

17.3 Confidential Rescission Motion - Hard Waste Collections

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| Report Reference | GC220510M17.3 |
| Council Member | Councillor – Ian Crossland |

CONFIDENTIAL MOTION

That pursuant to Section 90(2) and (3)(a) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Chief Executive Officer, General Manager City Development, General Manager Corporate Services, General Manager City Services, Manager Office of the CEO, Manager Operations, Unit Manager Operational Support, Unit Manager Governance and Council Support, be excluded from the meeting as the Council receives and considers information relating to Hard Waste Collection, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to personal affairs.

MOTION

That Council

1. Rescinds points 3 and 4 of the hard waste resolution moved on the 25th May 2021, namely that Council:
 3. Adopts Option 2 as the preferred model to meet future Hard Waste Collection service demand.
 4. Based on Recommendation 3, commits the necessary funding in the Annual Business Plan and Long Term Financial Plan from 2022-23 to implement the adopted model.
2. In accordance with Section 91(7) and (9) of the *Local Government Act 1999* the Council orders that this report, Rescission Motion - Hard Waste Collections, any appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(a) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2022.

SUPPORTING INFORMATIONBackground of previous resolution:

On the 25th May 2021 Council moved the following resolution in regards to increased hard waste services.

That Council

1. Notes the current services City of Marion provides relating to Hard Waste Collection and Illegal Dumping.
2. Endorses the continuation of the existing Hard Waste Collection service model of two collections per year of one cubic metre per collection, with the option for one or either of these collections to be exchanged for a mattress collection or Tip Ticket.

3. *Adopts Option 2 as the preferred model to meet future Hard Waste Collection service demand.*
4. *Based on Recommendation 3, commits the necessary funding in the Annual Business Plan and Long Term Financial Plan from 2022-23 to implement the adopted model.*
5. *Notes the trial that is underway on the use of CCTV in an illegal dumping hotspot, with a report to be presented to Council on the outcomes of the trial in December 2021.*
6. *In accordance with Section 91(7) and (9) of the Local Government Act 1999, orders that this report and the attachments to this report, having been considered in confidence under Section 90(2) 3(a) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2021.*

By removing these points Council will continue to maintain its current hard waste collection services. It should be noted that the City of Marion currently provides one of the most comprehensive hard waste collection services at no additional cost to residents.

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| Response Received From | Unit Manager Operational Support – Roger Belding |
| Corporate Manager | Manager Operations – Russell Troup |
| General Manager | Acting General Manager City Services – Mathew Allen |

STAFF COMMENTS

The report provided to Council on 25 May 2021 discussed the ongoing demand for hard waste services and made a business case that demonstrated benefits for internally resourcing a second hard waste crew, rather than outsourcing through contractors.

With respect to the proposed recission notice, salient points for consideration include:

1. *Demand is increasing:* The number of collections is increasing each year. Average annual growth rate over the last 10 years is 8.5%.
2. *Internal Resource capacity:* Typically, the internal hard waste crew can achieve around 7,200 collections per year.
3. *Indicative cost to collect:* Observed average unit costs per collection are currently:
 - a. Internal crew is \$26 per collection;
 - b. Contractor resource is \$37 per collection.
4. *Demand management:* Self-performing the works associated with a second crew improves Council's ability to meet the increasing collections demand, which is expected to be 14,136 by FY24/25. The additional resource provisioned through the resolution will also be used to meet increasing demand of other services including illegally dumped rubbish.
5. *Future savings:* The ability to meet the increasing demand with more cost-effective internal resource identified in the business case, results in a saving of \$16 per collection, if replacing the contracted collections with internal resource provision.
6. *Reconciliation of key assumptions against actual:* The original business case included some assumptions relating to the hard waste collection quantum and associated cost for both internal crew and contract resource. A reconciliation of those assumptions against year-to-date actuals finds that:

- a. Demand assumptions were relatively accurate.
- b. Unit rate assumptions were higher for both internal (\$28 vs \$26 actual) and contractor performance (\$44 vs \$37 actual). Council procured the services of a different contractor, who could provide the service for a lower cost.
- c. The actual cost benefit per collection cost is \$11 for the current financial year.

Table 1: Summary of key relevant information

| Year | 21/22 Actual to end April | 21/22 (forecast within business case) | 22/23 (forecast) | 23/24 (forecast) | 24/25 (forecast) |
|------------------------------------|--|--|-----------------------------|-----------------------------|-----------------------------|
| Total Collections | 10,331 | 11,067 | 12,008 | 13,028 | 14,136 |
| Internal collections | 6,910 | 7,200 | 12,008 | 13,028 | 14,136 |
| Internal Cost | \$179,660 | \$202,542 | \$377,526 | \$385,077 | \$392,779 |
| Average Cost per collection | \$26 | \$28 | \$31 | \$30 | \$28 |
| Contractor collections | 3,421 | 3,877 | | | |
| Contractor Cost | \$126,570 | \$143,440 | | | |
| Average Cost per collection | \$37 | \$44 | | | |
| Expected Savings* | N/A | N/A | \$52,888 | \$64,108 | \$76,296 |

*Savings assume that an Internal Resource crew can achieve 7,200 collections per year, remainder are performed by Contractors at the reduced rate of \$37 vs internal cost of \$26 per collection. An \$11 per collection cost benefit to self-perform.

Financial Implications

The financial implications of the recission motion are as follows:

1. To achieve the forecast number of collections, contract resource would be required for collections above the 7,200 capacity of the internal crew.
2. The additional cost corresponds conversely with the Expected Savings.
3. Saving of \$180,000 budgeted for the new Hard Waste truck in FY22/23.

Performance implications

Council is currently achieving 90% of requests within 3.5 weeks, which is slightly outside of the internal service level standard of 90% within 3 weeks.

Council currently has two crews, one internal and the other is a contractor. Having a second internal crew provides greater assurance that service levels can be achieved in the most cost-effective manner.

If the recission motion succeeds, then additional funding would be required to maintain the existing service level. Alternatively, the service level and associated KPI would need to be reconsidered.

Commitments associated with previous resolution

1. *Employee Resource*: In accordance with the resolution of 25 May 2021, the recruitment process has commenced for the two positions required for the second team. There is no contractual commitment.
2. *Plant Resource*: Council are about to take delivery of a Hard Waste truck that is a planned replacement for the existing truck. The order for the second truck has not been placed. The intent is for the second crew to utilise the existing truck until the new second truck is received.

ATTACHMENTS

Nil