

8.8 CCL 28/03/2023 - TENDER REPORT – RECYCLABLE WASTE COLLECTION SERVICES AND BIN SUPPLY – CONTRACT 2022/0145T

REPORT BY: WASTE SERVICES
CONTACT: DIRECTOR & INTERIM MANAGER WASTE SERVICES / COMMERCIAL & RECYCLABLES DELIVERY MANAGER

PURPOSE

To accept a new tender for Recyclable Waste Collection Services and Mobile Garbage Bin Supply.

As the value of the contract exceeds \$1 Million, the *Local Government (General) Regulation 2005* (the Regulation) and the Chief Executive Officer's delegation require Council's acceptance of the tender.

REASON FOR CONFIDENTIALITY

The report attachments have been classified confidential in accordance with the provisions of the *Local Government Act 1993* (the Act) as follows:

- Section 10A(2)(d) of the Act provides that Council can close a meeting to consider commercial information of a confidential nature that would if disclosed prejudice the commercial position of the person who supplied it.
- Section 10B(1)(a) and (b) of the Act provides that the discussion of the item in a closed meeting must only:
 - (a) include as much of the discussion as is necessary to preserve the relevant confidentiality, privilege or security; and
 - (b) occur if the Council is satisfied that discussion of the matter in an open meeting would, on balance, be contrary to the public interest.

GROUND FOR CLOSING PART OF THE MEETING

In respect to section 10D(2) of the Act, the grounds on which part of a meeting is to be closed for the discussion of the particular item must be stated in the decision to close that part of the meeting and must be recorded in the minutes of the meeting. Accordingly, an appropriate resolution to proceed is required first.

MOTION TO PROCEED

The discussion of the confidential report take place in a closed session, with the press and public excluded, for the following reasons:

- A The matter relates to tenders for Recyclable Waste Collection Services and Bin Supply for Contract No.: 2022/145T.
- B It is contrary to the public interest to discuss tenders in an open meeting because the information provided to CN by tenderers is provided on the basis that it will be treated as commercial-in-confidence. A practice of disclosing sensitive commercial

information to the public, including competitors, could result in the withholding of such information by tenderers. This would lead to a reduction in the supply of information relevant to Council's decision. A disclosure of confidential information by Council could result in CN being the subject of litigation for breach of confidence.

- C The closed session involves only as much of the discussion as is necessary to preserve the relevant confidentiality, privilege, or security.
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RECOMMENDATION

- 1 Council approves the recommendation as at **Attachment A**.

KEY ISSUES

Tender

- 2 The delivery of collection services for recyclables within the Newcastle Local Government Area (LGA), including the supply of Mobile Garbage Bins (MGB).

Contract Term

- 3 The contract term is for 10 Years, noting the most recent contract was awarded in 2010 to Solo Resource Recovery (Solo).

Advertising of Tenders

- 4 The tender was advertised as follows.

Tenderlink	on 15 September 2022
Newcastle Herald	on 17 September 2022
Sydney Morning Herald	on 20 September 2022.

Tenders Received

- 5 Tenders closed at 2pm on the 29 November 2022. Tender submissions were received from:

- i) Solo Resource Recovery
- ii) Cleanaway Pty Ltd
- iii) Remondis Australia Pty Ltd
- iv) Veolia Environmental Services (Australia) Pty Ltd.

Evaluation Process

- 6 The tenders were assessed against the following criteria:

i) Capability – Collections Contract Experience	10%
ii) Capability - Resources	5%
iii) Methodology – Management Plans	10%
iv) Methodology – Resources	10%
v) Methodology – Innovation & information Management	5%
vi) Methodology – Management Systems	5%
vii) Workplace Health and Safety	10%
viii) Supplier Diversity	5%
ix) Price	40%

- 7 The tenders were assessed by a Tender Assessment Panel consisting of three City of Newcastle (CN) officers - Commercial & Recyclables Delivery Manager, Waste & Commercial Collections Manager, and Post Collection – Client-Side Organics Delivery Manager; under the supervision of an independent probity advisor.

FINANCIAL IMPACT

- 8 The cost of the recommended tender is detailed at **Attachment A** for delivery of collection services and bins.

IMPLICATIONS

Policy Implications

- 9 The contract ensures the continuity of City of Newcastle's recycling services, which were first introduced in 2000. Additionally, the contract will enable the implementation of CN's strategic objective to reduce landfill as per the Council adopted 'Our Sustainable Waste Strategy'. The Council has committed to the construction of an onsite Material Recovery Facility (MRF) at Summerhill to process its recyclables, collected via the Recyclable Waste Collection Services contract. A development application was lodged for the MRF in December 2022. Upon approval CN's intent is to move to immediate construction of the MRF, with funding for construction included in the draft 2023/24 budget.
- 10 The collection of recyclables is contained within the *Sustainable Newcastle* theme of the Newcastle 2040 Community Strategic Plan (CSP) and the Circular Economy Priority to design out waste by establishing resource recovery industries and circular economy precincts that benefit both the LGA and region.
- 11 Relevant to CN's approach to resource recovery is a framework of international, national, and state goals and policies. Relevant strategies and policies include:
- The United Nations' Sustainable Development Goal 12 focuses on substantially reducing waste generation through prevention, reduction, recycling, and reuse.
 - The Department of Climate Change, Energy, the Environment and Water's National Waste Policy and National Waste Policy Action Plan sets targets to average 80% resource recovery rate from all waste streams, supported by the NSW Department of Planning, Industry and Environment's Waste and Sustainable Materials Strategy 2041 which also includes a target of 80% for waste stream recovery rate.
 - The Commonwealth Department of Climate Change, Energy, the Environment and Water's National Plastics Plan which outlines the approach to increasing plastic recycling, supported by the NSW Plastics Action plan.
 - Product Stewardships Act 2011 which refers to the whole of life custodianship of products within the economy.
 - NSW Environment Protection Authority's Circular Economy Policy Statement
 - City of Newcastle's Community Strategic Plan – Theme 2, Sustainable Newcastle, and Priority 2.3, Circular Economy.
 - City of Newcastle's Climate Action Plan which includes a target of Net Zero Emissions by 2030, and a 50% reduction in carbon emissions, including at Summerhill, from operations by 2025.

- City of Newcastle's Economic Development Strategy - Objective 3.5 Circular Economy.

Ecological Sustainability

- 12 The recommended tenderer does not have a specific ESD policy in place. The tenderer is not however involved in any of the prescribed activities such as uranium mining, wood chipping, nuclear energy, or timber harvesting.
- 13 The tenderer has a proven level of management systems in the collections business as well as a commitment to Ecological Sustainability.

IMPLEMENTATION

- 14 Refer to **Attachment A**

CONSULTATION/COMMUNICATION

- 15 CN staff with expertise in waste, finance and contracts management were consulted as well as external technical advisors engaged to ensure the strength of the review of the tenders. Independent legal advice was also provided.
- 16 An external probity advisor was engaged for the tender. Their probity report is included at **Attachment B**.
- 17 The tender process was conducted as follows.
- Tender documents and pricing schedules** were drafted by external technical consultants. External legal advisors selected by the CN Contracts team reviewed and finalised the tender documents.
 - An Evaluation Plan** was prepared by external consultants. This was reviewed by the tender evaluation panel, both scoring and non-scoring advisors as well as probity advisors and the CN Contracts team. The latter provided the final review of the evaluation plan. All tender evaluation panel members signed the evaluation plan, as well as conflict of interest declarations and confidentiality agreements. This plan was approved by the Interim Waste Services Manager and Director.
 - Non price evaluation** was conducted by the tender evaluation panel after reading all tender documents. The Probity Advisor and the CN Contracts team were present at all evaluation meetings.
 - A pricing summary** including conforming and non-conforming submissions was prepared by external consultants and presented to the tender evaluation panel. Conforming price scores were entered into the evaluation matrix and a total score was reviewed by the evaluation panel. The top two scoring tenderers were selected for further evaluation processes.
 - Reference checks** were conducted by CN Waste Services who were scoring members of the tender evaluation panel for the top two scoring tenderers. A standard set of interview questions was prepared, and all interviews were conducted via Microsoft Teams, recorded, and provided to all tender evaluation panel members. The tender evaluation panel reviewed the results from the reference checks and modified where appropriate, the non-price scores for the top two tenderers.

- vi. **Clarifying questions** were developed by the tender evaluation panel and the CN Contracts team requested answers from the top two tenderers. This included a request for additional missed service data from both tenders, information about departures noted by both tenderers and questions regarding staffing reliability.
- vii. The tender evaluation panel **reviewed the responses** to the clarifying questions from the top two tenderers and modified some qualitative scores based on the responses to the clarifying questions. The tender evaluation panel also prepared an evaluation matrix with scores for non-conforming submissions. A final score was agreed by the tender evaluation panel.

BACKGROUND

- 18 The calling of tenders was in accordance with the requirements of section 55 of the Act. The process followed was in accordance with Part 7 of the Regulation. Council is required to accept tenders in accordance with clause 178 of the Regulation (see Options).
- 19 CN first commenced a recyclables collection service in 2000. The contract was most recently awarded to Solo in 2010. The service has never been performed by CN.

OPTIONS

Option 1

- 20 The recommendation as at **Attachment A**. This is the recommended option.

Option 2

- 21 Council defers a decision at this time to allow further consideration of the tenders received. This is not the recommended option.

Option 3

- 22 Council resolves not to accept any tender and invite fresh tenders. This is not the recommended option.

Option 4

- 23 Council resolves not to accept any tender and enter into negotiations with any party with a view to entering a contract. Council must state a reason for this in its resolution. This is not the recommended option.

Option 5

- 24 Council resolves not to accept any tender and not proceed with the contract. Council must state a reason for this in its resolution. This is not the recommended option.

ATTACHMENTS

Attachment A: Tender Evaluation Matrix & Background (Confidential)

Attachment B: External Auditors Report (by Regional Procurement) (Confidential)

(Refer Confidential Council Meeting Agenda 28 March 2023 for Attachments A and B)