

Taking 'waste' out of waste

Councils, like most sectors of society, have been feeling the pressure to constrain spending following on from the last global financial crisis. But 'doing more with less', as much as it sounds like a corporate cliché, is actually no bad thing. Adversity can force us to look for new and better ways of doing things.

The current focus on 'fiscal restraint' means that when councils are looking at re-tendering their waste contracts, price and value for money are more than ever at the head of the key criteria list. The waste sector is changing at an ever-increasing rate due to new technologies and the growing realisation we need to minimise what we throw away. But I predict there will be even greater change driven by the need to innovate and find new and better ways of working.

The danger when we focus too heavily on price is that it can come at a cost. That cost may be in lower standards of service, lower wages or poorer working conditions including health and safety, reduced achievement of waste minimisation goals, lack of flexibility and responsiveness, reduced viability for the contractor, etc. What appears to

be good value may eventuate to be anything but.

It does not need to be that way. Rapid change in the waste means the relative costs of different aspects of waste management are changing. For example the costs of land-filling will increase, driven by levies and emissions trading scheme costs, while alternative forms of treatment are likely to get cheaper as technology matures. Markets for certain recoverable materials such as tyres or wood waste will also become more viable, and new, more efficient, methods of collection and separation are constantly evolving. It is hard to predict exactly how and at what rate the evolution will take place, but it has been happening and will continue — and where there is

change there is opportunity. The point is this: a cheap approach today may be an expensive one in five years time. Rather than simply giving contracts to the lowest bidder, councils should instead be selecting service providers who can best help them meet the challenges and take advantage of the opportunities over the medium to long term. Over the term of a typical 7-10 year waste contract the lowest cost and best value for money are not necessarily going to be from those who offer the lowest price on day one but rather from those who are positioned to work with their clients to innovate and find efficiencies and benefits that can be shared.

Opportunities for greater innovation and efficiencies can be found in the following approaches:

- integrating the waste and recycling elements of a contract;
- longer contract terms time to write down capital costs;
- shared services or a partnership working to improve efficiency and competitiveness;
- more competitive tender processes;
- shared infrastructure.

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A longer version of this article is available at www.localgovernmentmag.co.nz.



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