

Smarter Resources Smarter Business

Recycling

Best Practice Waste and Recycling Contracts for Business

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Best Practice Waste and Recycling Contracts for Business

A three step process

There is no 'one size fits all' solution to selecting a waste and recycling service. But there is strong potential for those commencing the process of engaging a waste and recycling contractor to learn from those who have already achieved improvements in efficiency, cost and resource recovery through best practice contractual arrangements.

This guide has been prepared by Sustainability Victoria to provide businesses with advice, guidance and access to practical tools that will allow them to identify the best waste and recycling contractor for their organisation. Finding the right service can improve efficiencies, both in recycling and cost, and promote best practice in waste management.

Best practice waste and recycling contracts can potentially achieve a range of benefits including:

- ✔ reducing waste costs to your business
- ✔ increasing your businesses recycling rates
- ✔ improving workplace environment and amenity
- ✔ improving environmental performance
- ✔ reducing carbon impact
- ✔ reducing exposure to landfill levies and carbon liabilities through better waste outcomes
- ✔ meeting corporate environmental commitments
- ✔ enhancing local investment and employment
- ✔ meeting community and consumer expectations.

This booklet summarises a more comprehensive guide developed by Hyder Consulting, in consultation with Victorian businesses, which can be accessed at www.sustainability.vic.gov.au/srsb-recycling-business.

Did you know?

Victorian businesses generate more than four million tonnes of waste each year, of which 66% is recycled.¹

¹ Towards Zero Waste Progress Report 2010-11, Sustainability Victoria, page 5.



Step 1 – Understand your waste

Before engaging a waste and recycling contractor you need to understand your waste.

- ▶ How much waste does your business produce?
- ▶ What types of waste does your business produce?

a. Undertake a waste audit

Take the time to understand the overall quantities, composition and cost of your waste and recycling. You may also want to make note of how many bins you have.

You can do this by:

- ▶ engaging a waste auditor which will provide you with the most detailed and accurate data on your waste volumes and composition.
- ▶ You will find these services by typing 'commercial waste auditors' or 'waste auditors' into your search engine.
- ▶ checking out the online resources available that can help you assess your own waste.
 - NSW Environment Protection Authority's 'Bin Trim' tool found at www.epa.nsw.gov.au/bintrim.
 - Metropolitan Waste Management Group's 'Waste Wise Melbourne Network' found at www.mwmg.vic.gov.au/business/waste-wise-melbourne-network.
- ▶ Digging through bins can be dirty and dangerous work. Remember to observe your businesses occupational health and safety rules when assessing your waste.

What is a waste audit?

A waste audit is a process used to quantify the amount and types of waste an organisation generates. You can either do this yourself or hire a contractor to do this for you but keep in mind waste audits can vary in their level of detail.

b. Set some waste diversion goals or targets

Once you have an understanding of your waste profile through your waste audit, setting firm targets for your business to reduce waste and improve recycling will give your business, and potential waste and recycling contractors, something to aim for. Targets will be different for each business and depend on the types of waste produced. For example, the average recycling rate for a Victorian business is 66%².

2 Towards Zero Waste Progress Report 2010-11, Sustainability Victoria, page 5.

Things to consider...

- ▶ Make sure you provide your staff or bin users with appropriate signage and information on how to best utilise your bins and waste infrastructure. PlanetArk's Business Recycling website has a range of resources and guidance material freely available at <http://businessrecycling.com.au/research>.
- ▶ Waste collection is most commonly charged per bin lift or by volume, meaning waste will be charged at a fixed rate each time the collection truck empties the bin, regardless of how full it is. Monitor your bins when emptied to ensure you don't end up paying for air!
- ▶ Your waste and recycling contractor may charge a penalty or increase costs if your bin is over-full or the weight exceeds a maximum amount, so knowing what waste you generate is important.
- ▶ Check with potential waste and recycling service providers as some may conduct a preliminary waste audit for you.
- ▶ Ensure an appropriate person within your organisation is responsible for managing your waste.

Step 2 – Secure a waste and recycling service

Now that you understand your waste stream and have set some diversion targets, it's time to find the right waste and recycling service. Don't forget to check when your current waste and recycling contract ends.

a. Know your service options

Research waste and recycling service options to find the best service for your business. It's worth spending some time seeing what is on offer because charges will vary depending on the type of waste and recycling services provided.

Things to consider...

▶ COLLECTION FREQUENCY:

There are two main types of collection frequencies offered. Scheduled services are regular, generally weekly or fortnightly, while at-call services are arranged once the bin or skip is close to full.

Scheduled services are generally more cost-effective in terms of price per pick up but you may pay for unnecessary collections if the bin is not full. However, this service requires less staff time as bins do not need to be monitored as often.

At-call services are a good option if your waste and recycling volumes fluctuate with seasons or events. However, price per bin pick up is generally higher. Typically, bins are monitored by an employee to determine when bins reach capacity.

▶ BINS AND EQUIPMENT:

Waste and recycling contractors offer a range of bins with differing features including size, collection frequencies, site requirements and pricing. Generally, the cheapest waste and recycling services will use the most common bins, such as 240 litres wheelie bins or skip bins. See page six for more information.

▶ COST OF REMOVAL:

Some waste streams are more expensive than others to have removed. Hazardous waste is the most expensive followed by clinical/medical waste, problem waste (batteries and electronic wastes) and general mixed waste.

▶ SEPARATING WASTE MATERIALS:

There can be financial advantages in separating your waste materials into single material streams, such as paper/cardboard or aluminium. Clean materials that have been separated into single material types will attract the best price for a waste and recycling contractor.

▶ Separated recycling streams are valued differently. The following list indicates the most to least valuable recyclable materials, as at October 2013.

1. Aluminium
2. Hard plastic (PET and plastic bottles)
3. Steel
4. Cardboard
5. Cardboard and paper combination (more cardboard = higher value)
6. Paper
7. Glass
8. Soft plastics (shrink wrap)

▶ VOLUMES:

You'll need a reasonable volume of any waste stream to make it viable for a waste and recycling contractor to collect it. If your business does not produce enough volume you can consider combining your waste and recycling with neighbouring businesses.

Did you know?

You can engage an experienced waste broker to negotiate your waste and recycling contract for you! A waste broker will seek a service on behalf of your business and, using their network of preferred suppliers, present your business with a range of options.

Bin type	Features and size	Collection frequency and cost	Site requirements
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Wheelie bin

(mobile garbage bin MGB)

Good for small volumes of waste (140L, 240L, 660L and 1,100L)

Good for businesses with consistent volumes of waste

Charged per bin lift or by volume

Suitable for businesses with space restrictions that require mobile bins for ease of access



Skip bin

(front loading bin)

Good for medium to large volumes of waste

Commonly 1.5m³ to 6m³

Good for businesses with consistent volumes of waste

Charged per bin lift or by volume

Suitable for businesses with plenty of space to accommodate skip bin and collection vehicle



Hooklift

(roll on/roll off RORO)

Good for large volumes of waste that aren't suitable for compacting

Generally range from 10m³ to 30m³

Suitable for businesses seeking an at-call service (fluctuating waste generation)

Charged per bin lift or by volume

Suitable for businesses with space to accommodate hooklift bin and collection vehicle

Must be mechanically moved



Baler

Compacts and then bales cardboards or plastics

Good for businesses generating large volumes of cardboards and plastics

Balers vary in size depending on the amount of cardboard or plastic requiring baling

Suitable for businesses seeking a less frequent service, as baled recyclables can be stored

Can be hired or purchased

Commonly charged per bale

Suitable for businesses with space to accommodate baler bin and collection vehicle

Suited to businesses looking for bin infrastructure at a permanent site



Compactor

Compresses waste within bin

Good for businesses with large volumes of waste that are suitable for compacting, such as cardboards and paper

Generally range from 19m³ to 30m³

Suitable for businesses seeking a less frequent service

Charged by weight

Can be hired or purchased

Suitable for businesses with space to accommodate compactor bin and collection vehicle

Must be mechanically moved

b. Identify potential waste and recycling services for your business

Once you know what materials you want to recycle, how often you need a collection service and what bins you require you are ready to identify potential waste and recycling contractors.

- ▶ Check if your local council offers a waste and/or recycling service for businesses. However these collections are generally for kerbside wheelie bins provided to households within their municipalities.
 - Visit the Department of Transport, Planning and Local Infrastructure’s website to find your local council. This can be found at www.dpcd.vic.gov.au/localgovernment/find-your-local-council.
- ▶ PlanetArk’s Business Recycling website can help you identify waste and recycling contractors in your region, by waste streams and collection frequencies. This can be found at <http://businessrecycling.com.au>. Keep in mind that not all waste and recycling contractors offer the full suite of waste and recycling services.

Once you have identified possible waste and recycling contractors, there are a number of ways to seek a quote.

REMEMBER: It is important that you provide potential waste and recycling contractors with as much information about your waste and recycling needs as possible, including the composition and overall volumes of waste (include data if you have this). In addition, remember to specify the services you believe you require such as bin sizes, number of bins, other bin infrastructure (including locks), frequency of collections, site constraints and your desired results including goals, targets and reporting.

- ▶ If you are a **small business** you may be better suited to request quotes from a number of potential waste and recycling contractors to get the best deal, then compare quotes and negotiate your contract.
- ▶ If you are a **large business** you may be best suited to develop Request for Tender (RFT) which you would send to potential waste and recycling contractors. Potential waste and recycling contractors will respond to your RFT by providing suitable solutions. You will then be able to select a waste and recycling contractor based on price, availability, performance reporting and proposed delivery terms.

Things to consider...

- ▶ Evaluate quotes based on your nominated criteria specific to your quote document; these can include the waste and recycling contractor’s relevant experience and knowledge in similar work, performance, technical skills, resources, innovation, price, quality and environmental management. See page 17 of the full guide for a comprehensive list of criterion. This can be found at www.sustainability.vic.gov.au/srsb-recycling-business.
- ▶ Allow sufficient time for potential waste and recycling contractors to prepare a response.
- ▶ Allow plenty of time for your waste and recycling contractor to secure any necessary infrastructure.
- ▶ Acknowledge receipt of all tenders.
- ▶ During any RFT process questions asked should be provided with answers to all potential waste and recycling contractors that received the RFT not just the waste and recycling contractor who asked the question.
- ▶ Consider providing a site tour so potential waste and recycling contractors can assess a number of factors including how accessible your business is for a collection truck.
- ▶ Try not to focus exclusively on the lowest priced tender, but rather identify the most qualified waste and recycling contractor who provides the best value service, reporting and performance to suit the needs of your business.

c. Prepare or review your waste and recycling contract

When it's time to review or prepare your waste and recycling contract, there are a number of things you should consider.

Things to consider...

› KEY PERFORMANCE INDICATORS:

Including key performance indicators (KPIs) will allow you to measure your waste and recycling contractor's performance and ensure continuous improvement. Your KPIs should be measurable, easy to understand, achievable and easy to manage. You can find a full list of example KPIs on page 17 of the more comprehensive guide at www.sustainability.vic.gov.au/srsb-recycling-business.

› REPORTING:

Accurate and regular data will be critical to the success of your waste and recycling service. Specify clear reporting and data requirements in your waste and recycling contract. Information you may wish to request can include a summary of waste streams, dates of collections, volumes collected, cost of collection, additional charges, bin rental fees and/or performance against KPIs. The most practical way to get this information will be through invoices and bills. Separate periodic reports can be requested, but may incur a fee.

› DURATION:

Waste and recycling contracts commonly have a term of three to five years. Generally, the longer the waste and recycling contract is, the lower the costs.

› TERMINATION:

Some contracts may include clauses that allow for cancellation or early termination of the contract, particularly if either party is perceived to have breached the terms and conditions of the contract. There may be fees or penalties associated with terminating the contract.

› BIN USER EDUCATION:

You may wish to include provision of education, training and signage materials or services as part of your contract. This does not necessarily have to be part of the regular costs, it could be included as an add-on service and only charged when the service is actually taken up, but make sure the cost is stipulated in the contract.

› EXCLUSIVITY:

Some waste and recycling contractors may have an exclusivity clause meaning your waste and recycling contractor will have all rights to the waste and recycling you generate. If your waste and recycling contractor does not offer a waste and recycling collection for a particular material make sure your contract allows you to seek an alternative service for that material.

Know your bins...

- › You can designate whether you will supply your own bins or whether you require your waste and recycling contractor to supply bins. You should also check who is responsible for repairs and replacements.
- › Bin equipment can also be purchased or leased from your provider.

› **RENEWAL:**

Many waste and recycling contractors include an 'automatic renewal' or 'rollover' clause which stipulates a period towards the end of your contract when, unless you notify the desire to renegotiate or change the service provided, you will be locked into another contract term. Be sure to read your contract carefully and be aware of any 'automatic renewals' or 'rollover' clauses.

› **ASSURANCE:**

If you want assurance that your recyclables are sent to the appropriate facilities, you might like to include a clause in your waste and recycling contract that requires your waste and recycling contractor to provide evidence that separated recyclables are sent to an appropriate facility for recycling.

› You can request an itemised invoice to assist you identify the disposal or recycling destination.

› **COMPLIANCE:**

Ensure that your waste and recycling contractor adheres to all relevant Environment Protection Authority licenses and regulatory requirements and that your waste is disposed of at an appropriately licenced facility. You may also request the waste and recycling contractor's occupational health and safety accreditation, Workcover and public liability insurance certificates.

› **FLEXIBILITY:**

During your waste and recycling contract, you may identify opportunities to reduce costs including changing the frequency of collections or changing your bin sizes so make sure you build flexibility into your contract for periodic reviews in consultation with the waste and recycling contractor.

› **CONTAMINATION:**

If your recycling bins are contaminated with non-recyclables you may be charged a penalty and the load may be sent to landfill so ensure that any additional fees for contamination are spelt out in the contract. Your waste and recycling contract should include an acceptable contamination rate (usually less than 10%) and any penalties that will apply if the contamination rate is exceeded.

› **COLLECTION MISSED:**

Missed collections can create flow-on problems so ensure your waste and recycling contract guarantees that missed collections will be picked up within a certain time period.

› **ADDITIONAL FEES:**

Often there are other cost pressures that will need to be accommodated through the duration of the waste and recycling contract, such as adjustments for inflation or adjustments for an increase in government costs such as the Landfill Levy or carbon price.

Cleaning and waste services – can the two get along?

- › Usually, contracts for cleaning services and waste and recycling services are held separately, however there are a number of synergies between the two.
- › You may wish to consider combining your cleaning service and your waste and recycling service.
- › Cleaners are generally responsible for handling waste and recycling as well as ensuring waste reaches the designated collection point.
- › Combined contracts mean cleaners have a greater incentive to ensure the waste and recycling system works.

Step 3 – Manage your waste and recycling contract

a. Educate and train your staff

It is important to continually educate and train your staff and cleaners as participation and interest may diminish over time.

- › You can request that your waste and recycling contractor provides education, training and signage as part of your waste and recycling contract.
- › You can also find useful resources at PlanetArk's Business Recycling website which can be found at <http://businessrecycling.com.au>.
- › Regularly communicating progress and performance of your waste and recycling contract will help to keep your staff engaged.
- › Establish a 'green team' to identify opportunities to increase recycling and reduce contamination.

b. Colour code your bin signage

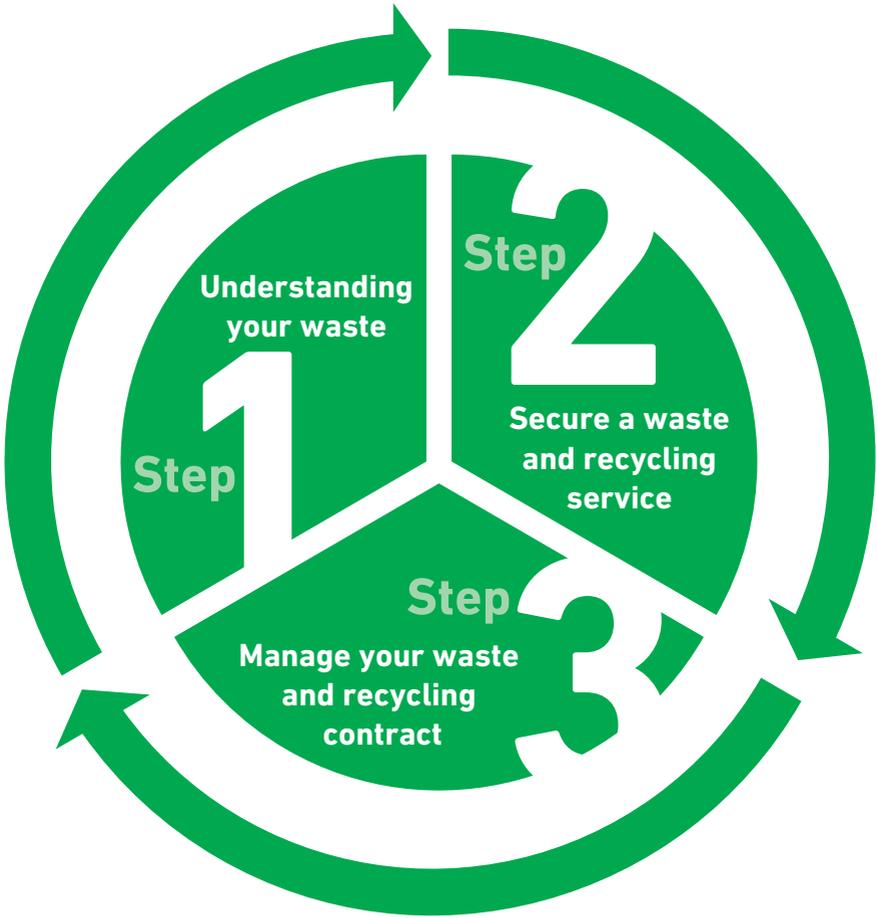
Ensure bin signage conforms to the Australian Standards for Mobile Waste Containers – Colours, Markings and Design Requirements (AS 4123.7). This can be found at www.standards.org.au. Colour coded bin signage is critical in limiting confusion and minimising contamination of recyclables.

c. Monitor your progress against targets and KPIs

Tracking your targets and KPIs will help you gauge the success of your service. You can do this with your waste and recycling contractor via a regular communications and performance reviews.

d. Communicate

A good waste and recycling contract is the basis for good waste management, but make sure you keep the communication line open by talking to your waste and recycling contractor to ensure all parties are contributing to the delivery of a great business waste management system.



For more information

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