

Cost accounting and fees for municipal solid waste



STADTREINIGUNG HAMBURG

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1. Stadtreinigung Hamburg SRH (city cleaning company)
2. Financing the SRH
3. The financing by fees
4. Result scheme of residual waste and other services
5. Legal basics
6. Increasing fees for the last years
7. Summary



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Free and Hanseatic City of Hamburg

- Second largest city in Germany
 - 1.8 Mio. inhabitants
 - 915.000 households
 - 755 km² area
- City and one of 16 German states
- Government of Hamburg is senate
- First mayor: Olaf Scholz / Social Democratic Party





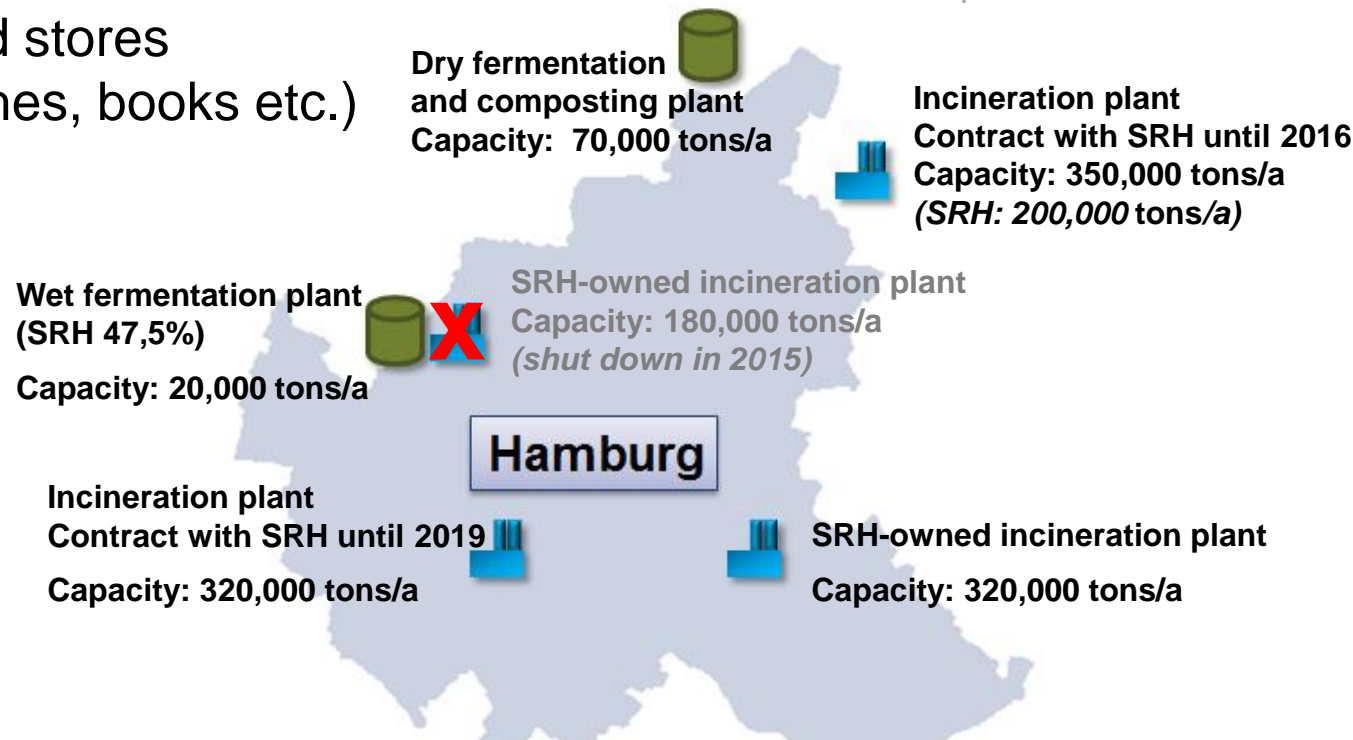
Stadtreinigung Hamburg – SRH

- **turnover 2015:** 330 Mio. €
- **number of employees 2015:** 2.600
- **Tasks:** Waste disposal (collection, transport, treatment), cleaning and winter services in Hamburg
- **Shareholder:** 100 % Free and Hanseatic City of Hamburg



Waste treatment

- 3 incineration plants – total capacity of 840 K tons/a
- Wet fermentation plant for spoilt food from food trade (20,000 t/a)
- Composting and dry fermentation plant for biowaste from households (70,000 t/a)
- 2 second-hand stores (furniture, clothes, books etc.)





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Financing the SRH

SRH is mainly financed by

- Fees and
- Compensation by the city

Fees are paid by everyone who gets a service from the SRH, such as waste collection or cleaning a sidewalk.

Another part of cleaning and winter services are paid by the free and hanseatic city of Hamburg

SRH does get not any extra payments from the government.



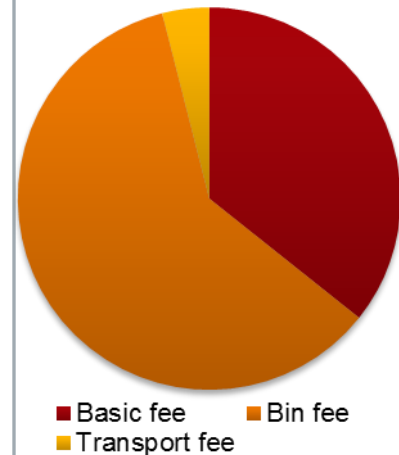
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Fees for municipal solid waste

There are 3 different fees for municipal solid waste waste:

- **Basic fee**; every household has to pay the same amount, regardless of the size of the waste bin
- **Bin fee for residual waste and bio waste**; depends on the volume of the bins and on how often waste is collected
- **Transportation fee**; depends on the distance between the location of the bin and the edge of the road, no fee if the bin doesn't have to be transported by SRH





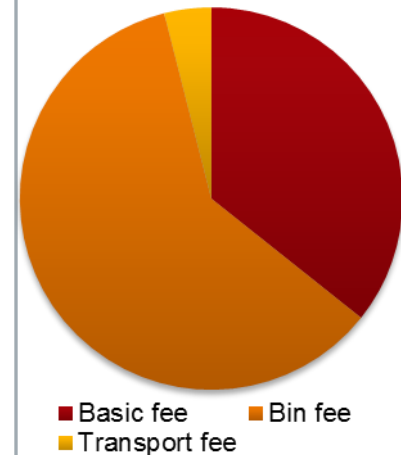
Basic fee

Basic fee: to cover the fixed costs of domestic waste collection and disposal

Scale of fee: housing unit = every flat, private household, other uses, such as shops workshops etc.

Amount of fee: € 6,56 per unit and month

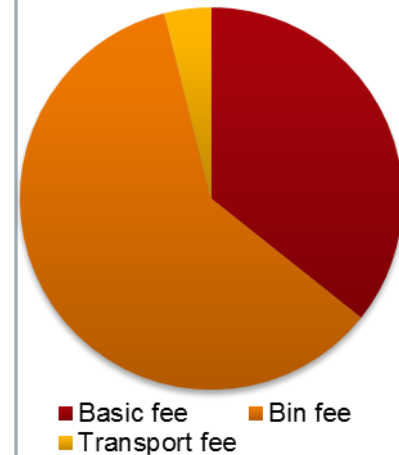
Total return p.a.: € 76,6 Mio.





Bin fee

- Bin fee:** for residual waste and bio waste
- Service:** usually 1 emptying per week
(options range from daily to once a month)
- Scale of fee:** size of the bin
- Amount of fees:** residual waste: € 11,57 (60 l) up to € 105,57 (1,1 cubic metre)
(per month) biowaste: € 2,64 (80 l.) up to € 21,01 (1,1 cubic metre)
- Total return p.a.:** € 129,4 Mio.

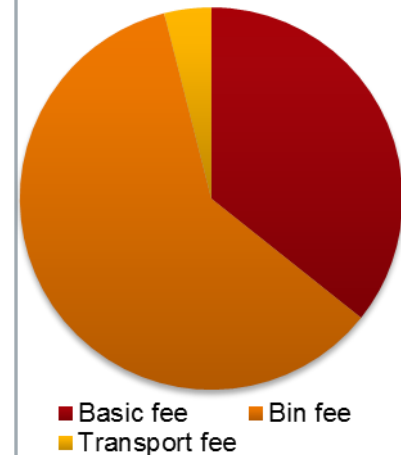


What's the reason for having a basic fee?



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- Customers tend to transport their bins themselves
- they try to diminish their volume of bin in order to save their expenses for fees.
- This caused a serious lag of returns in the beginning of the nineties. The lag was expected to grow in the future.
- The basic fee was a suitable measure to stop this development and to save the revenues
- Extra service
 - recycling stations
 - Billing quota
 - Waste management advice
 - Administration
 - HWT (Recycling bin)





Transport fee

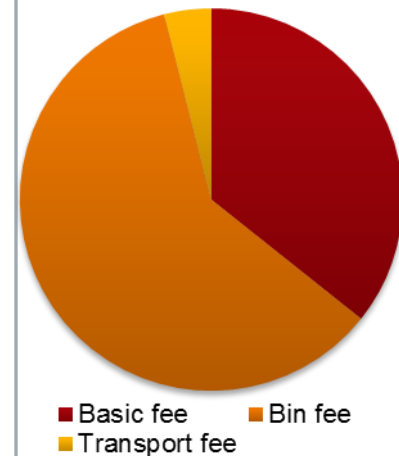
Transport fee: to cover the costs of transport between the location of the bin to the edge of the road, concerning bins for residual waste and biological waste

Service: weekly transport of the bin

Scale of fee: distance of transport, number of steps, size of bin

Amount of fee: € 0,85 (60 - 240 l) up to
(per transport) € 4,93 (500 - 1100 l)

Total return p.a.: € 8,5 Mio.





Fee for bulky waste

Fee for bulky waste: to cover a part (nearly 20%) of the cost of bulk refuse

Service: collection of bulky waste (out of households, basements, attics)

Scale of fee: a removal of at most 8 cubic metres bulky waste

Amount of fee: regular service (you order 2 weeks ahead): € 35 per removal
sprint service: removal next day: € 113 per removal

Total return p.a.: € 2,2 Mio.

(For Hamburg citizens, delivering bulky waste to one of the recycling yards is free.)



Increasing the amount of separated recyclable materials



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- Ordinance for recycling materials (January 2011)
 - Mandatory use of the biowaste and paper bins
 - Yellow bin (packaging only): Opened for metals and plastics (May 2011)
- New structure of fees (January 2011)
 - Reduced fees for biowaste bin by 70 % and reduction of frequency of emptying the grey bins
 - Increased fees for residual waste (volume) and base fee
- New plant for the energetic use of biowaste
- Public relations, advertisement, information, campaigns





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Result scheme of residual waste

2015	Mio. €
return	211
Material costs	1
Costs of treatment	70
Other direct costs	3
Result I	137
Costs of staff	33
Costs of vehicles	11
Others	3
Result II	90
Split of overhead costs	30
Result III (Cross financing)	60

Services which are covered by the fees of residual waste



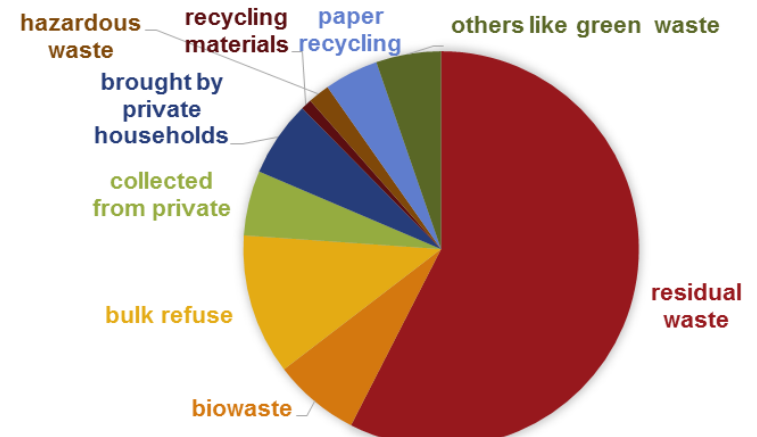
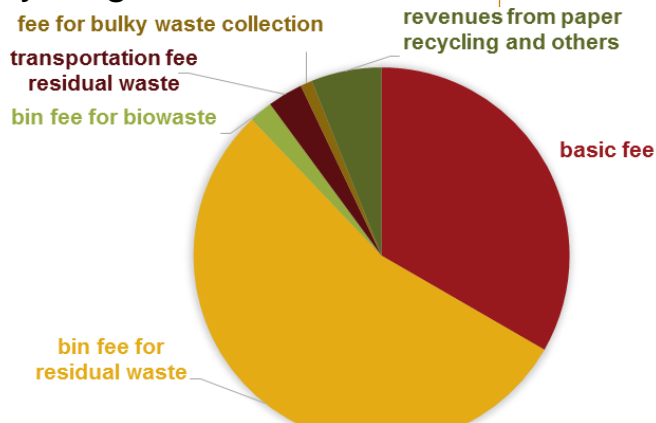
2015	Mio €	Return	Costs	Result
Bulk refuse, collected from private households		2,2	12,9	-10,7
Biological waste		4,4	19,3	-14,9
Bulk refuse, brought by the customer		3,1	16,4	-13,3
Hazardous waste brought by the Customer		0,4	3,5	-3,1
recycling material		0,9	1,3	-0,4
green waste		0,1	5,0	-4,9
paper recycling		7,6	12,4	-4,8
Sum		18,7	70,8	-52,1

Fee and cost structure of domestic refuse



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returns in 2015	percentage	costs in 2015	percentage
basic fee	33%	residual waste	65%
bin fee	56%	Biowaste	8%
for residual waste	54%	bulk refuse	13%
for biowaste	2%	collected from private households	6%
transportation fee	4%	brought by private households	7%
for residual waste	3%	recycling materials	1%
for biowaste	0%	hazardous waste	2%
fee for bulk refuse	1%	paper recycling	5%
revenues from paper recycling and others	6%	others like green waste	6%



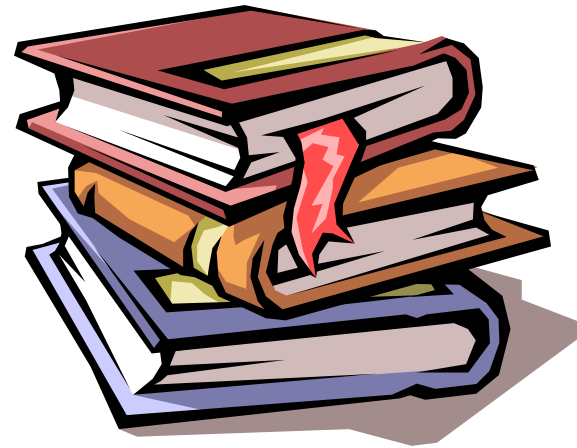


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Legal basics

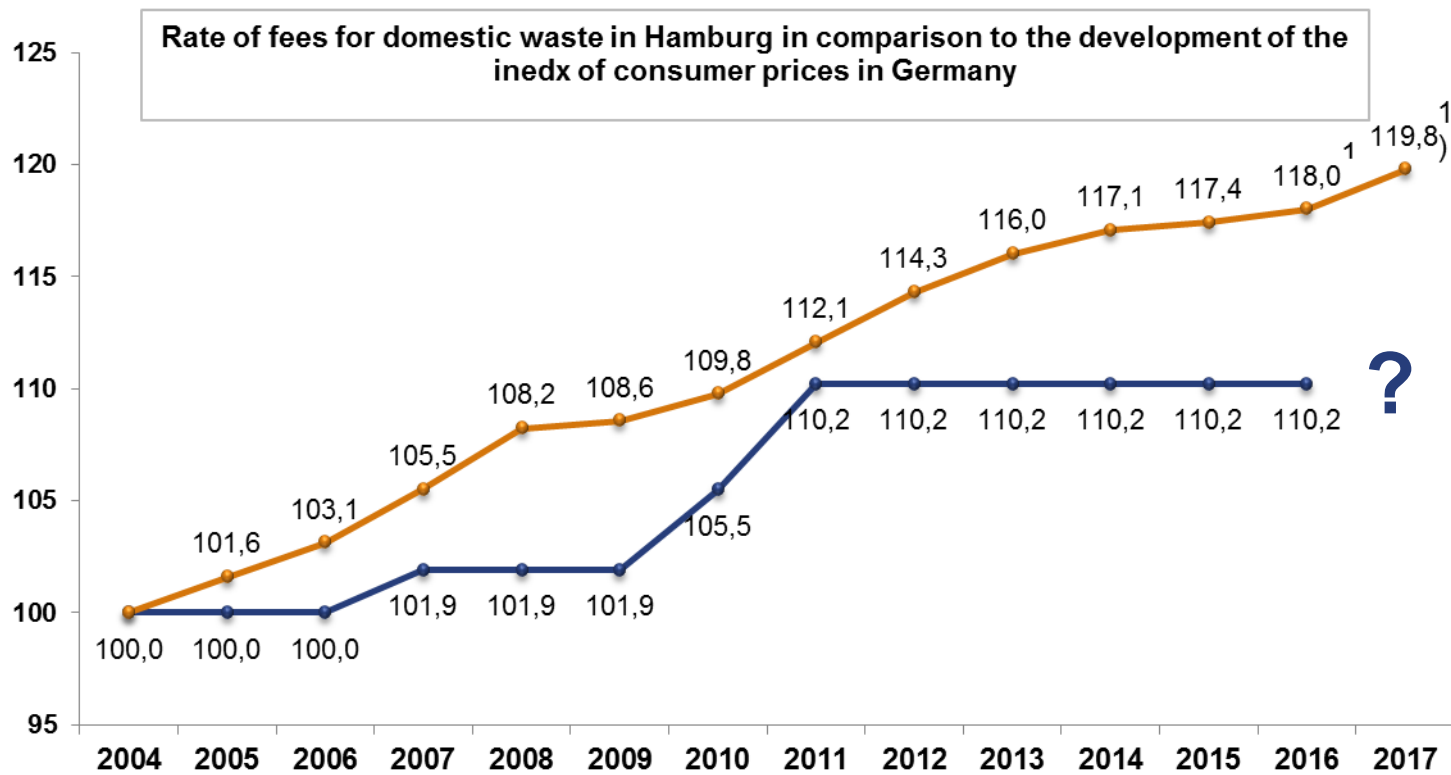
According § 6 of the law of fees of the free and hanseatic City of Hamburg fees shall include all the costs, which can be calculated according to the rules of business management.



The fees shall at least cover the costs.



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1) Prognose Frühjahrsgutachten 2016 (Gemeinschaftsdiagnose der führenden wirtschaftswissenschaftlichen Forschungsinstitute), April 2016

2) Quelle: Berechnung aus Angaben des Statistischen Bundesamts

—●— change in fees

—●— price index



Summary

- SRH is the public authority for collecting waste and cleaning in Hamburg.
- It is mainly financed by fees.
- The fees of residual waste do not only cover the disposal of residual waste but also a number of additional services.
- The law says: fees have at least to cover the costs.
- SRH has established a long term stability of fees for waste disposal in Hamburg.



Transfer

- Status of Financial Needs
- Decision: Who pays?
 - Citizens
 - Government
 - Split
- Fee structure
- Money collection system
 - Independent system
 - With taxes
 - With other fees (like water, telecommunications)