

# Printing Industries Association of Australia

## *Guide to:*

### *Achieving better outcome from Waste & Recycling Contracts*

## 1 This Guide

This Guide has been developed to help *Printing Industries* members more successfully negotiate better contracts with waste contractors or service providers. The information in this Guide will not only make it easier for members to improve recycling outcomes for their site(s) but could also help them significantly reduce their waste management and disposal costs. The Guide includes a recommended set of terms and conditions for waste and recycling contracts which printing companies can use in place of 'standard' form contracts usually used by waste contractors or service providers.

## 2 Introduction

Many printing companies, as a routine aspect of their business, now regularly recycle many of the waste materials generated by their printing operations. These waste materials can include wood pallets, waste paper, trimmings, metal and plastic printing plates, wooden pallets, ink containers, etc.

This recycling not only saves printing companies money on waste disposal costs but improves their environmental performance and may also reduce production costs by increasing the resource efficiency of their printing operations.

In view of this, the *Printing Industries* Sustainable Green Print (SGP) program includes waste management requirements. The SGP Levels 1 & 2 Handbook (*Printing Industries* 2011) now provides advice in the form of "Guiding Principles in Waste Management for the Printing Industry", which can assist printing companies with identifying and implementing improved waste management and recycling initiatives.

However, a challenge that printing companies still confront with waste management and recycling at their sites, are 'standard form' contracts being widely used by waste companies in Australia. These 'standard form' contracts can include terms and conditions that, whether intended or not by the waste company, act to prevent their customers from easily changing and improving their waste collection service arrangements. Examples of such unfavourable terms and condition can include (naming just a few):

- Site exclusivity clauses – which prevent other contractors from providing recycling services to a site.
- Automatic roll-over clauses – which automatically renew long-term contracts for same period and conditions without notifying the customer first.
- Unbounded price escalation clauses – that allow pricing to be increased almost arbitrarily at any time during a contract.

- Excessive termination or contract variation penalties – which can thwart the customer from altering the services they are receiving and/or replacing poorly performing waste contractors during contract periods.

In response to this issue, *Printing Industries* has prepared this guide. The Guide is designed to assist its members with negotiating these waste contracts so they can achieve improved recycling outcomes and lower waste management costs. The Guide includes as an attachment:

- *Recommended Terms & Conditions for Contracts with Waste Contractors to Supply Waste and/or Recycling Collection and Disposal Services*

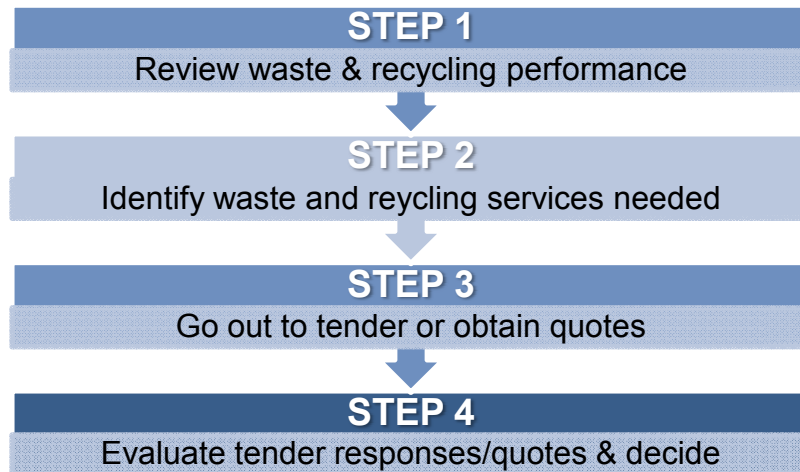
These Recommended Terms & Conditions are based on existing waste industry contracts which have been carefully adapted to avoid and/or amend prejudicial and unfavourable clauses, to ensure fairer commercial arrangements between the waste contractor and customer are achieved whilst also protecting each party's legitimate commercial interests.

The Recommended Terms & Conditions may therefore be adopted by members in place of 'standard form' contracts offered by waste companies.

- In attempting to adopt alternative contract terms and conditions, members should recognise that waste contractors may not necessarily welcome these changes to the current 'status-quo', and some could initially seek to arbitrarily reject it out of hand in the first instance.
- In these situations, we recommend persistence and using the competitive pressures of the market to encourage the waste companies to do so.
  - At the end the day these waste companies want your business!
- We expect that as these alternative contract terms and conditions start achieving use in the market they will gradually become the accepted practice.

### 3 Key steps towards negotiating better contract outcomes

The section sets out the key steps considered important in obtaining better contract outcomes with a waste contractor, which are summarised in Figure 1 below.



*Figure 1: Key steps in negotiating better waste contract outcomes*

#### 3.1 Step 1 – Review waste & recycling performance

- This step involves understanding what waste management and recycling activities you are already undertaking and your current performance.
  - Understanding your current situation should give you a baseline, which is important for:
    - Setting quantitative targets for what you want to achieve from future waste management and recycling initiatives, e.g. see Table 1.
    - Reporting and benchmarking the future performance improvements which are achieved.
- This knowledge is also critical for obtaining the best service conditions and price from the waste contractor.
  - From a waste contractor's perspective, greater certainty about quantities and composition of waste and recycling streams at a site usually enables them to provide better and more efficient services and offer lower prices.
- Useful sources of information for identifying waste and recycling streams and activity already occurring on your site may include:
  - A waste and recycling audit;
  - Benchmarking against other printing companies similar to yours (where this information is available); and/or
  - Your existing waste contractor.

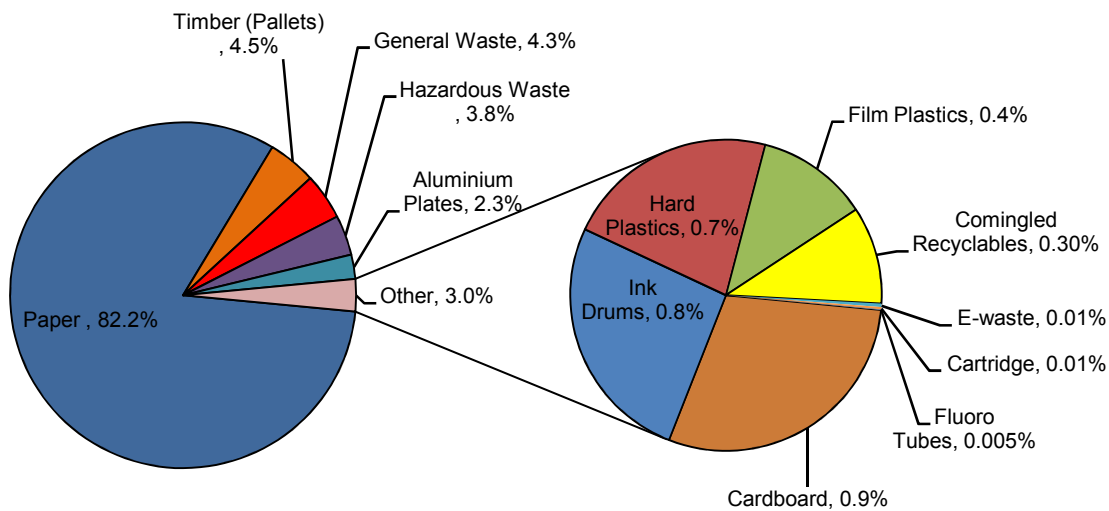


Figure 2: Example of waste & recycling data from an audit of a printing company

Table 1: Example of setting quantitative targets for waste and recycling initiatives and specifying the new services required or being sought

Initiative	New Equipment & Services required/sought	Outcome	Change in Site Recycling Rate or Diversion from Landfill
1. Remove paper from general waste by separate paper collection	<ul style="list-style-type: none"> <li>Change existing general waste compactor to paper only</li> <li>New 660L paper only collection skips in production area</li> <li>Paper-only bins under desks in offices and in photocopying room</li> </ul>	<ul style="list-style-type: none"> <li>100t/yr paper removed from general waste</li> <li>\$ Rebate for paper from waste contractor</li> </ul>	40% improvement
2. Separate cardboard collection	<ul style="list-style-type: none"> <li>New 3m<sup>3</sup> cardboard-only bin in yard</li> </ul>	<ul style="list-style-type: none"> <li>20t/r cardboard removed from general waste</li> </ul>	8% improvement
3. Ink drums disposed off separately	<ul style="list-style-type: none"> <li>Empty metal ink drums stacked and shrink wrapped on pallets, sent for cleaning &amp; recycling</li> </ul>	<ul style="list-style-type: none"> <li>2t/yr removed from general waste</li> </ul>	0.8% improvement
4. Aluminium printing plates sent for recycling	<ul style="list-style-type: none"> <li>Separate skip in yard and collected by specialist recycler</li> </ul>	<ul style="list-style-type: none"> <li>10t/y removed from general waste</li> </ul>	4% improvement
5. E-waste recycling	<ul style="list-style-type: none"> <li>Separate printer cartridge &amp; battery boxes in photocopying room</li> <li>660L skip for computers and other end-of-life electronic equipment, collected at call</li> <li>CFL storage and collection introduced</li> </ul>	<ul style="list-style-type: none"> <li>0.5 t/yr</li> </ul>	0.2% improvement

### 3.2 Step 2 – Review waste & recycling performance

- Step 2 is about deciding what future waste and recycling services you actually need.
  - This could involve weighing up the trade-off between improvements in recycling performance and increased cost from different waste management and recycling initiatives.
  - To identify new initiatives, use the Waste Management Hierarchy – refer Figure 3 – which can help you decide how to improve your current waste and recycling performance.
    - For further details and description of the Waste Hierarchy refer to the Waste Management Section of the SGP Levels 1 & 2 Handbook.
- From these investigations, develop a table or schedule describing or setting out exactly what future waste and recycling initiatives and/or services are proposed or might be required, e.g. see
- Table 1 again.
  - This table or schedule will enable waste contractor pricing or quotes to be more certain, which usually means lower pricing, and should also enable you to compare between service quotations in more reliable way.
- This step should involve discussions with prospective waste contractor(s) to understand what services are available and how much they cost.
  - Not all waste contractors provide the same types of services and there may also be practical limits on what services you can receive due to your size or site characteristics.
    - **Error! Reference source not found.** suggests a list of the issues you may need to consider.
  - It may be important to consider and compare several, different waste and recycling service options to evaluate what is practical and cost-effective, and for this, you will need some initial pricing from the waste contractor(s).



*Figure 3: The Waste Management Hierarchy. This hierarchy is a nationally and internationally accepted guide for prioritising waste management practices with the objective of achieving optimal environmental outcomes; it sets out the preferred order of waste management practices, from most to least preferred.*

Table 2: Issues when considering requirements for waste and recycling services and/or waste contractors

Issue	Some key questions to ask
<b>1. Service costs</b>	<ul style="list-style-type: none"> <li>• How much is it likely to cost per bin to pick up?</li> <li>• What other fees or penalties are associated with the service (e.g. equipment maintenance, bin rental, excess weight, banned substances, etc.) and have these been disclosed?</li> <li>• Would it be more cost effective to arrange a pick-up-on-demand service rather than a periodic pick up?</li> <li>• What other equipment is needed, e.g. compactors, balers, trolleys, etc., and how much does this cost?</li> <li>• What contract duration is sought to reasonably recover bin and equipment costs?</li> <li>• Is there opportunity for the waste contractor to request or impose price variations?</li> <li>• Will increases in costs during the term (if any) only arise from CPI (or similar) or demonstrated increase from levy / other government charges.</li> <li>• Are there opportunities to receive income from waste streams (e.g. rebates for cardboard)?</li> </ul>
<b>2. Number of Service Providers</b>	<ul style="list-style-type: none"> <li>• How many service providers are needed manage your waste and recyclables?</li> <li>• Can the number of service providers be reduced to achieve economies of scale and cost efficiencies related to transport and/or administrative requirements?</li> </ul>
<b>3. Service delivery</b>	<ul style="list-style-type: none"> <li>• What days and times are services able to be provided and is this compatible with your requirements?</li> <li>• What access requirements to the site are sought and will this require infrastructure modifications and/or additional costs?</li> <li>• What licensing and/or regulatory requirements must be complied with?</li> </ul>
<b>4. Service flexibility</b>	<ul style="list-style-type: none"> <li>• How flexible are the proposed waste and recycling service(s)?</li> <li>• Would the waste contractor enable you to change the size and number of bins and/or pick up frequency?</li> <li>• What would be the length of any contract and are there points for review and re-negotiation?</li> <li>• Are there restrictions that could lock you into a further term and prevents you from taking advantage of lower pricing or new recycling opportunities?</li> </ul>
<b>5. Performance Reporting</b>	<ul style="list-style-type: none"> <li>• Can the contractor report on your waste and recycling performance, including quantitative data, e.g. tonnes of waste or recyclables collected?</li> <li>• Is verification provided that recyclables are being sent to proper recycling facilities (and not to landfill)?</li> </ul>
<b>6. Support</b>	<ul style="list-style-type: none"> <li>• Will the waste and recycling service provider(s) provide support to maximise your service outcomes?</li> <li>• Will the service provider assist with training of staff and cleaners on how to correctly use waste and recycling systems</li> <li>• Will the service provider meet with you regularly (quarterly, annually) to review reports and identify improvement opportunities?</li> </ul>
<b>7. Exclusions &amp; qualifications</b>	<ul style="list-style-type: none"> <li>• Are there any banned or hazardous substances not permitted in collected waste and recyclables?</li> <li>• Are there any weight or volume limits applicable and are these reasonable?</li> <li>• Are there any limits on contamination in recyclable streams?</li> <li>• What insurances does the waste contractor hold?</li> <li>• Does the contractor limit liability?</li> </ul>

### 3.3 Step 3 – Go to tender or obtain quotes

- Step 3 is the commercial process of procuring quotations or prices for the services you require.
  - How this occurs will often depend on the procurement processes of your business, which is often practically dictated by company size.

#### 3.3.1 *Small to Medium Businesses*

- These businesses generally negotiate directly with waste contractors on the required services and pricing and may seek several quotes before procuring.
- With less internal resources and time to prepare their own contract documentation, they might also traditionally tend to simply accept the 'standard-form' contract supplied by waste companies.
  - These businesses can now elect to adopt the PIAA Recommended Terms & Conditions attached to this Guide.

#### 3.3.2 *Larger businesses*

- These businesses will generally go out to tender for supply of waste and recycling services, and hence, often prepare their own contract documents.
  - Table 3 gives a list of some key waste and recycling specific issues or items that these companies should consider including in their tender documents and/or contracts.
    - These businesses may also choose to refer to the attached Recommended PIAA Terms and Conditions to identify relevant contractual terms and schedule items.
  - These businesses can also elect to adopt the PIAA Recommended Terms & Conditions for their waste and recycling contract(s).

Table 3: List of some waste & recycling tender and contract issues

Tender and/or Contract Issue	Brief Description
1. <b>Service days &amp; times</b>	Clarification of what these should be and how varied if necessary.
2. <b>Service fees</b>	This may include: types of services and/or acceptable types of fees, circumstances where, and how, services and fees might adjusted; process for variations thereto; payment arrangements; etc.
3. <b>Contract duration</b>	How long the contract will be for; when it will commence; if and how the contract should be renewed at end of term.
4. <b>Contract termination</b>	When and how this should occur; whether liquidated damages should apply; contractor's obligations for continuation or replacement of service in event of default or suspension.
5. <b>Site access</b>	Arrangements for access to site by waste contractor; customer's obligations to provide this access.
6. <b>Data reporting</b>	Data on service performance the waste contractor must report to the customer.
7. <b>Equipment</b>	What equipment each party will supply; who and how this will be paid for; who and how this will be maintained; training of customer's staff in use thereof; responsibilities for correct operation; rectification of damage thereto
8. <b>Weight limits</b>	Whether and how weight or volume limits on collections might apply.
9. <b>Improvement opportunities</b>	Review or re-negotiation points; obligation on contractor to identify and implement recycling improvement opportunities.
10. <b>Licensing &amp; regulation</b>	Obligations on waste contractor to be licensed and comply with relevant laws; and also advise customer of their associated obligations; dealing with banned substances
11. <b>Schedules</b>	<ul style="list-style-type: none"> <li>• Location of premises</li> <li>• Contract term/period</li> <li>• Waste &amp; recycling services' specification(s)</li> <li>• Fee &amp; charge schedule – Services &amp; equipment</li> <li>• Fee adjustment rates</li> <li>• Payment arrangements &amp; billing details</li> <li>• Liquidated Damages schedule</li> <li>• Contractor's insurance arrangements</li> <li>• Banned substances</li> <li>• Projected service costs</li> </ul>

### 3.4 Step 4 – Evaluate tender responses/quotes & decide

- This is perhaps the most crucial step in deciding which waste contractor to use.
  - It is important to ensure that all collection, disposal and equipment costs are taken when calculating the total projected service cost.
    - This analysis can be performed by your own company based on pricing information provided by the waste contractors.
    - Alternatively, it could be possible to request waste contractors to provide their own estimate of the total cost – but it would be prudent to review and check any such estimate to ensure it is accurate.
- Usually, there is more than one criterion besides service that needs to be considered, e.g.
  - Recycling or diversion rate achieved;
  - Convenience of collection arrangements;
  - Customer support provided; etc.
- It is also recommended that quotes or tendered prices are compared across a consistent basis.

This may require a structured framework to rank each service offering according to different criteria and weight these criteria so that the best 'overall' offer can be identified, e.g. see

- Table 4.

Table 4: Generic example of multiple criteria decision analysis between several different waste contractors

Criteria	Weight	Contractor Performance Score (relative, from 1 (worst) to 10 (best))		
		Contractor #1	Contractor #1	Contractor #1
Total service cost	50%	9	8	6
Recycling rate	30%	3	5	8
Training & support	10%	2	2	7
Data reporting	10%	3	1	6
<b>Total</b>	<b>100%</b>	<b>5.9</b>	<b>5.8</b>	<b>6.7</b>

## 4 Attachments

- Printing Industries Association of Australia Recommended Terms & Conditions for Contracts with Waste Contractors to Supply Waste and/or Recycling Collection and Disposal Services