

Item 13.**Tender - T-2024-1323 - Comingled Recyclables Processing Service****File No: X112134****Tender No: T-2024-1323****Summary**

This report provides details of the tenders received for Comingled Recyclables Processing Service.

Comingled Recyclables includes items residents can place in their kerbside yellow bin such as household food and cleaning plastic containers, glass bottles and jars, paper products and metal cans. The selected tenderer will provide processing services for residential comingled recycling (yellow-lid bins) and paper and cardboard processing collected from residential recycling drop-off locations and events.

This report requests approval to accept Tenderer A for the Comingled Recyclables Processing Service for an initial period of five years with the option of two extensions, each of two years.

Recommendation

It is resolved that:

- (A) Council accept the tender offer of Tenderer A for Comingled Recyclables Processing Service for the Schedule of Rates outlined in Confidential Attachment B to the subject report and in accordance with the approved annual budget for a period of 5 years, with 2 options of an extension of 2 years each, if appropriate;
- (B) Council note that the total contract sum and contingency for Comingled Recyclables Processing Service is outlined in Confidential Attachment A to the subject report;
- (C) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender; and
- (D) authority be delegated to the Chief Executive Officer to exercise the options referred to in clause (A), if appropriate.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Attachment B. Schedule of Rates (Confidential)

Background

1. The City has committed to ambitious resource recovery targets of 90% waste diverted from landfill by 2030 in its Leave Nothing to Waste Strategy, 2017-2030. To help achieve this, the City procures processing of recyclables (yellow bin) services to achieve recovery of recyclables collected from residents.
2. Following a tender process, on 24 October 2016, Council resolved to reject the tender submissions and delegate authority to the Chief Executive Officer to enter into a contract subject to the conclusion of negotiations. On 6 October 2017, based on the satisfactory outcome of negotiations, the Chief Executive Officer approved entering into a contract with Visy Paper Pty Ltd for the processing of recyclables and commenced on 1 April 2018 for a term of 5 years with an additional 3 one-year terms based on performance. The contract is due to expire on 30 June 2025.
3. The City's waste collection contractor collects approximately 13,000 tonnes of recyclables each year. The recyclables are generated from residential kerbside yellow bins and from City-run recycling events. Recyclable items include:
 - (a) Plastic items such as soft drink bottles, milk bottles, laundry detergent containers, shampoo bottles, yoghurt tubs and fruit punnets
 - (b) Metal container items such as aluminium cans, steel cans, aluminium foil balls and empty aerosol cans
 - (c) Glass bottles and jars
 - (d) Paper products such as newspapers, magazines, letters and envelopes
 - (e) Cardboard products such as egg cartons and pizza boxes.

Invitation to Tender

4. The Request for Tender was released via Tenderlink on 27 November 2024 and closed 10 weeks later on 4 February 2025.
5. The tender was also available on Supply Nation and the NSW Indigenous Chamber of Commerce websites via their member opportunity board.

Tender Submissions

6. Three submissions were received from the following organisations:
 - Cleanaway Pty Ltd (ABN 79 000 164 938)
 - Re.Cycle Operations Pty Ltd trading as Re.Group (ABN 29 656 197 134)
 - Visy Paper Pty Ltd trading as Visy Recycling (ABN 49 984 541 896).
7. No late submissions were received.

Tender Evaluation

8. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
9. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
10. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) company information and alignment to the City's values
 - (b) modern slavery
 - (c) capacity to maximise resource recovery and minimise disposal to landfill
 - (d) proposed facilities, facility locations, technology and methodologies
 - (e) demonstrated and technical ability to carry out the services
 - (f) financial integrity
 - (g) insurances
 - (h) schedule of prices.

Performance Measurement

11. Upon entering into a contract, the City will ensure performance standards are monitored against the following specific key performance indicators:
 - (a) facility operation including operating hours and turnaround times
 - (b) adherence to procedures as detailed in the contract
 - (c) reporting accuracy and timeliness
 - (d) service provider representative availability
 - (e) recovery rates for facilities
 - (f) compliance with Work Health and Safety and laws.

Financial Implications

12. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates.
13. The total contract sum and contingency for Comingled Recyclables Processing Service is detailed in Confidential Attachment A.

Risk

14. The comingled recyclables processing service for City of Sydney residents is provided by an external supplier, traditionally sourced through the City's tender procurement practice. While this approach offers benefits, such as quality industry practice due to market competition, it also presents risks due to a limited market size and limited number of processing facilities.
15. The City of Sydney mitigates these risks through proactive contract management with all impacted services delivery partners, conducting thorough reviews of contract management operational documents, designing contract terms in the procurement stage to align with the City's needs, and ensuring appropriate delivery timelines. Additionally, the City fosters strong, professional relationships with suppliers, enabling open communication to ensure service delivery meets community needs while also driving continuous improvements.
16. This approach is within the City's risk appetite, which states:
 - (a) We identify and evaluate emerging risks to ensure timely and appropriate response.
 - (b) We encourage a culture of responsible risk taking to support innovation, excellence and continuous improvement.
 - (c) We comply with our legal and regulatory requirements.

Relevant Legislation

17. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2021 and the City's Procurement and Contract Management Policy.
18. This tender was for the procurement of "domestic or other waste management services" under Part 7 of the Local Government (General) Regulation 2021. The City was required to take steps to ascertain the details of individual employees currently providing the service and the terms on which they were employed. As the City was not able to obtain this information, the information was not included in the tender proposal documents.
19. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
20. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.

21. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

22. The current contract for Comingled Recyclables Processing Service expires 30 June 2025.
23. The proposed contract is for a period of 5 years (commencing 1 July 2025), with 2 available extension options for 2 years each, if appropriate.
24. It is intended to sign the new agreement with Tenderer A prior to the contract commencement to ensure service delivery.

Options

25. An alternative option is to not proceed with this tender. This option is not recommended because residents expect that their separated recycling is processed correctly and not sent to landfill. Not proceeding would mean kerbside yellow bin recycling would be disrupted by sending the material to landfill, resulting in undesirable environmental outcomes.

Public Consultation

26. No public consultation has been undertaken.

VERONICA LEE

Executive Director City Services

Millie Saddleton, Contract Specialist - City Cleansing and Resource Recovery

Sash Vasilevski, Contracts and Procurement Manager - City Cleansing and Resource Recovery