

### 11.5.1. LATE REPORT - WWW - 31/10/2022 - Introduction of a kerbside organics (FOGO) collection service

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#### Summary

The purpose of this report is to recommend that Council undertake community consultation on the introduction of a kerbside organics (FOGO) collection service. The commencement date for the service is being planned for October 2023.

#### Commentary

#### Background

Currently Council offers two bin services for domestic waste being the putrescible waste disposal and the recyclable waste disposal (or red and yellow bins respectively). As part of Council's ongoing drive and strategies to manage our carbon footprint, improve waste diversion and make environmentally conscious decisions, planning is being undertaken for the implementation of an additional food organics and garden organics waste service.

This report details potential costings for the additional FOGO service and the administration's views on how to best introduce this service based on market pricing for processing and transportation as well as timing of the service introduction noting the FOGO service is mandated by the NSW government to be introduced by 2030.

#### *What is FOGO?*

FOGO means Food Organics and Garden Organics. A FOGO service is a kerbside 'green bin' that allows residents to place both garden waste (e.g., lawn and garden trimmings) and food waste into a single kerbside bin for collection and recycling.

#### *Why introduce a FOGO service?*

When organic waste decays in landfill, it creates methane – a greenhouse gas with emissions that are 25 times more harmful than carbon dioxide (CO<sub>2</sub>). A FOGO kerbside collection service substantially reduces this impact by allowing both food and garden waste to be added to a green-lidded bin and recycled into top quality compost.

In 2021 the NSW Environment Protection Authority (EPA) released the *Waste and Sustainable Material Strategy 2041 Stage 1: 2021-2027* (WASM). Targets under WASM include:

- Halve the amount of organic waste sent to landfill by 2030; and
- Net zero emissions from organics to landfill by 2030.

To help achieve these targets, the EPA has mandated the separate collection of food and garden organics from all NSW households by 2030.

Internal kerbside audits undertaken by Lithgow Council indicate ~58% of this city's red bin waste is food and garden organics. On this basis, the introduction of a FOGO service is judged to be imperative and represents a significant opportunity.

### *Why introduce a FOGO service in 2023?*

There are ~43 Councils in NSW that already have a FOGO service. Following the EPA mandate, all NSW Councils will be required to introduce a household FOGO service between now and 2030. Any delay to introducing the service is likely to lead to a significant increase in costs as the demand for collection services and processing facilities increases.

The development of a FOGO implementation plan is a key action in Lithgow Council's draft *Waste Management and Resource Recovery Strategy 2022-2026* (Waste Strategy) which is currently on public exhibition until 11 November 2022. Any decision to introduce FOGO will occur after adoption of the new Waste Strategy which is planned to be returned to the January 2023 meeting.

### **Proposed FOGO service**

The proposed service would see Lithgow City Council introduce a kerbside organics collection service for its residents to capture and reuse an estimated 2,600 tonnes of food and garden waste currently going to landfill each year. A 240L 'green bin' will be provided and emptied weekly in line with existing red bin collections. The service is being planned to commence in October 2023. This is still subject to Council having regard for community feedback and both the merits and business case being positive (including obtaining grant funding through the NSW EP),

The service will be available to all households that have a kerbside service. Small businesses that pay for a Council kerbside service will also be eligible. FOGO collection bins will also be provided at rural waste facilities for residents without a kerbside service.

The only change to the current service would be the additional FOGO "Green bin". A 240L red bin (emptied weekly) and a 240L yellow bin (emptied fortnightly) will remain. The FOGO service will provide an additional 240L green-lidded bin that will be emptied weekly.

Because the FOGO reduces volume in the red bin consideration can be given to moving the red bin to a fortnightly service. While there would be a saving (~\$170k per annum) if that were to be the case, there would also be increased costs for education and risks associated with contamination. On balance, it is considered that the implications of a reduction in service would more than outweigh any cost savings in the initial phase. This option of a modified red bin service can, however, be considered once the FOGO service is implemented, based on audit results and community feedback.

Kitchen caddies will be provided as part of the service roll-out. Some Councils also provide caddy liners and others do not. Caddy liners do not improve the service, however some residents prefer to use liners to avoid cleaning the caddy. The concept which is recommended to be consulted on will not propose the use of caddy liners because:

- Some FOGO processing facilities do not accept caddy liners. This would have the effect that the environmental benefits of the scheme would be compromised because of rejection of FOGO eligible material by the processing facility;
- There is confusion about the type of caddy liners accepted and the standards/guidelines are changing;
- The EPA's own education material recommends using paper as a liner; and
- Liners add cost to the service (~\$100k per annum).

A key component of the proposed FOGO service is community education. This will be essential to ensure correct use of the service and to minimise contamination while maximising recovery rates. Extensive education would occur prior to roll-out and be provided on an ongoing basis. Council has recently engaged a full time Waste Education and Strategy Officer and this role will provide the necessary support to implement a considered education program. After the initial roll-out, education will also focus on options for managing organic waste within the property (e.g., composting).

### **FOGO Cost Summary**

Staff have previously engaged a consultant to undertake cost modelling for the implementation of a FOGO service. The cost modelling includes:

- Initial (roll-out) costs – supply and delivery to each household of a green-lidded 240L kerbside bin, kitchen caddy and education package on how to use service. Community education is included in the roll-out; and
- Ongoing operating costs – weekly emptying of kerbside FOGO bins, transport of material to processing facility (Orange or Blayney) and paying a gate fee to process material.

In addition to the cost modelling undertaken by a consultant, Council has obtained preliminary costs from relevant service providers. These costs form the basis of the business case however final costs will be determined following a procurement process.

### **FOGO Funding Summary**

The initial (roll-out) costs will be funded mostly through an EPA grant (if successful). Council will also contribute through the Waste Reserve. Savings made on other waste projects (e.g., reduced rehabilitation costs) have returned funds to the Waste Reserve and so there is capacity available in the Waste Reserve. Other sources of funding include the introduction of a waste levy for commercial waste and increases to the domestic waste charge – see later sections of this report.

It is being proposed that the FOGO service only be implemented subject to EPA funding being available. Applications for the first round of grant funding under the current program close 16 November 2022. The next round of funding will be available early in 2023.

#### *Waste Levy*

As a feature of this FOGO concept, it is proposed to introduce a \$50 per tonne levy that would be applied to all commercial waste delivered to Lithgow Solid Waste Facility. The collected revenue would be used specifically to fund the FOGO service. There will continue to be no charge for household waste delivered by residents.

The new Lithgow Waste Levy will serve 3 main purposes:

- Bring the cost of landfilling in Lithgow LGA closer in line with neighbouring Councils and reduce the pressure from out of area waste;
- Fund resource recovery initiatives (i.e., FOGO); and
- Disincentivise the extension of the NSW waste levy area to Lithgow (our levy will serve the same purpose of pricing landfill higher and applying collected revenue to resource recovery).

#### *Domestic Waste Charge impacts*

The current modelling suggests that FOGO would impact the Domestic Waste Charge (DWC) in 2023/24 to the order of \$10 per household, in addition to any CPI increases. This equates to ~20 cents per week.

A further \$10 per household may be required in 2024/25, if necessary.

It is noted that the actual cost of the service will depend on variables such as the number of services and volumes collected.

### **Impact on residents**

The introduction of a FOGO service will have the following direct impact on ratepayers:

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- An additional \$10 per household per annum (20 cents per week) on top of CPI in 2023/24;
- A further \$10 per household per annum (additional 20 cents per week) on top of CPI from 2024/25 onwards, if necessary; and
- An additional 240L kerbside bin on their property.

The additional \$10 from 2024/25 onwards may not be required, depending on the actual costs of the FOGO service and other savings from the provision of waste services.

### **Policy Implications**

Nil.

### **Financial Implications**

- Budget approved - nil.
- Cost centre – n/a
- Expended to date - nil.
- Future potential impact – detailed costings to be provided in a future report to Council.

### **Legal and Risk Management Implications**

Nil.

### **Attachments**

Nil

### **Recommendation**

THAT Council:

1. Endorse the commencement of community consultation on the rollout of a kerbside organics (FOGO) service proposed to commence in October 2023.
2. Note the proposal to apply for grant funding for the commencement of a FOGO service.
3. Receive a further report following community consultation on the implementation of a FOGO service.