

## ITEM NUMBER: 18.2

### CONFIDENTIAL REPORT

## KERBSIDE WASTE AND RECYCLING – SUSTAINABLE SERVICES MODEL

*Pursuant to Section 90(3) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:*

- b. Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest.

#### Recommendation – Exclusion of the Public – Section 90(3)(b) Order

1. That pursuant to Section 90(2) of the *Local Government Act 1999* Council hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 405/21 Kerbside Waste and Recycling –Sustainable Services Model in confidence.
2. That in accordance with Section 90(3) of the *Local Government Act 1999* Council is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 405/21 Kerbside Waste and Recycling – Sustainable Services Model on the following grounds:
  - b. pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business; or would prejudice the commercial position of Council.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of

**the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.**

- 3. The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.**
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CONFIDENTIAL

Item No: 18.2

Subject: **KERBSIDE WASTE AND RECYCLING – SUSTAINABLE SERVICES MODEL**

Date: 14 December 2021

Written By: Environmental Officer

General Manager: Assets and Delivery, Mr M de Heus

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## **SUMMARY**

The City of Holdfast Bay has an opportunity to become the first Council in South Australia to reach the State Government's target of 70% landfill diversion for municipal waste by 2030.

Administration tendered the kerbside waste collection and processing services in July 2021 for a contract for up to 10 years. A sustainable service model including weekly Food Organics and Green Organics (FOGO) collection was included in the tender together with a standard (current) model. This report provides details of the waste tender and seeks support for the implementation of the sustainable services model and details investment required for this model. The waste tender has not currently been awarded and can be approved under delegation by the Chief Executive Officer following a decision by Council on the preferred waste collection and processing model.

The adoption of a Council wide sustainable service model to residential properties will provide long term environmental benefits, some cost savings and strategies to manage risk around waste levy increases.

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## **RECOMMENDATION**

### **That Council:**

- 1. supports the implementation of a Council-wide Sustainable Service Model subject to support from EPA; and**
- 2. allocates \$165,000 additional capital expenditure in the current financial year to commence the transition to the Sustainable Service Model and note the balance of costs will be sourced from cost savings in Councils waste budget together with grant funding.**

**RETAIN IN CONFIDENCE - Section 91(7) Order**

3. That having considered Agenda Item 18.2 405/21 Kerbside Waste and Recycling – Sustainable Services Model in confidence under section 90(2) and (3)(b) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the Report, Attachments and Minutes be retained in confidence and the Chief Executive Officer is authorised to release the documents 24 months after signing of the waste contract and that this order be reviewed every 12 months.
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**COMMUNITY PLAN**

Environment: Using resource efficiently

**COUNCIL POLICY**

Not Applicable.

**STATUTORY PROVISIONS**

Not Applicable.

**BACKGROUND**

The City of Holdfast Bay's current kerbside waste collection contract expires in April 2022.

Council currently has contracted Solo Resource Recovery for landfill waste (red lid), recyclables (yellow lid) and Food Organics and Garden Organics (FOGO -green lid) collection since 2006. FOGO is processed by Solo and their contractor, Peat's Soils. Recyclables and residual landfill waste are processed at the Southern Region Waste Resource Authority (SRWRA).

Administration tendered the kerbside collection and processing services in July 2021 for a contract for up to 10 years. The tender for waste management services includes kerbside collection, FOGO processing and public bin collection and disposal. Two kerbside collection options were tendered, a standard model (weekly landfill, fortnightly recyclables and FOGO) and the sustainable model (weekly FOGO, fortnightly landfill and recyclables with an opt out provision).

A detailed waste collection tender assessment has been carried out for both the standard model and sustainable model.

In July 2021, 315 households across three streets (College and Eton Road, Somerton Park and Acacia Street, Seacliff) participated in a sustainable kerbside service pilot where weekly FOGO, fortnightly landfill and fortnightly recycling became the default bin collection service, partially funded through Green Industries SA. The pilot allowed for Administration to test a new bin collection model that will assist Council in reaching the State Government's 70% landfill diversion

target for municipal waste by 2030. As of late November 2021, 6% of households have accessed an upsize bin service and 12% of households have opted out back to the standard service model. Kerbside audits undertaken in October 2021 of the 315 households in the phase 2 pilot area including those that opted out reported an average 76% landfill diversion rate (this being the % total of waste being composted or recycled) under the sustainable kerbside service model. This being 16 percentage points higher than the landfill diversion rate reported prior to the pilot commencing and 6% above the State 2030 target of 70% diversion. This diversion rate over time is achievable for the whole of residential area of Council.

The collection model is popular with participants. A survey undertaken in October 2021 found that 96% of residents would like to continue with the pilot sustainable kerbside service model. 92% of residents stated that they were very satisfied or satisfied with the fortnightly landfill collections.

## REPORT

The tender for waste management services included:

- kerbside waste and recycling services (including current model and sustainable service model);
- bulk bins collection and disposal;
- event bins collection and disposal; and
- public bin collection and disposal.

The waste tender documents includes new better practice requirements for the contractor to implement and deliver. These included:

- collection vehicle requirements:
  - camera/DVR system that continually records all aspects of the vehicle (including camera for the lifting arm and hopper); and
  - in-vehicle data management system that records live details accessible to council (e.g. presentation or contamination issues, GPS location, incident logging).
- new collection vehicles to comply with the latest emission standards and Heavy Vehicle National Law (HVNL) requirements;
- collection vehicle appearance to be professionally decorated in a manner approved by Council;
- contamination management processes - requires recording and reporting to council via the in-vehicle data management system;
- education officer provided by the contractor for the equivalent of one day per week. Costs for additional days were also requested;
- specific reporting requirements by the contractor (listed items per month, quarter, etc.);
- documented customer service expectations and requirements;
- provisions for Council to audit processing/disposal facilities to verify the recovery efficiency; and
- households and businesses to have access to additional bin services provided through and charged by council and administered by contractor.

The bulk bin collection is to provide flexibility at multi-unit dwellings (MUDs) that have a council waste collection through multiple individual bins, which would reduce the number of bins on the street and the time taken to collect these bins. This would be assessed on a case by case basis.

### **Standard and Sustainable Kerbside Service models**

Tenderers were required to provide pricing for delivery of both the proposed sustainable kerbside service model and the standard service model. The sustainable kerbside service model comprises a default weekly collected green FOGO bin, fortnightly landfill and fortnightly recycling bin service, with service entitled premises (SEPs) having the ability to opt out back to the current standard service model.

The current standard service model comprises a weekly landfill, fortnightly green FOGO and fortnightly recycling bin service. Households utilising the sustainable kerbside service model have access to an additional 100L of bin volume per fortnight compared to households utilising the standard service.

The sustainable kerbside service model makes it easier for residents to recycle their food and garden waste. Diverting food and other organic matter away from landfill reduces associated greenhouse gas emissions, employs more people, assists in returning nutrient-rich compost back into SA soils, and reduces Council's waste levy liability.

Under the sustainable kerbside service model, households with five or more people, family members in nappies and/or family members with a medical condition requiring more landfill bin space are eligible for a larger 240L landfill or 360L recycling bin service. These services will be reviewed annually. An additional weekly landfill bin collection will also be available over the Christmas and New Year period, equating to three weeks in a row where presented landfill bins will be collected from all households.

It is proposed that if the sustainable kerbside service model were to be rolled out Council-wide, a staggered implementation approach would be used commencing in July 2022 and completing in September 2022. The proposed timing would be in between State (March 2022) and Local (November 2022) Government Elections and allows time for Administration to spread out the anticipated works required.

Larger multi-unit dwellings and businesses would stay on the standard service model unless requested. Given most businesses do not have a green FOGO bin (this service can however be requested) and the complexity of kerbside bin numbers and types per property, larger MUDs and businesses would be transitioned to the Sustainable Kerbside Service Model in later years.

As part of the sustainable kerbside services model, the community will receive information to assist in the transition from a weekly landfill to fortnightly landfill. This will also include information on Council's Green Living subsidy through which households and businesses have access to rebates on cloth nappies and reusable menstrual items.

## Waste Tender

The waste tender was conducted as an open tender process. Tenders received were assessed, clarifications sought and the short listed tenderers were interviewed on 29 October 2021. An inspection of their offices and inspection of equipment and technology was undertaken on 2 November 2021.

The waste contract is based on a series of fixed charges and variable rates based on the number of properties and weight of FOGO collected and processed. In addition, the overall waste budget includes disposal of recyclables and landfill at SRWRA and landfill levy costs together with an allowance for bin maintenance and replacements. The tender also includes a formula for a quarterly adjustment.

Financial year expenditure estimates are below and show an approximate \$220,000 saving per year between the standard model and sustainable model. Whilst there is a small increase in collection cost for the sustainable model, a saving is achieved as a result of reduced landfill disposal costs and levy costs.

Option	Current contract	Proposed Standard Model	Proposed Sustainable Model
Kerbside collection, FOGO processing and disposal and public bin collection and disposal (waste contract)	\$2.28M	\$2.32M	\$2.48M
Disposal to SRWRA (landfill, recyclables)(direct Council cost)	\$1.40M	\$1.40M	\$1.02M
<b>Total Annual Cost*</b>	<b>\$3.68M</b>	<b>\$3.72M</b>	<b>\$3.50M (0.22M saving over standard model)</b>

\*Costs are based on current tendered rates, excludes GST and the tender includes an agreed formula of quarterly adjustment, effective from the date of tender.

The sustainable kerbside service model estimates are based upon a 15% opt out of residential properties and a 72.5% landfill diversion rate. Both figures are more conservative than reported in the pilot, which allows for any fluctuations.

Councils waste budget is reviewed annually based on estimated costs including collection, processing, disposal and landfill levy. The actual costs will vary slightly each month based on the number of bins and the seasonal weight of material that is disposed of and ancillary costs such as new bins, special collections, events etc. The total cost to Council is based on the number of service entitled premises (i.e. properties that can have a bin) and the weight of material that is collected and disposed. Increases in the waste levy and disposal costs over time are also expected and the Council waste budget will be adjusted to suit.

The current tendered prices are within Council budget.

### Implementation of a sustainable service

The implementation of a sustainable service model provide significant environmental benefit as well as some long term cost savings, predominately due to the reduction in waste levy. It also meets key strategies in Councils Environment Strategy:

- reduced carbon emissions from Council operations;
- reduced carbon emissions attributable to the broader community;
- reduced waste to landfill; and
- support sustainable living

A draft implementation strategy has been prepared which includes a staggered implementation, new kitchen caddies, rolls of compostable bags and some bin upsizes together with substantial engagement.

An upfront investment budget of \$495,000 will be required for an effective transition to the Sustainable Kerbside Service Model. A breakdown of costs is below.

Budget type	Estimate
Lead-in communications (staff resources, mail outs, community events, video, bin corflutes and engagement)	\$ 85,000
Starter kit (delivery of kitchen caddy, roll of compostable bags and engagement material)	\$ 180,000
Roll out and customer service support	\$ 130,000
Bin upsizes (<10% of households)	\$ 100,000
<b>Total</b>	<b>\$ 495,000</b>

Once fully implemented, based on an anticipated cost saving of \$220,000 / year the payback period to implement the sustainable model is just over two (2) years, less any grant funding. The cost savings will start once fully implemented and increase as more of Council community reduce their landfill waste.

Green Industries SA have advised Council of an additional upcoming round of Council Modernisation grants / Kerbside Performance Plus Food Organics Incentives Program that may provide up to \$100K matched funding “to build expertise for the future of scaled up approaches for more sustainable bin collection models” and “to implement sustainable and efficient food organics recycling systems”.

It is proposed that this investment be funded through savings in the future waste budget, grant funding and an additional capital expenditure budget of \$165,000 for new bins and kitchen caddies.



### **Environmental Protection Authority (EPA) legislation**

The Waste to Resources Environmental Protection Policy (EPP) states that *“In order to facilitate the proper management of waste that is to be collected under subclause, a metropolitan council must provide a weekly general kerbside waste collection service (other than for recyclable waste or vegetative matter) in respect of residential premises within its area.”*

Minister for Environment and Water, Mr David Speirs, was quoted on ABC Adelaide radio on 15 November 2021 stating “The State Government’s position is there should always be an option of a weekly red bin or blue bin pick up, a general waste pick up, because households do have issues around nappies and sanitary products”.

Administration’s position is that as a weekly landfill bin service is available upon request and therefore the sustainable kerbside service model adheres to the EPP.

Administration have had many positive meetings with the EPA who have supported the implementation of the sustainable kerbside service model pilot and non-collection of landfill bins presented weekly at properties that have not opted out of the pilot after six (6) collection cycles (12 weeks). Council have requested formal confirmation from the EPA prior to the implementation of a sustainable model.

The EPA has options to provide an exemption to the EPP or alternatively provide advice that Councils current proposal meets the intent of the EPP. Both options allow the sustainable model to proceed. Council has received support from the EPA that for the opt out trial the landfill bin not be collected weekly for properties that have not opted out (i.e. they have accepted a fortnightly waste collection except where a resident has opted out).

Should the EPA advise that they require weekly landfill collections, Council will defer the implementation of a sustainable model.

Based on Councils tender assessment, the standard model and sustainable model have the same preferred tenderer. The standard model will be implemented at the commencement of the contract (April 2022) and transition to a sustainable model in July 2022 or as soon as practicable after confirmation from the EPA.

Should the sustainable model not be supported, Administration will award and implement the standard model which will be business as usual (weekly landfill, fortnightly recyclables and FOGO) with new vehicles and technology. It will be possible to transition to a sustainable model at a later date although the tenderers have identified an additional vehicle is required for the sustainable service to collect FOGO which is included in their tender price. The long term costs for the standard model will be higher and environmental benefits lower.

## BUDGET

The proposed sustainable service will offer a long term saving with a projected annual saving of approximately \$220,000 compared to the standard model. This savings will be realised following full implementation and behaviour changes by the community.

The ongoing operational costs are within Councils existing waste budget.

A budget investment of \$495,000 will be required for an effective transition to the Sustainable Kerbside Service Model. The budget will be a combination of new capital (new kitchen caddy, bin upgrades) and operational (compostable bags and communications) together with a Green Industries grant of \$100,000 (if successful).

It is proposed that the implementation of the sustainable model will be funded as follows

Source	Amount	Time
Council (capital)	\$165,000	2021/2022 FY
Grant	\$100,000	2021 - 2023
In kind (contractor education officer)	\$30,000	2021 - 2023
Council via cost savings within waste budget	\$200,000 in 2022/23	2022/2023
Total	\$495,000	

In addition to the above costs is Councils Environment Officer (waste) which is already included in Councils budgets together with support from the communications team, and customer service team.

Should grant funding not be successful, a further report to Council will be submitted.

## LIFE CYCLE COSTS

Council owns all residential rubbish bins and these will require replacement over the next 5 to 10 years. A replacement strategy is being developed and the current tender provides rates for new waste bins. Damaged or lost bins are replaced on demand.

It is not anticipated that Council will replace kitchen caddies in bulk once they reach the end of their useful lives which is expected to be around 15 years.