

## **SCHEDULE 23 – OUTLINE SUBSTITUTE WASTE PLAN**

### **Process for Procuring Potential sources of Substitute Waste**

The process for providing Substitute Waste is dependent on the Contract Waste Shortfall and the length of the Shortfall Period. Following the receipt of a Substitute Waste Notice in accordance with Clause 38.7 of the Contract the Contractor will implement a Substitute Waste Plan.

The Substitute Waste Plan will identify the process through which the Contractor or the Operating Sub-Contractor will use reasonable endeavours to source third party commercial waste to make up any Contract Waste Shortfall and will include appropriate sales and marketing strategies for sourcing Substitute Waste. A typical strategy will identify the target market, quantify waste volumes, and provide a high-level marketing programme. The following market sectors may be targeted:

- third party collection operations; and
- private sector businesses.

Once the Substitute Waste Plan has been drawn up it is then agreed with the regional director of the Contractor or the Operating Sub-Contractor who will then pass it to the sales project team of the Operating Sub-Contractor.

## Sales Process

Sales prospects are to be processed sequentially by the development, marketing and bid teams. This is depicted in Figure 1 below.

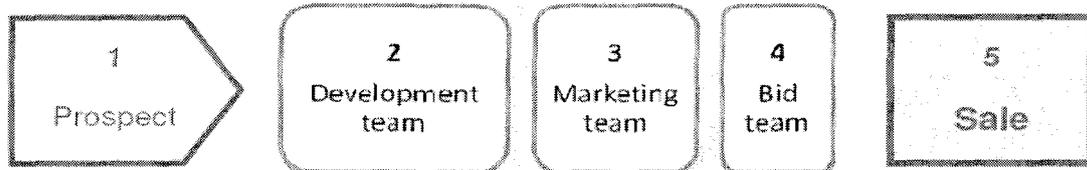


Figure 1 Sales Process

1. Prospects will be allocated by the sales management team.
2. The development manager is to verify the opportunity and highlight any risk of non-attainment.
3. The pricing policy will be agreed and signed off by sales, operations, finance and the contract director.
4. Proposals will be aided by the bid team and prices signed off by operations before submitting.
5. Follow-up will remain the responsibility of the allocated development manager, field sales executives (FSEs) or customer relationship managers (CRMs) (in each case of the Contractor or the Operating Sub-Contractor).

Shortfall Type	Duration	Strategy
Low volume (< 5,000 tpa)	Short-term (< 12 Months)	Low volumes of waste required for short periods of time will be sourced on the spot market. The Substitute Waste Plan will identify and maintain a customer base of third party collection operations in the area. On receipt of a Substitute Waste Notice from the Councils, identifying a short term shortfall for a period of less than 12 Months, the Contractor will implement a short term marketing strategy, attracting volumes of waste from the customer base of third party collection operators in the area on the spot market.
High volume (> 5,000 tpa)	Short-term (< 12 Months)	High volumes of waste required for short periods of time will be sourced on the spot market. On receipt of a Substitute Waste Notice from the Councils identifying a shortfall for a period of less than 12 Months, the Contractor will implement a short term marketing strategy, attracting volumes of waste from the customer base of third party collection operators in the area on the spot market.

<p>Low volume (&lt; 5,000 tpa)</p>	<p>Medium-term (1 – 2 Years)</p>	<p>Low volumes of waste required for medium term periods will be secured through a mix of sourcing third party waste on the spot-market via third party collection operators, in addition to volumes of waste secured through short-term contracts (typically 12 Month rolling contracts) won by the Contractor's or Operating Sub-Contractor's sales project team.</p> <p>This will be expected to be a split of:</p> <ul style="list-style-type: none"> <li>▪ 50% - contracted</li> <li>▪ 50% - spot market</li> </ul>
<p>High volume (&gt; 5,000 tpa)</p>	<p>Medium-term (1 – 2 Years)</p>	<p>High volumes of waste required for medium term periods will be secured through a mix of sourcing third party waste on the spot-market via third party collection operators. This will provide the flexibility to take volumes of Substitute Waste offline on short notice as and when Contract Waste tonnages start to come back in line with the Guaranteed Minimum Tonnage. This will be expected to be a split of:</p> <ul style="list-style-type: none"> <li>▪ 75% - contracted</li> <li>▪ 25% - spot market</li> </ul>
<p>Low volume (&lt; 5,000 tpa)</p>	<p>Long-term (&gt; 2 Years)</p>	<p>If there is a requirement for low volumes of Substitute Waste over a long term period of time, the Contractor (or Operating Sub-Contractor) will implement a sales and marketing plan with a long term view. This will include winning a mix of short term contracts (12 Months) and longer term contracts which would typically be 2 – 3 Years in duration and likely to be for a maximum of 5 Years. This will be expected to be split:</p> <ul style="list-style-type: none"> <li>▪ 25% - long term – 2 – 3 Years</li> <li>▪ 75% short term – 12 Months</li> </ul>

<p>High volume (&gt; 5,000 tpa)</p>	<p>Long-term (&gt; 2 Years)</p>	<p>If there is a requirement for high volumes of Substitute Waste over a long term period of time, the Contractor or Operating Sub-Contractor will implement a sales and marketing plan with a long term view. This will include winning a mix of short term contracts (12 Months) and longer term contracts which would typically be 2 – 3 Years in duration and likely to be for a maximum of 5 Years.</p> <p>This will be expected to be split:</p> <ul style="list-style-type: none"> <li>▪ 75% - long term – 2 – 3 Years</li> <li>▪ 25% short term – 12 Months</li> </ul> <p>If there was a requirement for large volumes over a significant period of time (&gt; 5 Years)</p>
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**Timescales**

The timescales within which Substitute Waste could be brought on stream or taken off line will depend on the scale and expected duration of the Contract Waste Shortfall. Small volumes required for a short term period will be procured on the spot market and could, therefore, be brought on stream or taken off stream at relatively short notice (typically 30 Business Days).

High and low volumes required for a medium or long term period will typically be contracted for over a mix of short and long term contracts typically ranging from 12 Month rolling contracts up to longer term contracts for periods of 2 – 5 Years. These more fixed contracts will take longer to bring on stream and will typically involve tendering for specific work. This is likely to create a lead in time of around 6 Months.