled at the compost plant – see comment in Organics ActMP)
Opt out of Council kerbside collection for multi-occupancy dwellings and businesses in the CBD and shopping malls	Council needs to review policy regarding the Waste Minimisation targeted rate for selected properties where a fortnightly wheelie bin collection does not meet the needs of the property owners and / or where space limitations prevent the safe collection of bins. Also is the bag collection in parts of the CBD the most appropriate collection method?

2 Proposed changes to activity

1. Are the things we currently do need to change to reflect the new environment? Earthquake recovery, elected member expectations?

2. How do we propose to address these changes through new ways of working?

3. How are the impacts of these choices going to be reflected in supporting programmes, such as delivery of levels of service, capital projects, budgets, and how will these changes be cascaded to contractors and providers?

Table 2-1 summarises the proposed changes for the management of the Recyclable Materials Collection and Processing activity since the Three Year Plan 2013-16 Activity Management Plan.

In recording these changes also identify what investigations will be needed, highlight the level of significance for the change and identify appropriate options for consultation and engagement.

Table 2-1 Proposed changes to activity

Key Change	Reason	Level of significance? What investigations are needed?	Options for consultation and engagement
No changes planned	The implementation of the new solid waste kerbside collection system was set up in 2009 with a 15 year timeframe in mind. The contracts are all 15 year performance contracts.	Cost effective solution is in place. Investigations were carried out and trials implemented prior to the introduction of the current service. Rate payer satisfaction remains high – therefore no further investigations required at this time.	Not applicable

3 Activity description

3.1 Focusing on what we want to achieve

Council undertakes activities in order to deliver on the community outcomes for Christchurch. The outcomes that relate most directly to the management of the city's Recyclable Materials Collection and Processing network are that:

- Reusable and Recyclable materials are diverted from landfill.

3.2 How we will know we are achieving the outcomes

We will know we are achieving the above outcomes when we see the following results:

- **Services provided for** receiving, collecting, processing and marketing **recycled materials are convenient, reliable and regular**.
- **The beneficial use of collected materials is maximised** to encourage greater recycling of materials and less waste going to landfill.
- The recycling processing **continues to provide cost benefit to ratepayers** by diverting waste from landfill.
- The **diversion of waste** from landfill **extends the life of the Kate Valley landfill**
- The **reduction achieved in health and safety incidents** with the collection **contractors will be maintained** through the automated lifting/collection system.
- The **improved cleanliness of city streets** achieved through the introduction of the wheelie bin system will be **maintained**.

The activities that follow in section 4 and the levels of service within them are all linked to the above results to ensure Councils stays focused on moving towards the community outcomes. This link aims to confirm why we are doing the activities – that they will realistically move us closer to our goals – and that service delivery remains relevant to strategic direction.

3.3 What services we provide

This activity includes the following services:

- Domestic kerbside collection is provided fortnightly for recyclable materials. The number of bins in service as at July 2014
    - 142,528 240 litre bins
    - 14,345 80 litre recycling bins
    - 279 660 litre recycling bins/recycling skips
    - 1,217 additional 240 litre 'enhanced service' bins in service
- Recyclables processing. In 2013/14:
    - 39,060 tonnes of kerbside material was collected at kerbside and processed
    - 17,433 tonnes of recyclables from other sources was processed

Recycling Centres at the 5 Transfer Stations (Styx Mill, Parkhouse, Metro Place, Barry's Bay and Birdlings Flat) all have sufficient capacity to meet predicted future car movements at these sites.

On Banks Peninsula there are also recycling drop-offs:

- 5 transfer stations (Le Bons, Little Akaloa, Pigeon Bay, Okains & Takamatua)
- 3 Community Collection Points - each with a rubbish and recycling skip. (Onuku, Robinsons Bay and Cab Stand)

- Wheelie bin collection points in Port Levy
- 2 recycling depots (Akaroa & Little River)

The Material Recovery Facility (MRF) is designed to handle the predicted growth in residential population in Christchurch over the next 15 years. The renewals of assets in the plant are the responsibility of the MRF owner/operator. The plant also accepts commercial quantities of recyclable materials and the plant capacity can effectively be increased through extended operating hours.

Current loads on the plant are in line with growth predictions as forecast in the original design loads. It should be noted that the recycling of marketable products is a highly competitive business and demand on facilities is also linked to competitor activity in the market. Product sales are the responsibility and risk of the contractor.

Provision of additional bins for recyclable collections are provided by the contractor through the collection contract mechanism which automatically copes with growing demand. The collection fleet is adjusted to match growth in collection numbers. Wheelie bins and replacement vehicles for the collection fleet are the responsibility of the contractor. Bulk replacement of the collection fleet is detailed in the collection contract for the mid point of the long term contract.

3.4 Benefits and Funding Sources

3.4.1 Who Benefits?

Who benefits?	
Individual	
Identifiable part of the community	
Whole community	Full

Key:
Full
Majority
Some

Explanatory Comments:

The entire community benefits from this activity.

There are health and environmental benefits from an organised collection processing system for the whole community.

3.4.2 Who pays?

Funding - Fees / User Charges	Other revenue Grants & Subsidies	General rate	Targeted rate
12%	4%	0	84%
Some			Majority

Note, Funding Split % is derived from the 'Summary of Cost for Activity' (section 13).

Key:		*Typically*
Full	*All or almost all the cost is funded from that source. If the comment is made in the general or targeted rate columns it does not preclude making minor charges for the service but indicates that the charges are a negligible part of the fund.*	*95%+*
Majority	*The majority of the activity is funded from this source.*	*50%+*
Some	*Some revenue is derived from this source.*	*<50%*

Does this Activity generate surplus funds that can be applied to other areas? **No**

Explanatory Comments:

The cost of this activity is primarily funded from a Targeted Rate. Individuals who receive kerbside collection pay 100% of that rate, while those on Banks Peninsula who only have access to drop off facilities pay 75%.

3.4 Key legislation and Council strategies

- CCC Waste Management and Minimisation Plan 2013
- Waste Management Bylaw 2008
- Waste Minimisation Act 2008
- Local Government Act 2002
- Hazardous Substances and New Organisms Act 1996
- Health Act 1956
- Resource Management Act 1991.
- Health & Safety in Employment Act 1992
- Other relevant Acts, Regulations, Bylaws and strategies are detailed in the Solid Waste Asset Management Plan

4 Levels of service and performance measures

Table 4-1 summarises the levels of service and performance measures for the Recyclable Materials Collection and Processing activity. Shaded rows are the levels of service and performance measures to be included in the Long Term Plan. Non-shaded rows are non-LTP management level measures, agreed with and reported to Council but not included as part of the community consulted document.

Table 4-1

Performance Standards Levels of Service (we provide)		Results (Activities will contribute to these results, strategies and	Method of Measurement (We will know we are meeting the level of service if…..)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10
						Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	
Domestic kerbside collection service for recyclable materials									
8.0.1	Recyclable materials collected by Council services and received for processing at the Materials Recovery Facility (MRF)	*Recyclable materials are collected and processed to encourage the beneficial use of resources and minimise waste.*	*Key business driver* *Measuring and managing recyclable materials (glass, plastic, metal, paper & cardboard products) diverted from landfill by Council services (kerbside recycling & recycling centres) and processed for beneficial purposes. Supports Council's Sustainability Policy and Solid Waste Management Plan.* *Quantity of recyclables received as reported and recorded in OP10 divided by population*	*2013/14: 109.01 kg / person* *2012/13: 112.22 kg / person* *2011/12: 119.13 kg / Person (43,813 tonnes in total)* *2010/11: 114.97kg / person (43,402 tonnes in total)* *2009/10: 121.88kg / person (45,366 tonnes in total)*	*Timaru District Council 2013/14* *85 kg / person* *Coffs Harbour* *128 kg / person*	110 kg +40%/-10% recyclable materials / person / year collected and received by Council services	108 kg +40%/-10% recyclable materials / person / year collected and received by Council services	105 kg +40%/-10% recyclable materials / person / year collected and received by Council services	100 kg +40%/-10% recyclable materials / person / year collected and received by Council services
8.0.2	Kerbside wheelie bins	*Kerbside collection services*	*Measuring and managing collection performance*	*2013/14: 99.81%*	*Timaru District Council reported*	At least 99.5%	At least 99.5%	At least 99.5%	At least 99.5% collection achieved

	for recyclables emptied by Council services	*encourage community participation helping to minimise waste*	*for kerbside collection services* *As reported monthly by contractor*	*2012/13: 99.79%* *2011/12: 99.75%* *2010/11: 99.80%* *2009/10: 99.84%*	*an average of 99.7% were collected at kerbside* *Coffs Harbour:* *Do not specifically measure this*	collection achieved when items correctly presented for collection	collection achieved when items correctly presented for collection	collection achieved when items correctly presented for collection	when items correctly presented for collection
8.0.3	Customer satisfaction with kerbside collection service for recyclable materials	*Kerbside collection services encourage community participation helping to minimise waste*	*Measuring and managing customer satisfaction with Council kerbside collection services* *Annual resident survey*	*2013/14: 93%* *2012/13: 94%* *2011/12: 97%* *2010/11: no survey* *2009/10: 95%*	*In 2013/14* *Timaru District Council reported a 90% satisfaction with waste management services* *Coffs Harbour:* *2012 Community Survey indicated High satisfaction with Recycling service*	At least **90%** customers satisfied with Council's kerbside collection service for recyclable materials each year	At least **90%** customers satisfied with Council's kerbside collection service for recyclable materials each year	At least **90%** customers satisfied with Council's kerbside collection service for recyclable materials each year	At least **90%** customers satisfied with Council's kerbside collection service for recyclable materials each year
8.0.4	Proportion of incoming recyclable materials that are contaminated and sent to landfill	*Community understanding and behaviour along with decontamination systems produce market quality recycled materials which enable the beneficial use of resources and minimise waste.*	*Measuring the level of contamination of incoming recyclable materials to be processed by the MRF* *Also measures the effectiveness of public education initiatives to achieve the right kerbside behaviour.* *Note there has been a change in process improving the efficiency of removing contamination. This has resulted in an increase of waste to landfill but better product quality for sale.*	*Contamination levels:* *2013/14: 10.04%* *2012/13: 8.80%* *2011/12: 8.43%* *2010/11: 7.4%*	*Timaru District Council reported the following contamination percentages* *2013/14 – 28%* *2012/13 – 26%* *2011/12 – 25%* *Coffs Harbour:* *2013/14 – 8.3%*	Less than or equal to 10% (by weight) contamination of incoming recyclable materials	Less than or equal to10% (by weight) contamination of incoming recyclable materials	Less than or equal to 10% (by weight) contamination of incoming recyclable materials	Less than or equal to10% (by weight) contamination of incoming recyclable materials

			Weight of waste to landfill as a percentage of recyclable material received						
8.0.5	Consent compliance for Council Recycling Centres	*Council provides environmentally sound recycling centres and meets legal obligations*	*Measuring and managing compliance with Resource Consent conditions and City Plan regulations* *Council recycling centres at Styx, Parkhouse and Metro transfer stations*	*Zero breaches of resource consent*	*Timaru District Council reported no breaches of compliance with resource consents for Council waste mgmt facilities* *Coffs Harbour – zero breaches of resource consents*	No major or persistent breaches of consents set for Council Recycling Centres each year, as reported by Environment Canterbury or Christchurch City Council City Plan	No significant and/or repeated minor breaches of consents set for Council Recycling Centres each year, as reported by Environment Canterbury or Christchurch City Council City Plan	No significant and/or repeated minor breaches of consents set for Council Recycling Centres each year, as reported by Environment Canterbury or Christchurch City Council City Plan	No significant and/or repeated minor breaches of consents set for Council Recycling Centres each year, as reported by Environment Canterbury or Christchurch City Council City Plan
8.0.6	Engage with Central Government and Industry to reduce packaging waste	*Council works with Central Government and Manufacturing and Industry Groups to reduce waste products and lobby for truely recyclable packaging products*	*Measuring the number of formal interactions with MfE and Packaging Council each year.*	*New KPI*	*New KPI*	6 formal interactions per annum	6 formal interactions per annum	6 formal interactions per annum	6 formal interactions per annum

5 Review of cost effectiveness - regulatory functions and service delivery

The Local Government Act requires local authorities to review the cost effectiveness of current arrangements for delivering its services and regulatory functions

A review need not be undertaken if

- Delivery is governed by legislation, contract or other binding agreement that cannot be reasonably altered in the next two years.
- The benefits to be gained do not justify the cost of the review.

A review must be undertaken

- In conjunction with the consideration of any significant change to service levels
- Within two years before the expiry of any legislation, contract or other binding agreement affecting the service
- Not later than 6 years after any previous review.

A review must consider each of options 1 to 9 in the table below. Option 10 is discretionary.

Governance	Funding	Delivery	Option
CCC	CCC	CCC	1
CCC	CCC	CCO (CCC sole shareholder)	2
		CCO (CCC one of several shareholders)	3
		Other local authority	4
		Other person or agency	5
Joint Committee / Shared Governance	Joint Committee / Shared Governance	CCO (CCC sole shareholder)	6
		CCO (CCC one of several shareholders)	7
		Other local authority	8
		Other person or agency	9
Other arrangement	Other arrangement	CCC or other arrangement	10

This section considers reviews for regulatory functions and service delivery.

The provision of both the collection and processing components of this service are being carried out under 15 year contracts awarded in 2008, with commencement date in 2009 and completion date of 31 January 2024.

These contracts were awarded following an interactive, international tender process. This process identified fifteen year contracts to be most cost effective. These contracts cannot be reasonably altered without cost penalty.

Service: Recycling collection and processing

Current Arrangements			
Governance	**Funding**	**Delivery**	Estimated Cost
CCC	CCC	CCC Contractor	$7.9m pa

Arrangements that cannot reasonably be changed in next two years			
Governed by Legislation	**Contract or binding agreement**	**Not cost effective to review**	**Option**
CCC	Contract with Waste Management NZ Ltd for collection of wheelie bins until 31 January 2024		No review necessary at this time – other than normal contract mechanisms in place
CCC	Contract with EcoCentral Ltd for sorting recyclable material until 31 January 2024		No review necessary at this time – other than normal contract mechanisms in place

Review of options			
Option	**Date of Last Review**	**Findings**	**Estimated Cost**
1	30/8/2014	No review of services required. Contracts tendered and are in place until January 2024	Not cost effective to pursue
2	30/8/2014	Review of spend on promotions and education budget has been undertaken however: i. Additional contamination at the MRF will result in higher landfill disposal costs ii. Diminished value of product due to contamination iii. Every tonne of recyclable waste removed from the red bin currently achieves a saving in disposal costs of approx $180 per tonne Agreed that wise spend of the promotion and education budget has potential to save money and is cost neutral at worst	Not cost effective to pursue

6 Long Term Infrastructure Strategy

6.1 Issues, principles and implications

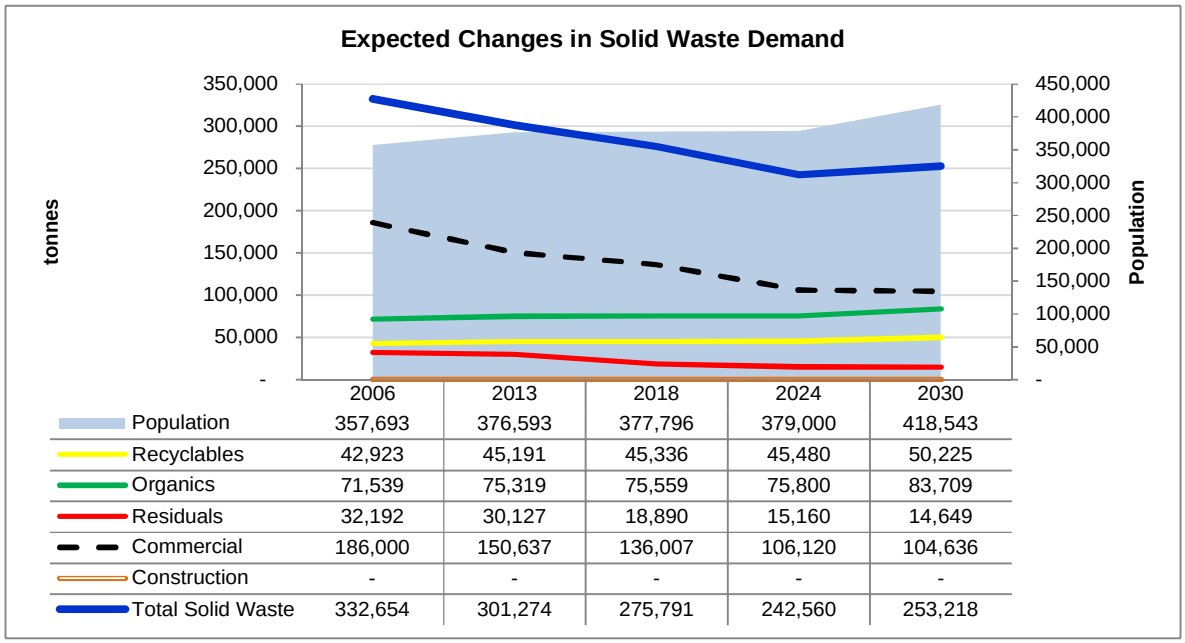
Changes in community expectations will have implications for the soild waste management streams. These changing expectations imply lower tolerances for residual waste going to landfill and options to increase the ease and options for recycling e.g. recycling bins on city streets.

Technological changes have the ability to impact the demand for solid waste services. These changes can reduce or increase the demand for solid waste infrastructure. Most technological changes will generally be around improved recycling and the effect of these on service delivery will be the minimisation of waste to landfill.

Predicted capacity required to meet future demand was addressed in existing contracts for infrastructure based services including transfer stations, the organics processing plant, the materials recovery facility, kerbside collection trucks, wheelie bins and Kate Valley landfill.

Most of the previously forecast demand will, therefore, be met by continuing to manage existing long-term contracts for infrastructure provision, as well as funding of support services for business and industry through Target Sustainability services, and raising awareness/education projects for the wider community.

These changes along with predicted growth in demand produce the “demand curves” below.



	2006	2013	2018	2024	2030
Population	357,693	376,593	377,796	379,000	418,543
Recyclables	42,923	45,191	45,336	45,480	50,225
Organics	71,539	75,319	75,559	75,800	83,709
Residuals	32,192	30,127	18,890	15,160	14,649
Commercial	186,000	150,637	136,007	106,120	104,636
Construction	-	-	-	-	-
Total Solid Waste	332,654	301,274	275,791	242,560	253,218

Table 6.2 Predicted Solid Waste Demand Curves

The ultimate objective is to reduce the amount of waste sent to landfill with the view to achieving the following Waste Management and Minimisation (2013) targets summarised in table 6.2 below.

Waste Targets				
Type of Waste	**No more than: (kg/person/year)**	**Target Year**	**Current (kg/person/year)**	**Reduction from Current**
Green and kitchen waste sent to landfill	30	2020	87[a]	66%
Paper and cardboard sent to landfill	30	2020	38[b]	21%
Plastic waste sent to landfill	5[d]	-	5	0%
Kerbside waste collected by The Council	80	2020	110[c]	27%

Waste Targets				
Type of Waste	**No more than: (kg/person/year)**	**Target Year**	**Current (kg/person/year)**	**Reduction from Current**
Total waste to landfill	320[e]	2020	524	39%

Table 6.2 Waste Targets in WWMMP 2013

Waste Collection

There are no planned asset creations or disposals in the next 30 years.

Receipt, Handling and Processing

The assets in this grouping are the Organics Processing Plant (OPP), MFR and following transfer stations:

- Metro Place
- Parkhouse Road
- Styx

The Council has budgeted $600K in FY15/16 for work required to the EcoDepots to achieve compliance with the new Health & Safety requirements. The renewals budget includes annual allocations for the work required on assets to meet Council's obligations.

Additional asset capacity is met through new works. An annual allocation of approximately $25K is set aside to meet Council's obligations at the transfer stations. A new transfer station has been budgeted for in FY 2025/26. This is expected to cost approximately $10M. No capital development is forecast at the MRF over the next 30 years. No disposals are currently planned at any of the assets within this group.

Management of Closed Landfills

This asset group compromises the Closed Landfills and the Burwood Landfill Gas Recovery Scheme. The Council has continuing responsibility for 56 closed landfills, including the Burwood Landfill, which was closed in 2005, and 8 closed landfills on Banks Peninsula.

The gas-field at Burwood has an expect life of 35 years. The reticulation is currently considered to have no value beyond that time so its life is linked to that on the gas, rather than the life of the reticulation itself. As the expected life of the treatment plant is much shorter than that of the gas-field it is not affected by it. However, future renewals will need to consider the economics of replacement when the plant life exceeds the expected remaining gas-field life.

There are no new Closed Landfills assets planned for creation over the next 30 years.

Resilience and Levels of Service Issues	Principal options for response	Implications
Current contracts expire in January 2024	This is likely to result in an increase in disposal fees at the MRF for Council Processing capacity may need to be reviewed	Council needs to factor in additional costs in budget Design capacity of the plant will allow for additional processing by implementing an additional shift – no capex costs implications anticipated

7 Review of cost-effectiveness - infrastructure delivery

The Local Government Act requires local authorities to review the cost effectiveness of current arrangements for delivering infrastructure. The same criteria and options as defined in section 5 above apply (*Review of cost effectiveness - regulatory functions and service delivery*).

Material Recycling Facility

Current Arrangements			
Governance	**Funding**	**Delivery**	Estimated Cost
CCC	CCC	Contract with EcoCentral Ltd for Materials Recycling Facility until 31 January 2024. This is a design, build, own, operate and transfer (DBOOT) contract and includes the maintenance of all assets to Condition Grade 3.0 or better. Asset transfer to CCC in 2024 (contract termination date)	No review necessary
CCC	CCC	Contract with Waste Management includes the supply and maintenance of the wheelie bins and requirement for a mid term collection fleet replacement. City growth is also factored in to their contract model	No review necessary

Arrangements that cannot reasonably be changed in next two years			
Governed by Legislation	**Contract or binding agreement**	**Not cost effective to review**	**Option**
CCC	Contract with EcoCentral Ltd until January 2024	This is a DBOOT contract and cannot be reviewed	No review necessary
CCC	Contract with Waste Management until January 2024	Contract in place. Contract was awarded following an interactive, international tender process which identified 15 years to be most cost effective model	No review necessary

8 Significant Effects

The significant negative and significant positive effects are listed below in Tables 8-1 and 8-2 respectively.

Table 8-1 Significant Negative Effects

Effect	Council's Mitigation Measure

Effect	Council's Mitigation Measure
Recyclable material still being placed in the red bin	An audit of the red bins in 2011-2012 showed that there is still approx 1.6kg per bin – or 14% of the contents which could be recycled instead of going to landfill. We will continue to promote the use of the yellow and green bins correctly in order to maximise diversion from landfill while keeping contamination at a minimum.
Use of biodegradable and compostable plastics	We continue to be concerned at the increased use and promotion of biodegradable and compostable plastic packaging by manufacturers and suppliers who do not consider the life cycle of the product. These products can not easily be identified or separated from 'real' plastic – resulting in downgrade of product and reduced sale price of recyclable plastics. (They also cannot be handled at the compost plant – see comment in Organics ActMP)

Table 8-2 Significant Positive Effects

Effect	Description
Reduction in waste to landfill	By diverting recyclable material from landfill Council is: · Extending the useful life of Kate Valley · Saving on disposal cost of waste · Reduction in truck movements to Kate Valley · Valuable materials get remanufactured and reused instead of being dumped
Safety and personal security.	Council aims to improve the safety of contracts awarded by Council and the reduction in first aid, medical treatment and lost time incidents have been significant.
Tidier streets and less rubbish in waterways	The implementation of the wheelie bin system has had the side benefit of tidier streets – less wind blown litter, and less rubbish being cleared out of waterways
Public health.	Council's management of the promotion, collection and predominantly mechanical sorting of recyclables has substantially reduced risk to public health by reducing expose to injury from sharp material place out for collection.

8.1 Assumptions

Council has made a number of assumptions in preparing the Activity Management Plan. Table 8-3 lists the most significant assumptions and uncertainties that underline the approach taken for this activity.

Table 8-3 Major Assumptions

Assumption Type	Assumption	Discussion
Financial assumptions.	That all expenditure has been stated in 1 July 2014 dollar values and no allowance has been made for inflation.	The LTP will incorporate inflation factors. This could have a significant impact on the affordability of the plans if inflation is higher than allowed for, but Council is using the best information practically available from Business and Economic Research Limited (BERL). The fuel cost index applied to the collection contract is subject to high fluctuations and is difficult to predict and manage.
Asset data knowledge.	That Council has adequate knowledge of the assets and their condition so that the planned renewal works will allow Council to meet the proposed levels of service.	There are several areas where Council needs to improve its knowledge and assessments but there is a low risk that the improved knowledge will cause a significant change to the level of expenditure required.

Assumption Type	Assumption	Discussion
Growth forecasts.	That the district will grow as forecast in the Growth Demand and Supply Model	Current contracts in place have the capacity to deal with population growth forecasts plus minor variances
Asset capacity.	That Council's knowledge of network capacity is sufficient enough to accurately programme capital works. Contractor does not take on additional processing requirements without discussing impact on spare capacity allowed for future growth of Christchurch city.	The existing MRF facility has sufficient capacity to cope with city and regional growth to the end of the contract in 2024. This has been addressed in the contract with CCC always having priority
Changes in legislation and policy, and financial assistance.	That there will be no major changes in legislation or policy.	The risk of major change is high due to the changing nature of the government and politics. Such changes would include an increase in Waste Levy and Carbon Tax calculations. If major changes occur it is likely to have an impact on the required expenditure. Council has not mitigated the effect of this

9 Risk Management

Council's risk management approach is described in detail elsewhere

This approach includes risk management at an organisational level (Level 1). The treatment measures and outcomes of the organisational level risk management are included within the LTP.

At an asset group level (Level 2), Council has identified high risks but will be undertaking workshops to review all aspects of the Solid Waste activities. The table below identifies four high risks. Council has planned controls for the remaining 4 high risks but even with the controls, they remain high. Council has decided to accept these risks, which are listed in Table 9-1.

Table 9-1 Significant Risks and Control Measures

Risk	Impact	Priority	Risk Strategy	Risk Response / Mitigation
Fatal explosion caused by (inadvertent) collection of explosive prohibited waste, e.g. gas bottle.	Health and safety concerns with possible fatal consequences if not addressed	High	Mitigate	• Prohibited waste stated or shown on all wheelie-bins. • Unacceptable waste in kerbside bins, the Council's website, and advertised in newspapers • Contractors' compliance with HSEA 2002 • Contractors' implementation of H&S management system • Incidence notifications to the Council • Contractors' Emergency and Incident Plans • Contractors' Temporary Traffic Management Plans • Continual advertising re gas bottle disposal and notice delivery to all households • Vehicle hopper camera with feed to driver
Natural event or fire resulting in loss of the Recycling Plant for prolonged period and disposal of yellow bin recyclables to Kate Valley Landfill.	Loss of the recycling processing plant and increased costs of sending material to Kate Valley	High	Accept	Ensure risk of fire response plan Contractors' Risk and Contingency Plan
Financial risk due to increased levies imposed by central government.	Rates increase for residual waste and kerbside collection services	High	Accept	Continue to monitor risk

Resource consents breach resulting in abatement notice.	Budget blowout requiring additional Capex	High	Mitigate	Mitigated through contracts.

Council has also identified and assessed critical assets (Level 3), the physical risks to these assets and the measures in place to address the risks to the asset.

10 Improvement Plan

City Water and Waste have developed a Contract Management Improvement Plan. Version 1.0 dated May 2014 is saved in TRIM – reference 14/995771.

Appendix A of the plan – Actions Table - sets out the actions, responsibilities, expected benefits and owner of the various actions identified. It is a snapshot as at May 2014. It is intended that the Improvement Plan is continually updated and monitored as a live document.

Contractors report their innovations, improved work practices and application of new technology.

11 Operations, Maintenance and Renewals Strategy

11.1 Operations and Maintenance

The provision of both the collection and processing components of this service are being carried out under 15 year performance contracts awarded in 2008, with commencement date in 2009 and completion date of 31 January 2024.

These performance contracts were awarded following an interactive, international tender process. This process identified fifteen year performance contracts as most suitable to provide most cost effective through contract life costs.

11.2 Renewals

Assets are considered for renewal as they near the end of their effective working life or where the cost of maintenance becomes uneconomical and when the risk of failure of critical assets is sufficiently high.

The MRF is designed to handle the predicated growth in residential population in Christchurch until the end of the current contract in 2024. The renewal of assets in the plant is the responsibility of the MRF operator.

Provision of additional bins for the recycling collections is provided by the contractor through the collection contract which automatically copes with growth demand. The collection fleet is adjusted to match growth in collection numbers. Wheelie bins and replacement vehicles for the collection fleet are the responsibility of the contractor. Bulk replacement of the collection fleet is detailed in the collection contract for the mid point of the contract term to ensure there is a safe and efficient fleet throughout the contract term.

12 Key Projects

No key projects required

Table 12-1 details the key capital and renewal work programmed for years 2015 to 2025.

Table 12-1

Project Name	Description	Year 1 ($)	Year 2($)	Year 3 ($)	Years 4-10 ($)	Project Driver

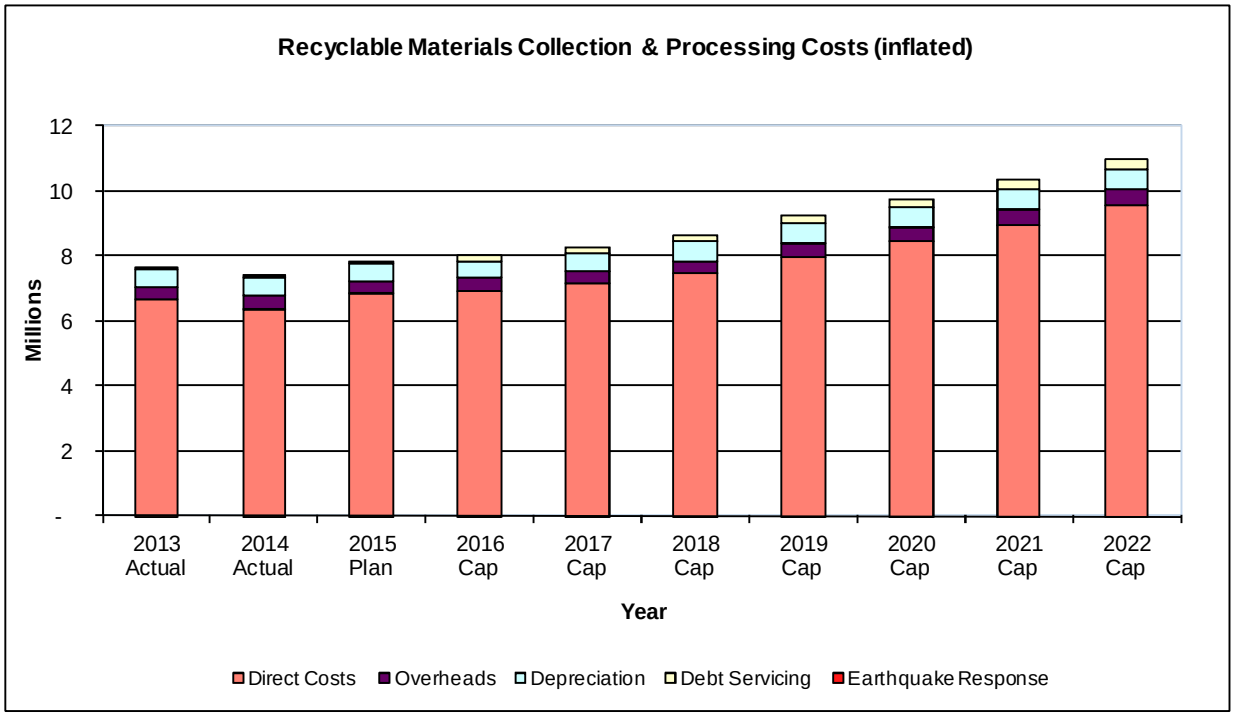
Note: G = Growth, LoS = Levels of Service, R = Renewal

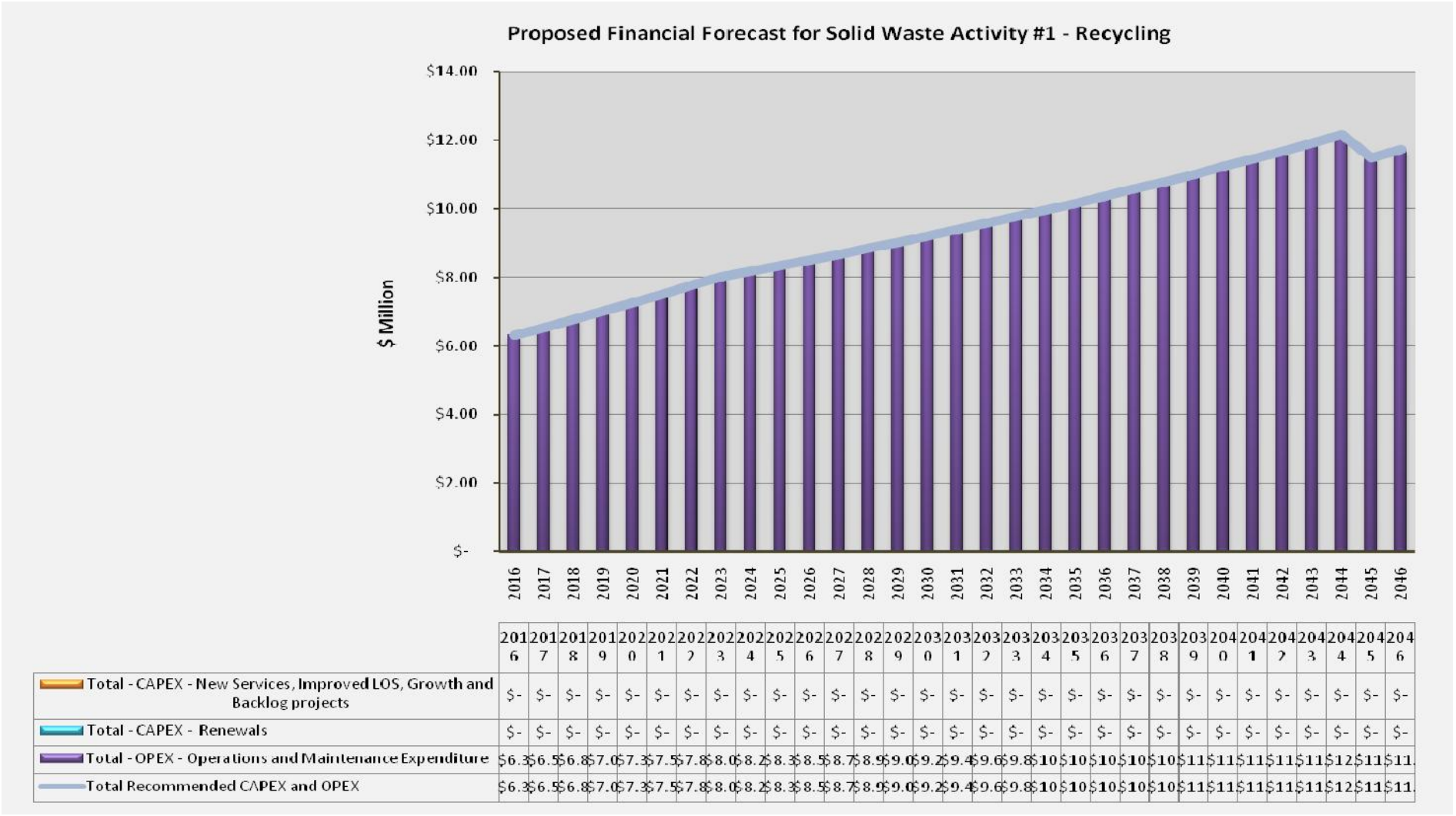
13 Summary of Cost for Activity

Figure 13-1

REFUSE MINIMISATION & DISPOSAL - RECYCLABLE MATERIALS COLLECTION & PROCESSING		Funding Caps in 2015/16 Dollars				*Funding splits exclude EQ Costs from all calculations*					
	2014/15 Annual Plan	2015/16	2016/17	2017/18		Funding - User Charges	Other revenue	General rate	Targeted rate	Period of Benefit (years)	Comments
	000's					%	%	%	%		
Operational Budget											
Recyclable Materials Kerbside Collection	6,863	6,949	6,940	7,040							
Activity Costs before Overheads	6,863	6,949	6,940	7,040							
Earthquake Response Costs	-	-	-	-							
Corporate Overhead	393	385	383	369							
Depreciation	519	540	540	540							
Interest	99	139	177	207							
Total Activity Cost	**7,874**	**8,012**	**8,039**	**8,156**	% splits:	12%	4%	0%	83%		
					Description:	Market	Some		Majority		
Funded By:											
Fees and Charges	966	985	987	989							
Grants and Subsidies	350	350	350	350							
Earthquake Recoveries	-	-	-	-							
Total Operational Revenue	**1,316**	**1,335**	**1,337**	**1,339**							
Net Cost of Service	**6,559**	**6,677**	**6,702**	**6,817**							
Funded by:											
Rates	**6,559**	**6,677**	**6,702**	**6,817**							
Earthquake Borrowing	**-**	**-**	**-**	**-**							
	6,559	**6,677**	**6,702**	**6,817**							
Capital Expenditure											
Earthquake Rebuild											
Renewals and Replacements											
Improved Levels of Service											
Additional Demand											

Figure 13-2 30yr Projected Expenditure





	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Total - CAPEX - New Services, Improved LOS, Growth and Backlog projects	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Total - CAPEX - Renewals	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Total - OPEX - Operations and Maintenance Expenditure	$6.3	$6.5	$6.8	$7.0	$7.3	$7.5	$7.8	$8.0	$8.2	$8.3	$8.5	$8.7	$8.9	$9.0	$9.2	$9.4	$9.6	$9.8	$10	$10	$10	$10	$10	$11	$11	$11	$11	$11	$12	$11	$11.
Total Recommended CAPEX and OPEX	$6.3	$6.5	$6.8	$7.0	$7.3	$7.5	$7.8	$8.0	$8.2	$8.3	$8.5	$8.7	$8.9	$9.0	$9.2	$9.4	$9.6	$9.8	$10	$10	$10	$10	$10	$11	$11	$11	$11	$11	$12	$11	$11.

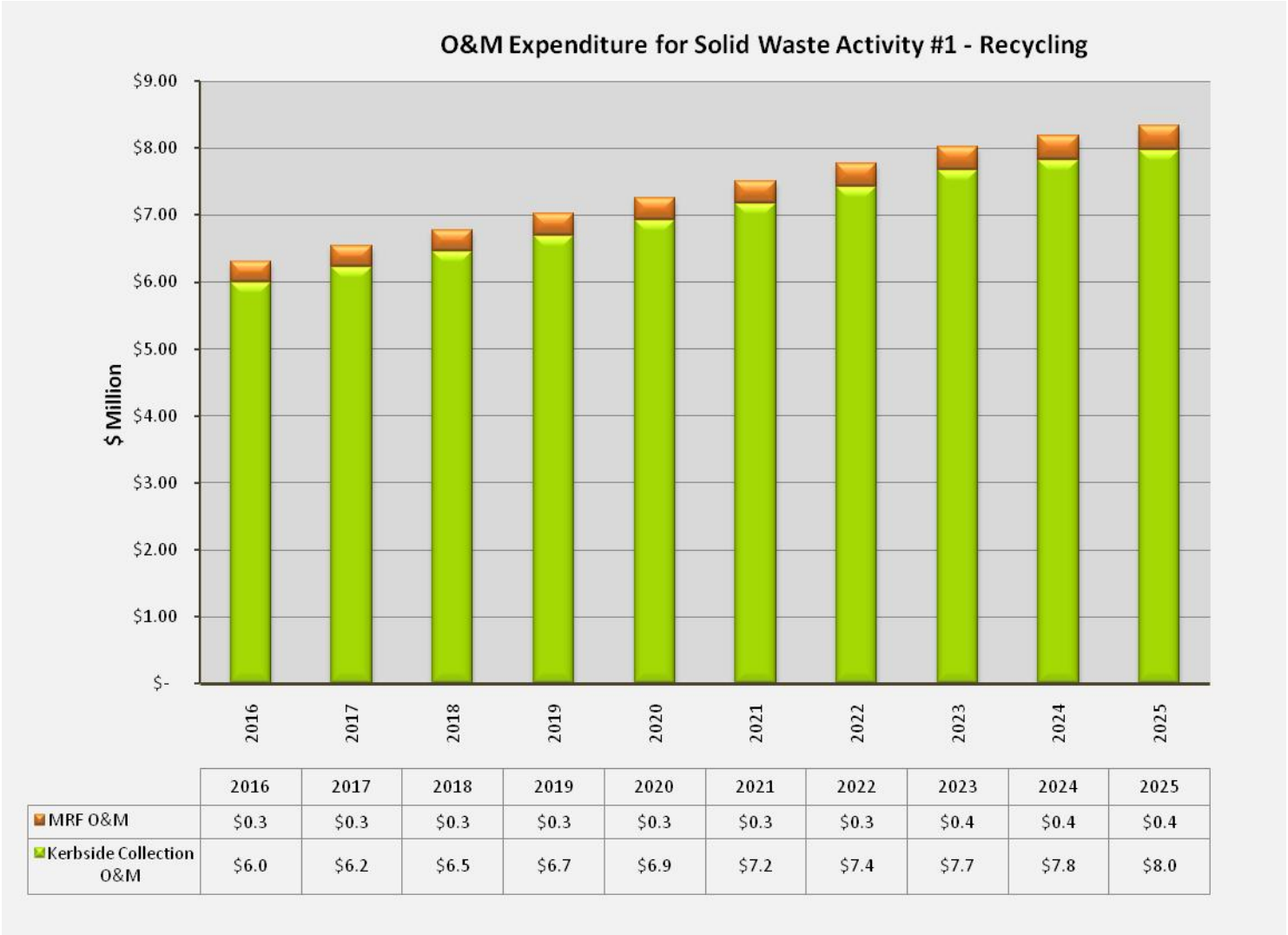
Commentary to be added.

Figure 13-3 Total Expenditure

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total CAPEX New Services, Improved LOS, Growth and Backlog projects	$	$	$	$	$	$	$	$	$	$
Total - CAPEX - Renewals	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Total - OPEX - Operations and Maintenance Expenditure	$6.3	$6.5	$6.8	$7.0	$7.3	$7.5	$7.8	$8.0	$8.2	$8.3
Total Recommended CAPEX and OPEX	$6.3	$6.5	$6.8	$7.0	$7.3	$7.5	$7.8	$8.0	$8.2	$8.3

Figure 13-3 above shows a gradual increase in the total expenditure. This is due to operating expenditure increases from $6.3 to $8.3 million over the 10 year period as a consequence of inflation, increased loan servicing costs and network growth.

Figure 13-4 Operating Expenditure



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
MRF O&M	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.4	$0.4	$0.4
Kerbside Collection O&M	$6.0	$6.2	$6.5	$6.7	$6.9	$7.2	$7.4	$7.7	$7.8	$8.0