

Relevant Information for Council

FILE: X124209.003 **DATE:** 26 June 2026

TO: Lord Mayor and Councillors

FROM: Veronica Lee PSM, Executive Director City Services

THROUGH: Monica Barone PSM, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.8 – Food Organics Collection Service Cost Benefit Analysis

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Purpose

To provide additional information regarding the Food Organics Collection Service Cost Benefit Analysis.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 22 June 2026, further information was sought on the following:

2019 Cleanaway waste collection contract - provision for a food organics collection service

Councillors requested information on whether the domestic waste collection contract with Cleanaway has provisions for a food organics collection service and if so, why was collection for the food scraps recycling trial insourced.

The food scraps recycling service trial was designed to be provided by insourced staff. This decision was approved through the City's project governance panels. Insourced collection was chosen because, as a new initiative, the food scraps trial involved several uncertainties, including the amount of food scraps collected, participation rate and contamination levels, which could be better controlled if the collection was insourced.

An option to provide a food organics collection service was included in the contract with Cleanaway that the City could choose to exercise, if required. The optional service, as it was originally specified, varies considerably from how the current food scraps recycling service operates, as the current service has developed and changed over time in response to trial results and residents' needs, making the contract option no longer fit for purpose.

Domestic Waste Reserve – how can it be used / how would this work

Councillors asked for more information on how the Domestic Waste Reserve could be used to purchase fleet and equipment for the rollout of the food organics collection service.

The Domestic Waste Reserve balance is included in the Quarterly Budget Review Statement reported to council each quarter. The current balance is \$42.8 million, as reported at Q3 2025/26.

Under the Local Government Act 1993 (NSW):

- section 496 requires councils levy domestic waste charges,
- section 504 provides that the charge must not exceed the reasonable cost of providing the service over time, and
- section 409 requires money raised for a specific purpose to be used for that purpose.

The Domestic Waste Reserve is an externally restricted reserve where the balance builds up over time when charges collected exceed current costs. The City's Long Term Financial Plan explains that the Domestic Waste Reserve has accumulated gradually in order to be used to support infrastructure or projects that can deliver waste reduction, reuse, recycling and landfill diversion targets and objectives as outlined in our delivery program and the Waste Reduction and Circular Materials Strategy 2026–2035, which was adopted in February 2026. The strategy's actions identify the City's need to provide flexible and reliable solutions to safeguard the long-term waste and resource management needs of our growing communities including the development of appropriate and local infrastructure.

City staff have investigated this matter and do not propose to use the Domestic Waste Reserve specifically to offset the capital cost of food organics collection vehicles or equipment at this stage. The cost of these vehicles will instead be recognised over their useful lives through depreciation, which forms part of the reasonable cost of providing the domestic waste service and is recovered through the Domestic Waste Management Charge over time. The City has already budgeted to utilise the Domestic Waste Reserve through the capital acquisitions program; however, the specific allocation of reserve funding may be updated as required to reflect where eligible domestic waste capital expenditure is ultimately delivered.

Memo from Veronica Lee PSM, Executive Director City Services

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Approved

P.M. Barone

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Chief Executive Officer