

STAFF REPORT

TO: Chair and Members Engineering Services Committee

FROM: Utilities Asset Engineer, David Stephenson

REFERENCE:

DATE: 18 April 2006

SUBJECT: **CAR BODIES – ABANDONED VEHICLES**

PURPOSE

The purpose of this report is to outline to the Engineering Services Committee the current status of abandoned vehicles and car bodies.

BACKGROUND

The disposal of vehicles at the end of their useful life is a significant, nationwide issue. Currently the disposal cost of the vehicle falls with the last owner of the vehicle, and vehicles are frequently abandoned or disposed of inappropriately in an effort by that owner to avoid this cost.

A recent report to TDC second level managers (attached) identified that in the order of 150 vehicles per year are abandoned in TDC-administered property, costing at least \$25,000 per annum.

While the cost of recovering abandoned vehicles in Tasman District has been estimated at between \$160 and \$180 per vehicle, the true costs of disposal are difficult to track and national data would suggest \$370 per vehicle is a more accurate total cost. Costs include staff and contractor time, towing and disposal fees.

In addition to abandoned vehicles, approximately 450 vehicles per annum are delivered to TDC Resource Recovery Centres (RRC's) for disposal. Vehicles are classified as complying or non-complying: complying vehicles have fluids drained from the vehicle and tyres removed.

Fees and costs for disposal are shown in Table 1. As shown, TDC currently loses \$20 per complying vehicle and gains \$105 per non-complying vehicle presented at each RRC.

Table 1 – Current costs for vehicles presented at Resource Recovery Centres

Vehicle type	12 month total to January 06	Costs and fees per vehicle			Total TDC cost (or profit)
		TDC gate charge	TDC disposal costs	TDC cost (or profit)	
Complying (fluids drained, tyres removed)	412 vehicles	\$30	\$50	\$20 loss	\$8,240
Non-complying (unstripped)	38 vehicles	\$135	\$30	\$105 profit	(\$3,990)
Total	450 vehicles	Total cost			\$4,250

DISCUSSION

The cost and/or difficulty of disposal of vehicles at TDC facilities is likely to be a barrier to appropriate disposal.

In particular, the practical difficulty of delivering a complying vehicle (with tyres removed) and the high charge for a non-complying vehicle may be encouraging inappropriate disposal.

Experience from other territorial local authorities within New Zealand has shown a reduction in abandonment when disposal fees are reduced and it appears that TDC are collecting unnecessarily high fees for a relatively small number of non-complying vehicles. A reduction in this fee is proposed so that rather than abandoning vehicles, owners will present them as non-complying vehicles at RRC's.

The reduction in fees is unlikely to eliminate abandoned vehicles within the district, but it is recommended as a first step towards this goal. Improved monitoring of abandoned vehicles and associated costs will help to establish the effect of reduced fees.

FINANCIAL IMPLICATIONS AND CROSS BORDER ISSUES

The financial implications of the proposed fee changes have been considered for four scenarios and compared with current costs. The scenarios are:

1. No change in total numbers of vehicles abandoned or presented at RRC's
2. A 25% reduction in abandoned vehicles, with these vehicles presented as non-complying vehicles at RRC's
3. A 25% reduction in abandoned vehicles as above, with a further 25% of currently complying vehicles presented as non-complying
4. A 50% reduction in abandoned vehicles and 50% of complying vehicles presented as non-complying

Costs have been estimated using the following assumptions:

- Complying vehicle gate charges: \$30 (\$20 loss per vehicle)
- Complying vehicle gate charges: \$50 (\$20 profit per vehicle)
- Abandoned vehicle costs \$180 per vehicle

Table 2 summarises the expected financial implications for the above scenarios.

Table 2 – Financial implications of reduced gate fees for non-complying vehicles							
Scenario	Number of vehicles			RRC costs (or surplus)	Abandoned vehicle costs	Total costs	Net cost or saving
	Abandoned	Complying	Non- complying				
Current	140	412	38	\$4,250	\$25,200	\$29,450	-
1	140	412	38	\$7,480	\$25,200	\$32,680	+\$3,230
2	105	412	73	\$6,780	\$18,900	\$25,680	- \$3,770
3	105	309	176	\$2,660	\$18,900	\$21,560	- \$7,890
4	70	206	314	(\$2,160)	\$12,600	\$10,440	- \$19,010

Nelson City Council currently accepts approximately 600 stripped and decontaminated vehicles per annum at York Valley and deals with between 200 and 280 abandoned vehicles per annum. Unstripped vehicles are currently collected in the NCC area by a private contractor for a fee of \$100, paid by the owner.

It is possible that lower gate charges at TDC RRC's may stimulate demand from NCC car owners, but the financial implications would be favourable to TDC as a profit of \$20 per vehicle would apply for non-complying vehicles.

RECOMMENDATION

THAT the disposal charges for car bodies at TDC Resource Recovery Centres be amended as follows:

Car bodies (stripped and decontaminated)	\$30 per vehicle (no change)
Car bodies (unstripped)	\$50 per vehicle

This change to be effective from 1 July 2006.

David Stephenson
Utilities Asset Engineer