Principles of costing

Polluter Pays Principle
- Health-care establishment pays for the safe disposal of the waste it generates

Minimization, segregation and recycling of waste

Appropriate sizing of the waste management system

Anticipate future trends
Internal and external costs

**Internal Costs**
Segregation, packaging, on-site handling and treatment: costs of supplies and labour.

**External Costs**
Off-site transport and treatment, final disposal: paid to contractors who provide the service.
Total costs of a waste management system

- **Initial capital investments**
  purchase of equipment

- **Amortization of plant and equipment**
  over life time of equipment

- **Operating costs**
  costs of labour and consumables

- **Contractual costs**
  for external services, e.g. transportation, final disposal
Methods of financing

Public funding of investments
  Compulsory use of public facilities

Private funding of investments
  Choice of private facilities and services

Funding of investments by the health-care establishment
  Use of on-site treatment facility

Funding of investments by several health-care establishments
  Cooperation between establishments to use common facility
Use of private services

**Advantages:**
- Inability of health-care establishments to raise needed capital
- Expected greater efficiency than public facilities
- Transfer of risk for operation

**Disadvantages:**
- Potential loss of control by the public agency
- May result in minimum level of services provided
- Regular inspection and regulatory control required
Contractual arrangements

Any agreement with private companies should include the following points:

• Prescribe minimal levels of service
  (reliability, safety, public health risks, expansion)
• Method of dealing with cost increases
  (inflation etc.)
• Environmental concerns
• Transfer of ownership
• Quality and regulatory control
Cost reduction check list

• **On-site waste management practices**
  ‣ Waste segregation, minimization and recycling
• **Purchasing policy and stock management**
• **Comprehensive planning**
  ‣ Develop and implement waste management strategy
  ‣ Consider regional cooperation
• **Cost accounting and control**
• **Choose adequate methods and technologies**
• **Training of personnel for efficient and safe implementation**