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reThink Business Waste

A Guide to Reviewing Waste and Recycling Contracts and Service Agreements

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Reviewing a waste or recycling collection contract

Most businesses use a waste collection contractor to take away waste from their premises. This may be the local council or a private contractor. The following table may assist in reviewing waste management activities to enable businesses to secure the most appropriate waste contract for their individual requirements. To answer some of these questions, further information may be required from the waste contractor.

You should read the contract documents (including the terms and conditions) and make sure the following questions are answered and understood:

- What is and isn't included in the contract?
- What are the charges for the services provided?
- What services will be delivered for the life of the contract?

It would be prudent to also consider seeking independent legal advice before entering into, or seeking to negotiate, a waste or recycling collection contract, including in relation to the proposed terms and conditions of the contract and any information received from the relevant contractor.

If it's not measured it can't be managed

To effectively manage waste and recycling collection contracts, the business also needs to consider:

- how much waste and recyclables the business currently generates
- what types of waste and recyclables the business produces
- the current costs associated with disposal of waste and recyclable materials
- opportunities to minimise or avoid waste and maximise recycling.

Questions for reviewing a waste or recycling collection contract

| Background | Questions | Your answers and actions |
|---|---|--------------------------|
| <p>Some waste or recycling collection contracts may contain automatic renewal or extension clauses. This means that contracts might automatically renew or be extended if a business does not notify the waste or recycling contractor that it does not wish to extend or renew its contract. The contract may also specify the time within which a business has to notify. If this is an issue for the business, the business should discuss it with their waste or recycling contractor or seek appropriate legal advice.</p> | 1. What are the start and end dates of your contract? | |
| | 2. Will the contract automatically roll over into a new contract at the completion of the contract period? | |
| | 3. If the contract period ends, do you go off contract and is this charged at a different rate? | |
| | 4. Will the contractor notify the business prior to the automatic renewal or extension of the contract? | |
| <p>Waste or recycling costs may include a range of charges, including bin rental, administrative fees and bin lift or weight-based charges. Detailed charging information may also be shown on the waste invoices, or with respect to local government service agreements, charges may be shown as part of the local government rates notice.</p> | 5. What are the current annual costs for waste collection for the business? | |
| <p>Where a business is charged bin lift fees, then the business will generally be charged a fixed rate each time the collection truck lifts the bin, regardless of how full the bin is. This bin lift cost usually covers the cost of transport and disposal of the waste and represents a fixed fee for the service.</p> | 6. Is the business charged on the weight of waste (kg) or per lift (volume m3)? | |
| <p>Itemised invoices can help a business to monitor levels of waste or recycling and servicing arrangements.</p> | 7. Does the business's waste collection service provider supply an itemised invoice that includes weight or number of bin lifts? | |
| | 8. During the collection service, is the business charged just for the bins presented for collection or for all bins rented under the contract? | |

| Background | Questions | Your answers and actions |
|---|---|--------------------------|
| <p>Some local governments may provide waste or recycling services to the commercial sector. These services may be on a commercial fee-for-service basis or may be charged as part of the rates notice. A business may be entitled to services it does not currently use or may be charged for services it is not accessing. A business should contact its local government to determine the services that are currently offered or seek appropriate legal advice.</p> | <p>9. Does the local government charge the business automatically for waste and recycling services as part of standard rates charges?</p> | |
| | <p>10. What waste and recycling services is the business entitled to under this agreement</p> <ul style="list-style-type: none"> • bin size? • number of bins? • service type (general waste, recycling)? • collection frequency? | |
| | <p>11. Is the business able to change their servicing entitlement to more accurately meet the businesses waste management needs?</p> | |
| | <p>12. Is a business able to opt out of the agreement (without ongoing charging) and seek alternative service providers?</p> | |
| <p>Some contracts may include clauses that allow for cancellation or early termination of the contract. A business should seek legal advice to determine the possible impact of the early termination of a waste contract.</p> | <p>13. Is there a cancellation clause to allow for the early termination of the contract?</p> | |
| | <p>14. Are there any penalties for cancelling the contract?</p> | |
| <p>After undertaking a visual waste assessment, a business may have identified opportunities to reduce costs, such as changing the frequency of collection or bin size. Some contracts may not permit a variation to the service agreement. A legal advisor should review the contract regarding these issues.</p> | <p>15. Does the contract allow for flexibility in servicing arrangements to suit changing waste or recycling generation levels?</p> | |
| <p>Many businesses already share waste and recycling services that are provided for as part of the lease arrangement governing multiple tenancies. In some situations where businesses operate their own waste management contracts it may be more cost-effective to arrange similar style of services that allow for:</p> <p>(a) shared waste and recycling services with adjacent businesses (b) tender for a single service provider to individually service all of your businesses.</p> <p>This may provide you with greater purchasing power with a service provider.</p> | <p>16. Will the contract/service agreement allow for businesses to share waste and recycling services?</p> | |

| Background | Questions | Your answers and actions |
|---|--|--------------------------|
| <p>Some contracts may contain exclusivity clauses. This means any additional waste management services are to be undertaken with your existing waste collection service provider. If this is an issue for you, you should talk to your contractor or seek appropriate legal advice.</p> | <p>17. Does the contract include exclusive rights to the existing contractor?</p> | |
| <p>Some waste or recycling contractors can provide a range of additional services, such as waste or recycling audits or assessments, and reporting including information about the business's performance.</p> | <p>18. What additional services can the waste service provider supply (if any), and what are the additional costs?</p> | |
| <p>Under the <i>Environmental Protection Act 1994</i>, operators transporting regulated waste are required to hold a registration certificate with the Department of Environment and Resource Management and comply with a code of compliance for the transport of regulated (hazardous) waste. Regulated waste includes materials such as tyres, grease trap waste, food processing waste, waste from surface treatment of metals and plastics, oils and oily wastes (see Schedule 7 of the Environmental Protection Regulation 2008).</p> | <p>19. If the material transported is regulated waste, does the waste contractor hold a registration certificate with DERM, and are they aware of the code of compliance they are required to comply with?</p> | |
| <p>Trackable wastes are generally the same as regulated wastes, but are found in Schedule 1 of the Environmental Protection (Waste Management) Regulation 2000. Transporters of trackable waste must also record information about the waste, including the generator and receiver of the waste.</p> | <p>20. If the material transported is trackable waste, is the contractor aware of their requirement to complete and submit waste tracking documentation to DERM?</p> | |

Additional questions for recycling contracts

| Background | Questions | Your answers and actions |
|--|--|--------------------------|
| <p>Some collection services only provide a limited service and do not recycle a full suite of materials, for example, they may accept glass and aluminium containers but not plastic. This may be due to where the recycled material is sent for reprocessing. Other recycling contractors may be able to provide alternative collections that cover a wider range of materials. A business should assess the service based on their particular needs.</p> | <p>21. What materials can be collected within the proposed service and are these adequate to meet the businesses needs?</p> | |
| <p>If a recycling bin contains too much non-recyclable material (contamination), then the recycling contractor may decide to treat this material as general waste. This may be stipulated in the recycling contract. A business should be aware of the level of acceptable contamination or seek appropriate legal advice.</p> <p>Contamination often arises when the recycling system is not communicated effectively to those using the system. To help with communication a range of recycling signage has been produced and is free to download from the DERM website.</p> | <p>22. What contamination levels does the recycling contractor accept?</p> | |
| | <p>23. Will the recycling contractor notify the business of inappropriate levels of contamination?</p> | |
| | <p>24. Are there any cost penalties for the incorrect disposal of items?</p> | |
| | <p>25. Will the recycling contractor refuse to accept the material?</p> | |
| <p>Sometimes recycling contractors may pay or offset some of a businesses collection costs when recycling specific commodity streams, although this is largely dependent on commodity values at the time. Explore this opportunity with service providers in the local area.</p> | <p>26. Will the recycling contractor pay, or offset recycling service costs, for clean source separated recyclables, such as clean paper, cardboard or aluminium cans?</p> | |
| <p>If you are paying for a separate recycling service, then you should be confident that this material is being sent for recycling.</p> | <p>27. Will the contractor provide you with information on the next destination of the material collected for recycling?</p> | |

A message from the Waste Contractors and Recyclers Association Queensland (WCRAQ)

“The Waste Contractors and Recyclers Industry in Queensland provide a diverse range of waste and recycling collection, processing, recovery and disposal services across the state to business, government and households. To provide these services, industry service providers are required to invest considerable capital in the collection vehicles, the bins for containment or compaction of the waste and recyclables, and facilities for processing, recovering and/or disposing of the waste and recyclables.

To underpin this investment the industry contracts with customers for the supply of services in various forms of agreements. These agreements and their terms and conditions provide contractual clarity to the service requirements of the customer and the respective obligations of the customer and the Industry service provider. The industry believes that contract terms of at least three years provides the best value for customers and are commensurate with the level of investment expended on equipment and facilities provided to the customer. The industry is mindful that it may, from time to time during the course of a contract, be required to increase the price of services to customers due to valid increases in costs because of global and economic factors which are beyond the industry’s reasonable control, e.g. increase in waste disposal and government charges, fuel costs, etc.

As always in a competitive and commercial environment, customers are open to negotiate their waste and recycling requirements relative to their needs and the industry supports a strong competitive environment. The industry supports increased recycling in the state and customers who understand their waste and recycling requirements to obtain the most appropriate contract for their needs.”

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