

## **CT7093 RECEIPT OF RECYCLING PROCESSING SERVICES**

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Report Author: Executive Officer - Resource Recovery  
Responsible Officer: Director Planning & Sustainable Futures  
Ward(s) affected: (All Wards);

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*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### **CONFIDENTIALITY**

Confidential information is contained in the attachments to this report. This information relates to contractual matters and contains commercially sensitive information including, but not limited to, the name of tendering parties, the evaluation panel members, the tendered prices and the evaluation of the tenders received against the published evaluation criteria.

Any disclosure of the information included within the confidential report could be prejudicial to the interests of the Council or other parties. Report is confidential in accordance with Section 3(1)(g)(i)(g)(ii) of the *Local Government Act 2020*. This report provides details regarding approval to award a contract that complies with the Section 108 of the *Local Government Act 2020*.

### **SUMMARY**

This report and attachments inform Council on the Tender Process for the CT7093 Receipt of Recyclable Material tender, which closed on 3 February 2023 and seeks approval to award the preferred tenderer as per the recommendations within the confidential evaluation report.

The timing of the report relates to ensuring the transition of services can be appropriately managed which relies on delivery of the Letter of Offer by 23 June 2023. This will ensure all recycling receipt capacity is secured at the receiving facility in time for new contract commencement.

## RECOMMENDATION

*That*

- 1. Council accepts the tender and awards a schedule of rates contract for CT7093 Receiving of Recyclable material to Visy Recycling Pty Ltd for an estimated value of \$18,925,889, (excl. GST) for a ten (10) year term, (five (5) plus five (5) year contract term) subject to the resolution of proposed contract departures and inclusive of all negotiated cost savings, schedule of rates and any provisional items detailed in the Confidential Attachment to this report.**
- 2. The Director Planning and Sustainable Futures be delegated the authority to finalise negotiations and sign the contract documents and future extension options.**
- 3. The confidential attachments to this report remain confidential indefinitely as it relates to matters specified under Section 3(1) (g)(i), (g)(ii) of the Local Government Act 2020.**

## RELATED COUNCIL DECISIONS

There are no related Council decisions to this item.

## DISCUSSION

### *Purpose and Background*

The purpose of this report is to discuss the outcomes of the Tender Evaluation Panel for Council to Award Contract CT7093 Receiving of Recyclables, to commence on 1 October 2023.

Council's current Recycling Receiving contract with Visy Paper Pty Ltd is due to expire on 30 September 2023.

A tender process was undertaken to assist in establishing a new contract for future Recycling Receiving and Processing for the Yarra Ranges community. This contract will align with the State Government's standard materials for recycling in line with Recycling Victoria- A New Economy Policy.

As part of the evaluation process, a cross-organisation Tender Evaluation Panel (TEP) was established to ensure a range of Council's services were considered when evaluating the tenders.

The TEP was established in accordance with Council's Procurement Guidelines and an independent Probity Auditor reviewed and signed off on the process. The TEP

consisted of independent expert probity and procurement consultants, in addition to Council's representatives.

For further information please refer to the attached confidential recommendation and probity reports.

### ***Options considered***

The tender process has been carried out in accordance with Council's Procurement Policy. Options considered are based upon the tenders received. Further information on this process is included within the attached Recommendation report. When establishing the tender specifications, the contract term was considered to ensure best value is provided to community. Innovation and continuous improvement were reviewed as part of the evaluation process with new technologies being proposed within the tenders.

### ***Recommended option and justification***

Following an extensive evaluation process, the evaluation panel were unanimous in the decision as detailed in the Confidential Attachment to this report.

The evaluation panel request Council support the recommendation to award the contract to the preferred tenderer as detailed in the Tender Evaluation report.

## **FINANCIAL ANALYSIS**

To ensure best value for community, the contract has been set for a fixed five-year term with an extension period up to five years, with increments to be determined at the five year mark.

The five-year fixed term allows time for the recycling industry and markets to settle for Council to then undertake an industry review to determine market status before deciding on future receipt options. The extension option of up to five years gives Council flexibility should further stable recycling markets become available.

The contract pricing for receipt of recycling material is based on schedule of rates for the contract term with Indices and Transport rate adjustments, which include Consumer Price Index (CPI).

During the term of this contract the State Government will be introducing a Container Deposit Scheme (CDS). As part of this contract Council and the contractor will agree to a shared income model for material that is claimed through the CDS. Any income received through this process will reduce contract costs.

For further financial information, refer to the confidential Cost Summary document attached.

## **APPLICABLE PLANS AND POLICIES**

This report contributes to the following strategic objective(s) in the Council Plan:

- Protected & Enhanced Natural Environment - A healthier environment for future generations, and
- Develop a Municipal Waste Plan, education programs and pursue innovative waste processing technologies to maximise waste resource recovery for a more sustainable future.

## **RELEVANT LAW**

This report seeks Council approval to award a contract that complies with the Section 108 of the *Local Government Act 2020*.

The works and outcomes associated with this report relate directly to the requirements outlined in the State Governments Recycle Victoria – A New Economy Policy.

The services identified under this tender align with Council’s Draft Community Waste Resource Recovery Plan, 2023 – 2030.

## **SUSTAINABILITY IMPLICATIONS**

### ***Economic Implications***

Economic impacts were considered when developing the specifications and through the evaluation process associated with the inclusion of a shared arrangement associated with the income associated with the CDS.

### ***Social Implications***

Local and social sustainability was considered as part of the evaluation process and was weighted five percent of the overall qualitative evaluation.

### ***Environmental Implications***

Waste Management and Resource Recovery Services are key sustainability functions. The contract specifications and contract obligations are in place to ensure services are provided to maximise recovery and reduce reliance on landfill.

## **COMMUNITY ENGAGEMENT**

No specific community engagement has occurred directly associated with this confidential tender process. However, there has been extensive community consultation associated with the Draft Community Waste Resource Recovery Plan which relates to this service provision.

There will be future community engagement as part of the extensive education programs and information that will be available to community prior to the transition period as well as following the introduction of the services in October 2023. The contractor is required to assist in auditing materials to support information for targeted education programs.

These programs will assist in ensuring the services are being used correctly to maximise recovery and reduce material going to landfill.

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

Prior to the preparation of the specifications and advertising of this tender extensive consultation occurred with several local governments to determine the viability of establishing a joint procurement process. Due to differing timeframes and priorities, a joint procurement model was deemed not viable however specifications were shared.

Innovation and continuous improvement were reviewed as part of the evaluation process with new technologies proposed within the tenders.

## **RISK ASSESSMENT**

The evaluation criteria were targeted to understand and mitigate Council risk with a focus on strong management structures, processes and systems that support the process.

The receipt of materials from the Street and Park Litterbins form part of this contract to allow for the recovery of recyclables. It has been identified through this process that there is a contamination level limit on material that can be received and sorted at the facility. Based on our knowledge of this material, it will exceed the facilities contamination levels. Once the CDS is introduced, it is anticipated that sporting clubs and residents will utilise the refund system, which will further reduce recyclable material within street, park and sporting club bins.

As a result, this material will be removed from this contract and diverted to landfill under existing separate contract arrangements. Further consideration around the options for litterbins and material will be discussed with Council prior to October 2023 when this change will occur.

## **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

## **ATTACHMENTS TO THE REPORT**

1. Recommendation Report
2. Probity Report
3. Cost summary Document