



HOW THEY DO IT ON THE OTHER SIDE OF THE DITCH

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A comparison of waste collection and disposal services procurement practices.

Similarities abound between New Zealand and our Aussie cousins when it comes to the operations of local government. But so do the differences. Given the varying operating environments, scales and politics, how does the realm of waste procurement stack up in a direct comparison? The intent of this article is to highlight differences that Morrison Low have encountered and dealt with in our work across Australasia and to ask the question: are there any lessons to be learnt from our progressive colleagues and are they in fact progressive? Some key things we have learnt from our Australian neighbours about tendering include:

- They are not as well prepared as we are, often lacking a plan or strategy for waste management to guide service procurement.
- Their procurement processes are more formal than those in New Zealand.
- They have higher levels of service than New Zealand councils but these come at a cost.
- Their tenders are complex and complicated.
- For most services there are a range of service options that residents can choose from to best suit their needs.
- Inorganic collection services are alive and well.
- They have the same issues as we do with constraints on landfill space and limited options for avoiding landfill.

SERVICE PLANNING

Having recently completed work in NSW assisting a council to tender their collection and disposal services, we reflected on whether there were parts of that process that may be useful to those of us in New Zealand faced with preparing and conducting a tender process.

There are a number of key areas where we could learn from the Aussies and, conversely, New Zealand's waste procurement processes are more advanced in other respects.

Any procurement process should commence with knowing the outcome you are seeking to achieve. New

Zealand's waste management and minimisation planning framework provides this basis, whereas purchasing services in Australia can require the development of a specific strategy prior to drafting a tender document.

It is common practice for Australian councils to conduct an operational review of existing services and contracts to identify cost efficiencies and guide improvements to service delivery. This linking of waste management and resource recovery to a council's sustainability planning is a more strategically cohesive and advanced approach to that commonly employed in the New Zealand market. While the WMMP provides New Zealand councils with high-level direction, there are opportunities to use the procurement process as a catalyst to realise operational improvements and efficiencies. However in order for this to occur, councils need to plan well in advance and have a thorough understanding of industry trends and best practice.

PROCUREMENT PROCESSES

When it comes to procurement, the NSW process is more formal than that of New Zealand. There are Tendering Guidelines for NSW Local Government and, as in New Zealand, a Local Government Act. These provide legislative and regulatory guidance and result in a more formal procurement process, but the drawback of this is that you become locked into a process that may not achieve the best results. The intention of the tendering guidelines is to ensure that the planning and conduct of tender processes are managed in an open, transparent, accountable and fair manner that obtains best value for the council.

In contrast, New Zealand's relative informality provides the flexibility to achieve your objectives while still being transparent and fair. Good practice tender evaluation in New Zealand involves the preparation of a Tender Evaluation Plan that may include probity management. In Australia a Probity Plan is required and the importance of this document is highlighted by the perceived risk from litigious tenderers—a factor considered less likely here in New Zealand but which cannot totally be discounted. A carefully managed procurement process can minimise conflicts and the potential for litigation (by taking the best elements of the Australian system), without losing the flexibility that underpins New Zealand processes.

LEVELS OF SERVICE

Residents in Australia can be offered more services with a greater choice of bin sizes than their counterparts in New Zealand. The downside of this 'gold plated' service provision is the cost to the user (usually through rates), however, increased diversion is achievable where residents are offered the capacity and collection frequency to meet their recycling needs.

As a result of the number of service options and housing arrangements (multi-unit high rise buildings to single dwellings) price schedules and resulting evaluation processes are complicated and complex.

Inorganic collection services are alive and well in Australia with councils offering several rate funded kerbside collections per year and unlimited user pays on-call services. It is interesting to note that some of these collections are restricted to bulk vegetation and metal encouraging diversion, while others are for general waste.

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WASTE DISPOSAL

Waste disposal is a significant issue for the councils located across the Sydney area, just as it is in New Zealand. Landfill space is at a premium and options for avoiding landfills limited. This is driving councils to assess their resource recovery solution options. The resulting efficiencies are best evidenced at the Kimbriki Resource Recovery Centre where diversion of waste has reached 70 percent. With a burgeoning population and on-going landfill concerns, the surrounding region's councils are currently assessing how further efficiencies can be derived. There is also an increased prevalence of Waste to Energy plants, which have been driven and are often part-funded by the Federal Government.

As in New Zealand, there is a competitive market for collection services and less competition for disposal. A key consideration therefore is how to package your contracts. Ideally, the right packaging will optimise the potential for competition and produce best value, while minimising the ongoing contract management burden for your staff.

SUMMARY

Councils in New Zealand and Australia can learn from one another and enhance their future tender processes for waste collection and disposal services.

Key lessons can be learnt from the procurement processes used in both countries:

- Use the procurement process to derive efficiencies from your current waste management and minimisation systems.
- Give some consideration to probity in order to reduce the risk of litigation, however do not lock down the council to the extent that you don't get the outcome you want.
- Price schedules and the evaluation of tenders are complicated and complex where there are a range of service options.
- There is a competitive market for collection services but little competition for disposal, knowing how to best package up services will increase competition and provide cost savings. 🗑️



Morrison Low has extensive experience providing organisational, operational and financial advice to local government throughout Australia and New Zealand. We have completed a range of waste management and resource recovery projects in New Zealand and Australia including waste strategies, operational and organisational reviews and the procurement of services for councils.

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