



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

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**1. PURPOSE**

- 1.1 To consider release of the draft *Rating Strategy 2022-25* and draft *Don't Waste It! Waste Management Strategy 2022-25* for community consultation.

**2. EXECUTIVE SUMMARY**

- 2.1 Council is undertaking reviews of its Rating Strategy and the Don't Waste It! Waste Management Strategy. Council was provided an update on the progress on these reviews at the Council Meeting on [8 December 2021](#).

**2.2 Waste 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 Over the past year councillors were briefed on changes in the waste and recycling sector including the new requirements outlined in the State Government's Recycling Victoria Policy. These briefings have focused on how Council's current waste management strategy, *Don't Waste It!*, will help to achieve these broader outcomes and where it does not.
- 2.2.3 As part of the strategy and transition plan review, Councillors considered options based on the following principles:
- Environmental outcomes - the amount of material that is recycled, emissions reduction, and other impacts associated with the service
  - Cost effectiveness and affordability – return on investment and funding capacity whilst maintaining financial sustainability
  - Customer experience – practicality and user-friendliness of the service
  - Strategic alignment – alignment with both Council and Recycling Victoria objectives
  - Community expectations – there is a strong community sentiment for additional services to be provided quickly.
- 2.2.4 Based on Councillor feedback and the outcomes of community engagement conducted in early 2022, officers have developed revisions to the current waste management strategy represented in the draft *Don't Waste It! Waste Management Strategy 2022-25*. This includes:



- an 'Accelerated Transition Plan' for the delivery of new waste services (FOGO and glass). The accelerated transition plan includes a hybrid kerbside and communal service offering for the new waste services.
- revised frequency of FOGO kerbside collections,
- revised criteria for the selection of sites proposed for the communal hubs across the city and
- incorporated feedback on education and communication in the priority actions of the strategy.

2.2.5 The draft *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 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.

2.2.6 The outcomes proposed in the draft waste management strategy and the introduction of new waste services and ongoing cost escalations is estimated to cost Council \$38 million over the next 10 years. This is a key consideration in the draft *Rating Strategy 2022-2025*, the 10-Year Financial Plan and draft Budget 2022/23.

## 2.3 Rating Strategy

2.3.1 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.

2.3.2 The current rating strategy requires that Council reviews the strategy on a regular basis - at least every 5 years. Since the last review in 2018 there have been significant legislative and economic developments. Given the significant changes that have occurred, this rating strategy review is considering how we can be more responsive to the changed environment.

2.3.3 At its meeting of 8 December 2021 Council noted the current rating strategy and rating structure does not provide Council with enough flexibility to effectively deal with issues associated with valuation shifts between property classes, changes in rates distribution within the residential property class and capacity to raise sufficient income to fund new waste services and above rates cap



increase in waste costs. It endorsed community consultation proposed changes to our rating strategy to address this.

- 2.3.4 The draft *Rating Strategy 2022-2025* 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.
- 2.3.5 Throughout February and early March 2022 deliberative engagement via a Community Panel was undertaken on the proposed changes to the waste strategy and rating strategy including the introduction of separate waste charge. The panel response to Council's proposal was:
- 71% agreed or strongly agreed with Council's proposal to change how rates are worked out from the rent value of a property (NAV) to its sale value (CIV)
  - 35% agreed or strongly agreed with Council's proposal to introduce a new flat waste charge. (A total of 53% disagreed or strongly disagreed)
- 2.3.6 Outcomes of the deliberative panel process were presented to councillors in March 2022 and considered alongside further councillor feedback and deeper analysis in developing the draft *Rating Strategy 2022-2025*.
- 2.3.7 With consideration to the significant developments over the last four years, Council's review of the draft waste management strategy, feedback from workshops with Council and responses from deliberative engagement panel, the draft *Rating Strategy 2022-2025* proposes the following key changes to rating principles based on the objectives outlined above:
- Council will levy rates consistent with a ratepayer's ability to pay as measured by the Capital Improved Value of property owned within the municipality.
  - Differential rating will be used to maintain fairness and relative consistency in the distribution of rates between property classes and a ratepayer's ability to pay. A higher differential rate will be set for commercial and industrial properties compared to residential properties.
  - Different rating will be considered to assist with development of our City, consistent with Council Plan objectives.
  - To manage the impacts of change, any major differential rating changes will be gradual and take into consideration the annual general property valuation and demographic changes as part of the budget development process and setting of differential rates.
  - A waste charge 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 and garden organics and glass recycling, hard & green waste collection and Resource Recovery Centre operations.

A fixed waste charge will also help address the increased rates distribution shift within the residential property class from the lower value properties to the higher value properties due to valuation movements over time, including most recently in 2021/22. While it is widely believed that those with higher valuation properties should contribute more, sustained shifts over the years do need rebalancing to ensure that everyone is contributing their fair share and no one is required to carry an unfair burden.

- The setting of the waste charge will be tiered, recognising some key service differences between the kerbside collection and communal services and a user-pays model. It will include a mix of concessions, bin sizes and exemptions to influence community behaviour and support equitable outcomes.
- Non-rateable properties will be required to contribute to services provided by the City of Port Phillip through the payment of waste service charges at full cost.

### 3. RECOMMENDATION

#### PART 1

That Council:

- 3.1 Notes that officers have finalised a draft *Don't Waste It! Waste Management Strategy 2022-25*, that is based on an Accelerated Transition Plan for waste services.
- 3.2 Notes the draft *Don't Waste It! Waste Management Strategy 2022-25* includes the following new waste services:
  - 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
- 3.3 Notes that the funding of the draft *Don't Waste It! Waste Management Strategy 2022-25* is a key issue influencing the draft *Rating Strategy 2022-2025*.
- 3.4 Releases the draft *Don't Waste It! Waste Management Strategy 2022-25* (Attachment 1) for community consultation.
- 3.5 Notes that the draft Budget 2022/23, to be considered by Council on 27 April 2022, has been informed by the draft *Don't Waste It! Waste Management Strategy 2022-25*.



**PART 2**

That Council:

- 3.6 Notes that a review of Council's *Rating Strategy* has been undertaken to provide Council with enough flexibility to:
- Effectively deal with issues associated with valuation shifts between property classes.
  - Effectively deal with changes in rates distribution within the residential property class.
  - Raise sufficient income to fund new waste services and above rates cap increase in waste costs.
- 3.7 Notes the draft *Rating Strategy 2022-2025* proposes:
- Shifting the rating system from Net Annual Value (NAV) to Capital Improved Value (CIV)
  - Introducing Differential Rating at property class with the following rates in the dollar:
    - Residential rate in the dollar 0.001615
    - Commercial rate in the dollar 0.002062
    - Industrial rate in the dollar 0.002073
  - 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 (approximately \$13.7 million) to a waste charge structure.
  - Implement a tiered waste charge structure including rebates to ensure a fairer fee structure based on user-pays principle as follows:
    - Default waste charge for rateable properties at \$176.20
    - Kerbside FOGO Collection Charge at \$88.10
    - Annual Garbage Charge for non-rateable tenements at \$402.00
    - 240 Litre Waste Bin Charge at \$221.00
    - 80 Litre Waste Bin Rebate at (\$70.00)
    - Private Waste Collection Rebate at (\$60.00)
    - Residential One-Occupancy Waste Rebate (residential car park space and or storage area) at (\$176.20)
    - Commercial One-Occupancy Waste Rebate (car park space) at (\$158.50)
- 3.8 Notes the average of general rates and waste charges are proposed to increase by the rates cap of 1.75% despite inflation forecast at 2.75% and new waste services and related waste costs increases of 14%.
- 3.9 Releases the draft *Rating Strategy 2022-2025* (attachment 2) for community consultation.
- 3.10 Notes that the draft Budget 2022/23, to be considered by Council on 27 April 2022, has been informed by the draft *Rating Strategy 2022-2025*.



### **PART 3**

That Council:

- 3.11 Notes that the consultation period for the draft *Don't Waste It! Waste Management Strategy 2022-25* and draft *Rating Strategy 2022-2025* aligns with the consultation on the draft Budget 2022/23 and that the draft strategies will be updated to align with any changes to the budget that occurs as a result of the community consultation prior to being brought back to Council for adoption.
- 3.12 Receives and hears feedback and submissions from the public at the Special Council meeting on 14 June 2022, commencing 6.30 pm at the St Kilda Town Hall, prior to considering adoption at the Special Council Meeting on 27 June 2022 commencing 6.30 pm at the St Kilda Town Hall.
- 3.13 Authorises the CEO to make amendments to the draft *Don't Waste It! Waste Management Strategy 2022-25* and draft *Rating Strategy 2022-2025* to reflect any changes through this resolution, 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 Through a series of Councillor briefings, officers have presented to Council waste service options based on criteria including environmental outcomes, cost effectiveness and affordability, customer experience, strategic alignment and community expectation.
- 4.1.3 The development of the options and analysis 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.
- 4.1.4 These trials have helped to inform the development of new waste services that are effective, practical and financially responsible in the context of the City of Port Phillip. As an inner-city, densely populated municipality, officers recommend that a hybrid kerbside and communal service model offers the best way to deliver on the sustainability objectives of Council and achieve compliance with the State Government's Policy settings.
- 4.1.5 Having received feedback from Councillors, Officers proposed changes to the *Don't Waste It! Waste Management Strategy* including an 'Accelerated Transition Plan' which would see progression to a four-service model across the municipality by 1 July 2023 (including a mix of kerbside Food and Garden Organics (FOGO) for selected properties, communal food organics, and





communal glass services) as well as an 'Enhanced Diversion Plan' within six to 12 months, where kerbside garbage collection will transition from the current weekly collection to a fortnightly service.

- 4.1.6 Council endorsed community engagement and input on the Accelerated Transition Plan for waste services and other Waste Strategy considerations including:
- Which properties to be provided FOGO kerbside bin and those that are provided access to the communal service.
  - The location of communal FOGO and Glass collection points.
  - The appetite for the transition to a fortnightly garbage collection service including timing, and approach for different properties (i.e. access to kerbside or communal services)
  - Working with the residents in the Elwood kerbside FOGO service area to pilot a move to fortnightly garbage collection and weekly FOGO collection as part of the foreshadowed Enhanced Diversion Plan for waste services.
- 4.1.7 Consultative engagement on the draft *Don't Waste It! Waste Management Strategy 2022-25* was completed between 10 February and 5 March 2022. Input was sought on locations of communal hubs, support required to transition to the new waste services, including transitioning to a fortnightly garbage collection service and the potential introduction of separate waste charge to cover the increasing costs of waste.
- 4.1.8 The key themes of the community feedback received were:
- Mixed response to the communal hub model
  - Support required to transition to a new waste service model included the provision of caddies/ caddy liners, education to inform residents about the changes, communal hubs to be in walking distance from residences.
  - Mixed response to potential introduction of flat waste charge to pay for direct waste services
- 4.1.9 The 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 Strategy.
- 4.1.10 The key elements of the draft *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.
- 4.1.11 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 draft Don't Waste It! Waste Management Strategy 2022-25.
- 4.1.12 There will be additional costs associated with the implementation of the new waste services as outlined in the draft Don't Waste It! Waste Management Strategy 2022-25. Current estimates modelled are approximately between \$3.5 million to \$4.1 million per annum (depending on the service options, subject to tendering process, and Victorian Government policy on glass as a contaminant in the recycling stream) plus initial implementation outlays of approximately \$3.1 million.

#### **4.2 Rating Strategy**

- 4.2.1 Section 8(1) of the Act outlines that the role of Council is to provide good governance for the benefit and wellbeing of municipality. In seeking to do this, Council must 'ensure the equitable imposition of rates and charges'.
- 4.2.2 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.

- 4.2.3 A limited range of options exist for Council to raise rates revenue. Council has developed this draft *Rating Strategy* to make transparent to the community the principles by which Council exercises these options to distribute the rates burden across the community fairly, to improve community understanding of our rating system, and to satisfy statutory requirements.
- 4.2.4 Since the last *Rating Strategy* review in 2018, there have been significant developments in the operating environment including:
- The new Local Government Act 2020 came into force, which introduced new requirements relating to an Asset Plan, Revenue and Rating Plan, a 10-Year Financial Plan and other legislative requirements
  - The responsibility of the Property Valuation function was centralised to the Victorian Valuer General, with valuations performed annually. Previously under the biennial valuation cycle, all assessments would see rate increases pegged to the rates cap increase in the non-valuation year.
  - The COVID-19 pandemic had negative impacts to our community both socially and economically. Council too, has been financially impacted with up to \$35 million of income loss over the last three financial years (including 2021/22 projections). This was noted as the main reason that the Minister for Local Government settled on minimal changes to the Rating Legislation following the Rating System Review.
  - 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. These changes resulted in higher Environmental Protection Authority Landfill Levy increases from \$65.90 to \$125.90 per tonne by 2022/23, and new food, garden and glass recycling services by 2027. This, along with other waste service cost increases, is likely to add approximately \$38 million of expenditure above the rates cap. This is problematic for our council, as we have not separated waste from general rates, which is capped to CPI.
  - 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.
- 4.2.5 The rating strategy review is considering how we can be more responsive to the changed environment.
- 4.2.6 Following extensive briefings on the issues and options, Council endorsed community engagement on the following key changes to the Rates Strategy at its meeting on 8 December 2021:
- Shifting our rating system from Net Annual Value (NAV) to Capital Improved Value (CIV).
  - Introducing Differential Rating.
  - Separating the cost of private benefits/direct waste services (Kerbside Bins Collection, Communal FOGO & Glass, Hard & Green Waste, and Resource

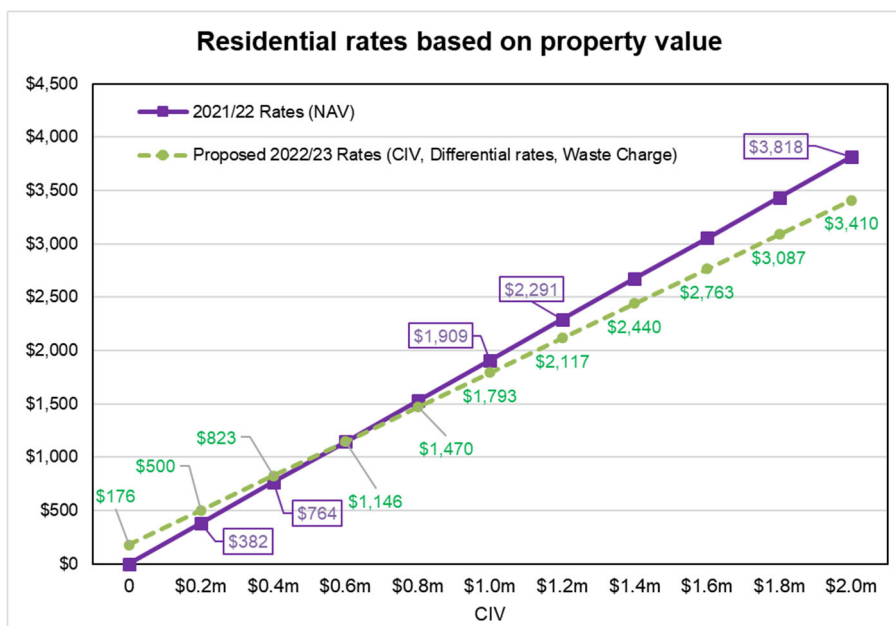


Recovery Centre) from General Rates (approximately \$13.7 million) to a Fixed Waste Charge.

- 4.2.7 Council also endorsed community engagement on other Waste Charge considerations, including charging for non-rateable assessments and waste bin upsize, rebates for smaller waste bins, rebates to properties with private bin collections, and rebates to residential/commercial carparks and storage areas.
- 4.2.8 Throughout February and early March 2022 deliberative engagement was undertaken on proposed changes to the waste and rating strategies including the introduction of a separate waste charge.
- 4.2.9 The key themes of the deliberative panel feedback included:
- general support for a change to the CIV rating system with differentials (note this was only discussed through deliberative process and not tested with broader community)
  - lack of confidence in community uptake of communal hubs
  - need for community information / education to influence behaviour change around waste
  - applications of learnings from other councils' experiences
  - some level of understanding of need to fund increasing waste management costs, and some acceptance of this being done via a separate charge, with some concern around managing reasonable increases to the uncapped charge over future years
  - desire for more information about potential / modelled impacts of a flat waste charge to ratepayers

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

- 4.3 The outcomes proposed in the draft *Don't Waste It! Waste Management Strategy 2022-25* and the introduction of new waste services and ongoing cost escalations is estimated to cost Council \$38 million over the next 10 years.
- 4.4 The introduction of a tiered waste service charge will recover the costs of direct/private benefit waste services including kerbside collections, communal Food Organic Garden Organic (FOGO) and glass recycling, hard & green waste collection and Resource Recovery Centre operations.
- 4.5 The advantages of a waste service charge include:
- Transparency of the cost of waste services.
  - Flat fixed waste charges are not subject to the annual valuation movements and can flatten out the rates distribution within a property class (see chart below), which helps to address the long steady and disproportionate rates distributes shift from lower value properties to higher value properties. While it is widely believed that those with higher valuation properties should contribute more, sustained shifts over the years do need rebalancing to ensure that everyone is contributing their fair share and no one is required to carry an unfair burden.



- A tiered pricing structure reflects the differences in services received being kerbside and communal
- It can be used to influence community behaviour with waste charge settings taking into consideration waste bin sizes (80L, 120L, 240L)
- Concessions and rebates can be used to address equitable outcomes in the community (such as private collection rebates, carparks and storage areas)
- It can fund new waste services such as Food Organic Recycling and waste cost escalation above the rates cap driven by landfill levy increases set by the Victorian Government that is not subject to a rates cap.

4.6 Council's general rates revenue in the draft Budget 2022/23 will be reduced by the value of the total revenue estimated to be collected by the introduction of the waste charge. Notably, through our commitment to efficiency and prudent financial management, we have been able to keep general rates and waste charges within rates cap of 1.75% (see below reconciliation) despite inflation forecast at 2.75% and new waste services and related waste costs increases of 14%.

|  | 2022/23        |
|--|----------------|
| Total Raised income based on 30 June Valuation       | \$137,011,586  |
| No of assessments                                    | 75,044         |
| Base Average Rates                                   | \$1,825.75     |
| Maximum Rate Increase (set by the State Government)  | 1.75%          |
| Capped Average Rate                                  | \$1,857.70     |
| Maximum General Rates and Municipal Charges Revenue  | \$139,409,239  |
| Less Waste Charge Separately raised                  | (\$13,714,482) |
| Maximum General Rates and Municipal Charges Revenue  | \$125,694,757  |
| Budgeted General Rates and Municipal Charges Revenue | \$125,688,871  |



4.7 Through the Rating Strategy, Council will set the following charges based on latest bin counts which may change. These charges will be reflected in the draft Budget 2022/23:

- **Default Waste Charge for Rateable Properties**

The default waste charge will be set at \$176.20 to all rateable properties approximately 75,646 properties and is expected to raise \$13.33 million.

- **Kerbside FOGO Collection Charge**

The kerbside FOGO collection charge will apply to approximately 15,200 properties receiving the service, it will be set at 50% of default waste charge at \$88.10 in addition to the default waste charge and is expected to raise \$1.34 million.

This is in line with the draft Rating Strategy principle recognising the differences between a kerbside collection and communal services and supporting a user-pays approach.

- **Annual Waste Charge for Non-Rateable Properties**

The annual waste charge for non-rateable properties is applied to approximately 90 properties and will increase from \$362.00 in 2021/22 to \$402.00 in 2022/23. This will raise an estimated \$0.04 million.

This charge will recover the full cost of waste and waste amenity services, including community benefits such as street cleaning and litter bin collections.

- **240 litre Waste Bin Service Charge**

For approximately 2,347 properties that have a larger 240L waste bin, the additional charge to the default waste charge and kerbside FOGO collection charge where applicable, will increase from \$201.00 in 2021/22 to \$221.00 in the 2022/23. This will raise an estimated \$0.52 million.

This charge is calculated at 125% of the standard waste service cost for the 120L waste bin and the larger waste bins are provided to support larger families whilst recovering part of the cost for additional waste.

This charge supports Council's objectives as set out in the draft Waste Strategy to set prices to drive behaviour to recycle more and divert from landfill.

Council provides upgrades to 240L recycling bins free of charge to further support these objectives.

4.8 There are some pockets of the community that require special consideration in relation to waste charges in keeping with the objectives and principles set out in the draft *Rating Strategy 2022-2025*. Council will set the following rebates through the Rating Strategy, which will be reflected in the draft Budget 2022/23:

- **80-litre Waste Bin Rebate**

The annual 80L waste bin rebate is proposed to increase from \$60.00 in 2021/22 to \$70.00 in 2022/23 at total concession of \$0.18 million to approximately 2,586 properties.

Council provides this rebate to cater for low waste households and to provide a positive incentive to take up a smaller bin to reduce waste and increase recycling.



- **Private Waste Collection Rebate**

With the introduction of a waste charge, Council officers are proposing a \$60.00 private waste collection rebate be applied to approximately 7,000 properties at a total concession of \$0.42 million.

This rebate will apply in the situations where developments approved by the State's planning authority that do not meet Council design and service provision standards/requirements, such as narrow streets that are not accessible by Council's garbage trucks, require a private collection service to be used.

In line with the user pays principle, it would be consistent that a partial rebate would be appropriate for Garbage and Recycling service, noting these properties will still be able to access communal glass and FOGO and Council's Resource Recovery Centre operations.

- **Residential One-Occupancy Waste Rebate**

This rebate is proposed to apply to approximately 3,800 separately rated private carparks and storage areas in our valuation system due to various reasons, including how they are packaged for sale as separate titles by developers or buyers taking up additional carparks/storage areas in multi-unit developments - noting no additional waste is generated from these assessments.

In line with the user pays principle, a rebate is appropriate, as these owners are not accessing Council services multiple times and therefore should not pay multiple Waste Charges.

It is proposed to provide a full rebate of \$176.20 to offset the default waste charge which will reduce the amount of waste charges levied by \$0.67 million.

- **Commercial One-Occupancy Waste Rebate**

This rebate is proposed to apply to approximately 1,500 private commercial carpark spaces separately rated from the main property. This does not apply to commercial carparks that generate sufficient revenue to cover rates and charges.

In line with the user pays principle, a rebate is appropriate, as these owners are not accessing Council services multiple times and therefore should not pay multiple Waste Charges. However, whilst these property types do not receive a full waste service, commercial properties are likely to increase incidental waste generation from commercial activities, have access to cardboard collection and the proposed communal FOGO hubs.

It is proposed to provide a rebate of \$158.50 to offset approximately 90% of default waste charge which will reduce the amount of waste charges levied by \$0.24 million.

## 5. CONSULTATION AND STAKEHOLDERS

- 5.1 The City of Port Phillip's Community Engagement Policy has guided the development of the engagement program in line with *Local Government Act 2020* requirements.
- 5.2 Following a Council resolution at the 8 December 2021 Ordinary Council Meeting and as part of its engagement approach to inform the rating and waste management



strategies, Council delivered consultative and deliberative engagement with our community in February 2022.

**Consultative engagement on waste management strategy review**

- 5.3 Community consultation was undertaken from 10 February to 5 March 2022 to inform revisions the waste management strategy and included information about changes to the waste sector and related legislation, and Council's proposal for accelerated transition to a four-service waste collection model.
- 5.4 Community feedback was sought specifically on:
- proposed locations for communal FOGO and Glass collection points
  - accelerated transition plan towards new service model (including collection cycles)
  - potential introduction of separate waste charge to address increasing cost of waste management
  - potential considerations for inclusion as part of a separate waste charge.
- 5.5 The primary consultation tool was an online survey on Council's *Have Your Say* engagement site. Sixty-seven completed surveys were received.
- 5.6 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.
- 5.7 Key feedback themes from the consultation include:
- mixed response to the communal hub model, including -
    - Lack of confidence in community uptake of the hubs
    - Mixed support for communal hubs in open spaces, with supermarket carparks and shopping strips suggested as alternative locations
    - Safety and amenity concerns around access outside daylight hours and potential odour, noise, vermin and dumped rubbish
    - Accessibility – concern for transporting heavy / smelly waste to hubs and desire for parking availability
  - more support for home composting
  - staged education / communication campaign to influence behaviour change
  - support required to transition to a new waste service model -
    - Interest in provision of caddies / caddy liners, mixed with concern that these would add to rubbish problem
    - Educational / communication campaign to inform residents about the changes that incorporates learnings from other councils' experiences
    - More FOGO hubs within closer walking distance from residences
  - Mixed response to potential introduction of flat waste charge to pay for direct waste services -
    - Some level of willingness to accept need to fund waste services through separate charge





- Suggestion that people should be charged according to how much waste they produce
  - Some commentary around waste services being a core responsibility of Council and therefore should be covered by rates without any additional charge/cost to ratepayer
  - Desire for more information about potential impact of a charge.
- 5.8 Feedback received through this consultation was shared with Councillors to support their own deliberations and synthesised into a community engagement summary report
- 5.9 The Community Engagement Summary Report is provided as an attachment to this report.

#### **Deliberative engagement on Rating Strategy review**

- 5.10 Council undertook a deliberative panel process from 1 February to 1 March 2022. Voluntary expressions of interest were sought from early November 2021, with 180 people registering their interest, and panellists were randomly selected to broadly represent our City's demographic profile.
- 5.11 Twenty-eight panellists were confirmed, with 26 attending the induction session. Seventeen panellists attended the final session.
- 5.12 To support them with their task, the Panel was provided with an information pack compiled by Council officers outlining the proposal and some key impacts for their deliberations, as well as other supporting information.
- 5.13 The Panel met over five sessions to consider and develop a response to Council's proposal for potential changes to the way we calculate or rates and the possibility of a separate flat waste charge to fund existing and new waste services. All sessions were held online due to government health advice at the time in response to the high number of COVID-19 cases.
- 5.14 An online hub was established on Council's *Have Your Say* engagement site to support panellists, and two online Q and A webinars with subject matter experts were held during the panel process.
15. The panel response to Council's proposal was:
- 71% agreed or strongly agreed with Council's proposal to change how rates are worked out from the rent value of a property to its sale value
  - 35% agreed or strongly agreed with Council's proposal to introduce a new flat waste charge. (A total of 53% disagreed or strongly disagreed)
- 5.15 Outcomes of the deliberative panel process were presented to Councillors in March 2022 to further inform consideration of a change in the rating system from NAV to CIV, with differentials, and the potential introduction of a fixed waste charge
- 5.16 The Deliberative Panel Report is provided as an attachment to this report.
- 5.17 Key themes from both engagement programs included:
- general support for a change to the CIV rating system with differentials (note this was only discussed through deliberative process and not tested with broader community)



- lack of confidence in community uptake of communal hubs
  - need for community information / education to influence behaviour change around waste
  - applications of learnings from other councils' experiences
  - some level of understanding of need to fund increasing waste management costs, and some acceptance of this being done via a separate charge, with some concern around managing reasonable increases to the uncapped charge over future years
  - desire for more information about potential / modelled impacts of a flat waste charge to ratepayers.
- 5.18 Following the completion of the consultative and deliberative engagement programs, Councillors participated in a series of workshops in March 2022 and have provided valuable feedback, which has been incorporated into the reviews to date.
- 5.19 Officers have also consulted with other departments in the organisation to capture all issues with rates, and kept a register of issues that relate to the rating strategy, raised through budget consultations, customer requests and questions from the public.

#### **Consultation on the draft strategies**

- 5.20 Subject to Council resolution, the draft *Don't Waste It! Waste Management Strategy 2022-25* and draft *Rating Strategy 2022-2025* will be released for community feedback.
- 5.21 Consultation will take place from 29 April to 27 May 2022, and will include:
- Promotion of feedback opportunities via Council's communications channels, including social media, newsletters and websites.
  - A series of pop-up sessions across the City's neighbourhoods as part of Council's Neighbourhood Conversations program (details of these pop-up sessions are advertised on Have Your Say and will be shared via Council's communication channels, including social media and e-newsletters.
- 5.22 Council will receive and hear feedback at a Special Meeting of Council on 14 June 2022, prior to considering adoption of the final *Don't Waste It! Waste Management Strategy 2022-25* and *Rating Strategy* at a Special Meeting of Council on 29 June 2022.

## **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 financially sustainable.
- 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 draft *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 draft *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 draft *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

- 27 April 2022 - the draft *Rating Strategy 2022-2025* and draft *Don't Waste It! Waste Management Strategy 2022-25* presented for Council to consider releasing for community consultation (Phase 2 engagement) alongside the annual draft Budget and Council Plan 2021-31.
- 29 April to 27 May 2022 - Consultation period on the draft Rating Strategy and draft *Don't Waste It! Waste Management Strategy 2022-25* and engagement findings presented to Council.
- 14 June 2022 - Hearing of public submissions on the draft *Rating Strategy 2022-2025* and draft *Don't Waste It! Waste Management Strategy 2022-25*.
- 29 June 2022 - The updated draft *Rating Strategy 2022-2025*, draft *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.



# SPECIAL MEETING OF PORT PHILLIP CITY COUNCIL 27 APRIL 2022

## 11.2 COMMUNICATION

- The communication plan for the Council Plan 2021-31 year 2 and draft Budget 2022/23 has considered the engagement process for the *draft Rating Strategy 2022-25* and the *draft Don't Waste It! Waste Management Strategy 2022-25* with the community.

## 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. **Draft Don't Waste It! Waste Management Strategy 2022-25**
2. **Draft Rating Strategy 2022-25**
3. **Deliberative Panel Summary Report**
4. **Engagement Summary Report**