


Request for Costing an Election Commitment

Name of proposal:	Second hand Sunday/ free annual kerbside bulky waste
Person requesting costing:	Andrew Barr MLA 
Date of request:	11 October 2024
Summary of proposal:	A re-elected ACT Labor Government will trial a free annual kerbside bulky waste collection in 20 suburbs. This will be in addition to continuing the free bookable bulky waste collection services. ACT Labor will also promote 'Second Hand Sunday' style community events immediately prior to bulky waste collections.
Issue the proposal will address:	This initiative will reduce the administrative burden on households when coordinating a bulky waste collection. It will also help to reduce illegal dumping.
Proposal's public announcement details (media release or policy statement published on a party website) ¹ :	https://andrewbarr.com.au/news/labor-media-releases/labor-s-new-kerbside-bulky-waste-collection-for-canberra/

What are the key assumptions that have been made in the proposal?

Note: The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

- Kerbside bulky waste collection will be trialled across 20 suburbs over 2 years. This will be a designated day where no booking is required.
- To cost this commitment, we have estimated the cost per single collection for a dwelling and used an average number of dwellings per suburb.

Dwellings per suburb

- The total number of dwellings in the ACT in 24-25 is 189,397 (see 'Aggregate Land Value' linked below).
- As the total number of dwellings include large apartment complexes, we have used the Census 2021 data to estimate the number of dwellings that are detached or semi detached houses. While apartment complexes are not excluded from this proposed trial, we have excluded those dwellings from the total dwelling number in estimating the cost per suburb. This is because the cost for collection at apartment complexes will be significantly lower than curbside pick-up by dwelling.
- The 2021 Census data showed that 19.4% of dwellings in the ACT are flats or apartments. Therefore we have excluded 19.4% of the total dwellings in 24-25 and assumed that **there are 152,654 dwellings in the ACT.**

¹ As per Part 2, section 5 of the *Election Commitments Costing Act 2012*

- There are 145 Suburbs in the ACT (see 'Elections ACT' source linked below). We have excluded suburbs that are largely industrial or otherwise have very few (or no) residential dwellings (this include 'districts' of Canberra that have not been developed such as Rendezvous Creek). **The adjusted total number of suburbs is 119.**
- The average number of dwellings per suburb is assumed to be 1,283 (excluding apartment buildings but inclusive of townhouses or other semi-detached unit-titled properties).

Cost per collection

- The available appropriation for the bookable bulky waste collection service was \$3.684m in 2022-23 (see 2020-21 ACT Budget)
- While the actual take up for the service in that year was 7,551, we have used an estimate of capacity of the service to determine a cost per collection (noting the lower than expected take up of the bookable service – see TCCS annual reports linked below).
- The current contract for bulky waste collection requires the provider to complete at least 6 collections per hour (or 48 collections per day). Assuming that the service is only available on weekdays we have estimated the capacity of the service to be a minimum of 12,480 collections per year.
- The cost per collection for the bookable service is therefore \$295. While the calculation tool for the actual invoicing is not public, the contracted price includes fixed costs (including vehicle leasing, call centre resourcing, vehicle registration, licencing costs etc) and variable costs (drivers, fuel, tyres etc).
- To estimate the efficiency saving of having all collections on a single day for pilot suburbs and not requiring a booking service, we have assumed:
 - Variable costs make up 70 per cent of total cost (\$207 per collection) and fixed costs are 30 per cent of total cost (\$88 per collection)
 - There will be a 50 per cent saving on fixed expenses (on a per collection basis) to add 10 days to the program (noting additional vehicles are unlikely to be required).
 - There will be a 40 per cent saving on variable costs on a per collection basis
 - The total cost per collection is therefore assumed to be \$106 (\$62 variable and \$44 fixed).

Total cost/other assumptions

- The total cost per suburb is therefore assumed to be \$135,998
- This assumes a 100% take up rate. However, we note that in a procurement process (or contract extension negotiation) it may be possible to reduce this.
- It is assumed that the available appropriation for the current service includes the cost associated with waste disposal (either through recycling or landfill).
- As a cross-check on our assumption for cost per collection, we have looked at what local councils charge for bulky waste collection on a user-pay bookable service and linked those services below.

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2024-25	2025-26	2026-27	2027-28	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)					
Expenses^(a)	0	-1,360	-1,360		-2,720
Capital^(a)					
Depreciation^(a)					
Offset - Expenses^(a)					
Offset - Capital^(a)					
Full-time equivalent employees					

(a) A negative number indicates a decrease in revenue or an increase in expenses, depreciation or capital outflows. A positive number indicates an increase in revenue or decrease in expenses, depreciation or capital inflows. The expenses row is not to include depreciation costs.

Has any specific information or data been utilised in generating the proposal? Please provide links or attach information/data sources referenced.

2021 Census data: <https://www.abs.gov.au/census/find-census-data/quickstats/2021/8>

Elections ACT (list of suburbs by electorate):

https://www.elections.act.gov.au/_data/assets/pdf_file/0008/2518784/List-of-suburbs-by-electorate.pdf

2024-25 ACT Budget 'Aggregate Land Value' (number of dwellings):

https://www.treasury.act.gov.au/_data/assets/pdf_file/0005/2516171/Aggregate-land-value-for-general-rates-settings-2024-25-Budget.pdf

TCCS Annual Report 21-22:

https://www.cityservices.act.gov.au/_data/assets/pdf_file/0003/2089632/2021-22-Annual-Report.pdf

TCCS Annual Report 22-23:

https://www.cityservices.act.gov.au/_data/assets/pdf_file/0015/2301225/Annual-Report-2022-23-TCCS-Accessible_7.pdf

2020-21 ACT Budget:

https://www.treasury.act.gov.au/_data/assets/pdf_file/0009/1730961/2020-21-Budget-Outlook.pdf

Bulky Waste contract: <https://www.tenders.act.gov.au/contract/attachments?id=185687>

<https://www.merri-bek.vic.gov.au/living-in-merri-bek/waste-and-recycling/bins-and-collection-services/hard-waste-collection/> (100 per cubic metre)

<https://www.handybinwaste.com.au/domestic/bulky-goods.htm> (Coffs Harbour City Council - \$58 – but this is after 4 free collections per year so there's probably a minimum in the contract that makes the per collection cost cheaper for these)

<https://www.cityofadelaide.com.au/resident/recycling-waste/hard-waste-collection-for-residents/>
- city of Adelaide \$72.50 (this is after 2 free collections so again, probably an efficiency in these additional collections that reduces the cost)

Where relevant, is funding for the proposal to be demand driven or a capped amount?

The number of suburbs in the pilot is capped. The actual take up of residents will be somewhat demand driven (but limited by the number of dwellings in that suburb).

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements?

No

Will funding/the cost require indexation?

No

Who will administer the proposal?

TCCS

How will the proposal be administered?

The collections will be through an external provider through a service agreement (either through a contract variation or a new procurement process).

TCCS will manage this process consistent with the current kerbside collection contract.

Is the proposal part of a broader package? If so, please identify the other elements of the package.

No

Has an allowance been made for expenses necessary to support the implementation of this proposal?

- If no, will the government agency be expected to absorb expenses associated with this proposal?
- If yes, please specify the key assumptions.

No. TCCS will be expected to manage this from within their existing resources

Will the proposal generate savings or offsets? If so, please quantify any savings or offsets.

No (although we note that the trial may reduce the demand for the bookable kerbside collection service and reduce illegal dumping).

Has the proposal been previously costed by an external (third) party? If so, will a copy of this material, including any assumptions, be made available to Treasury?

No

What are the community impacts associated with the proposal? Who and how many people will be affected?

This will directly impact residents in twenty Canberra suburbs (actual suburbs have not been selected yet). The 'Second Hand Sunday' style promotion will benefit those Canberrans interested in second hand goods.

Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?

No
What is the intended implementation date of the proposal?
From the second half of 2025.
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc.
Program will be fully operational from the first pilot suburb collection day (in late 2025)
Will the proposal cease, and if so, when?
Yes. This is a pilot of 20 suburbs over 2 years. The pilot will cease by 30 June 2027.
Is there any additional information relevant to this proposal?
No.