

**Inquiry into Waste Generation and Resource Efficiency
Productivity Commission**

Locked Bag 2
Collins Street East
Melbourne VIC 8003

Attention: Mr Phillip Weickhardt
Presiding Commissioner

5 July 2006

Dear Mr Weickhardt

Submission to the Inquiry into Waste Generation and Resource Efficiency

I refer to your productivity Commission Draft Report on Waste Management, which was released for public comment in May 2006. The City of Ryde would like to submit a response on this draft report for your consideration.

We note that the Productivity Commission conducted consultation throughout this inquiry, however, we would like to express our disappointment that local governments have not been expressly invited to participate. As the major clients in the waste industry, our knowledge of the waste industry, particularly in trends, would have been beneficial to your study.

We would specifically like to bring to your attention, your comments in Chapter 12, Section 12.2, regarding the operational capacity of local government. This submission will highlight the progress our Council has made in waste management, showing our operational capacity and our advancements to improve the management of wastes and recyclable and reusable products within our city.

City of Ryde Waste Initiatives

1. Waste Collection and Disposal Services

In May 2006, the City of Ryde commenced a new waste collection and disposal contract. This contract entails the collection of putrescible waste, recyclable products, green waste and other household wastes from our residential community, whilst the disposal contract involves the processing and disposal of the collected wastes.

In developing this Contract, the Council considered the waste hierarchy and pursued a contract, which provided the most economical and environmentally beneficial outcome for our community. A waste management strategy was developed which outlined our objectives with respect to waste and resource recovery.

An extensive selection criteria was included in our contract that outlined our goals to reduce waste to landfill and required waste service providers to demonstrate environmental best practice. A key service requirement, as outlined in our contract was the inclusion of a clause which required the successful waste service contractor to own all collected recyclable and green waste material and treat the collected materials at an approved materials recovery and treatment facility to maximise the reuse



and recovery of these materials. The Council has been active in promoting resource recovery and waste avoidance to the community.

The new service entails:

- One 140Litre mobile garbage bin, serviced weekly;
- One 240Litre recycling bin, serviced fortnightly;
- One 240Litre green waste bin, serviced fortnightly; and
- Five household clean up collection services per annum (where most materials that are collected are recycled).

Along with the implementation of this new waste service contract, the Council has also undertaken a review of its domestic waste charge. A flat rate of \$272 per annum is charged to each rateable property, for which the waste service is provided. Additional or upsized garbage bins requested by residents cost extra; Council provides residents with the choice of:

- Upgrading from a 140Litre mobile garbage bin to 240Litre mobile garbage bin, at a cost of \$200 per service, per annum;
- Purchasing an additional 140Litre mobile garbage bin at a cost of \$210 per service, per annum;
- Purchasing an additional 240Litre mobile garbage bin at a cost of \$410 per service, per annum; or
- Purchasing an additional 240Litre recycling or green waste bin at a cost of \$31 per service per annum.

As you can see, the cost structure for additional bins encourages recycling.

To further police the volumes of waste generated, each waste bin contains a microchip which is able to record bin lifts and determine the weight of the bin; hence, over time, the Council will be able to collect statistical information relating to the volumes of waste generated per rateable property.

The implementation of a microchip to collect bin volume information is a radical movement; however this places our community in the forefront, presenting opportunities for us to target problem areas. It also presents an opportunity to move towards a user pays scenario in the future, should Council decide on this approach.

Whilst this new contract is still in its infancy, this waste collection service will play a significant part in reducing the volume of waste derived from our local government area, to be disposed in landfill.

2. Commercial and Industrial Waste Services

Council currently provides commercial and industrial premises with a weekly commercial refuse and fortnightly recycling collection service and competes in the open market. This business has proven to be very profitable. The new service will offer a wider range of bin sizes in the near future from 240Litre to 3000Litre (3 cubic metres).

3. Construction and Demolition Wastes

The Council has implemented a program to reuse and recycle all construction and demolition wastes. These wastes are stockpiled for crushing and reuse at one of our Council depots. This program has resulted in a significant amount of material diverted from landfill and has reduced the costs of purchasing new quarry materials and haulage to the landfill.

4. Waste Education and Community Consultation Programs

Council has an ongoing waste education program and continues to conduct a number of displays on recycling, waste minimisation, composting and worm-farming demonstrations.

To: Mr Weickhardt
Heading: Submission to the Inquiry into Waste Generation and Resource Efficiency
Date: 5 July 2006
Page: 3



Experience with Joint Contracting with the Northern Sydney Regional Organisation of Councils

Prior to Council developing the waste service contract, Council participated in the calling of waste disposal contracts through the Northern Sydney Regional Organisation of Councils (NSROC) which consists of seven local government areas.

It was anticipated that a joint waste collection contract would provide greater opportunities to improve the marketability of the recyclable and green waste products. An Expression of Interest was called with six submissions received.

The calling of the tender resulted with only two responses submitted. Following the tender assessment phase, it was determined that both submissions were non-conforming and the competitive service price provided in a joint tender was dependent on two factors: gross tonnages (which were excessive and not in keeping with decreasing amounts of waste going to landfill) and a long contract term (of up to 20 years) in order for the contractors to develop the infrastructure required to service the contract and include a capital recovery component in the pricing mechanism. A collective waste disposal contract therefore offered no significant price benefits, compared to individual contract negotiations and furthermore, required Councils to be tied to a long contract period. A long contract period would have disallowed participating Councils in adopting new waste technologies as they emerged as they would have been tied to the contract requirements.

The joint tender process was subsequently abandoned and the City of Ryde commenced contract preparation to procure the services of waste contractors to provide waste collection and disposal service tailored specifically to this City's needs.

It is worth noting that the price per tonne quoted to Council in the winning waste disposal tender was approximately 34% less than the lowest quote received by the joint NSROC tender. This was a key indicator our tendering practice was conducted successfully.

Quality of Service

Quality of service is a key issue, which we feel, needs to be addressed. Our experience to date have identified that residents are primarily concerned about the number of missed services and late pickups. This has proven to be a greater bother for our residents than the monetary value of the service.

To provide improved quality and efficient waste service would imply that the service provider and government organisation would need to have a sound local knowledge of the area. We believe that removing the waste collection responsibility from a local government level to a state level would result in a loss of local knowledge. Resolving and maintaining customer service issues by organisations that are detached from the local environment would therefore be a more difficult task.

It should be realised that local governments are already in an advantageous position as they are familiar not only with the needs of their residents, but also with the operational and local area knowledge. These organisations are therefore able to resolve service problem concerns with a lot more ease.

Concluding Remarks

Our Council has made progress in improving the management of waste and will continue to promote effective waste management practices throughout our community. Our goal is to continue to play an active part in reducing wastes and educating our community on resource recovery.

In our experience:

To: Mr Weickhardt
Heading: Submission to the Inquiry into Waste Generation and Resource Efficiency
Date: 5 July 2006
Page: 4



- Most Councils have the resources and expertise to prepare and call the tenders for both waste collection and disposal contracts. Transferring the responsibility to a *larger, better resourced body*, would not necessarily provide a better outcome as our familiarity with the needs of our community enabled us to determine the services required that are suited to our government area;
- Our experience from joint contract tendering did not provide the scale of economies anticipated in the Productivity Commission report. In fact, there were significant dis-economies of scale. In our experience, our waste disposal contract, which was based on a population area of just over 100,000 people (or approximately 40,000 residential properties), was up to 34% less than the disposal costs quoted under the NSROC joint tender, which was based on a population of around 500,000.
- Shifting the responsibility of waste management from local governments to state level would reduce opportunities for local government to implement programs, such as the reuse of construction and demolition wastes, and waste educational programs. The success of these programs to date have been due largely to the local government's understanding of their government area, and the needs and expectations of their residents. State governments would have a limited local and operational understanding, thus making the implementation of waste initiatives difficult.
- Removal of the waste responsibility from local government to a state level may create difficulties in maintaining service levels and addressing service issues amongst the public if the new body did not possess detailed local knowledge of the area being serviced. This lack of familiarity would make resolving any service level issues more difficult.

We hope our comments will be beneficial to your inquiry. For further information, please do not hesitate to me.

Yours sincerely

Michael Whittaker
General Manager