



REPORT FOR

CONFIDENTIAL SPECIAL MEETING OF COUNCIL

MEETING DATE

31 OCTOBER 2023

RECORD NO:

D23/86895

REPORT OF:

STRATEGY & FINANCE

TITLE:

WASTE PROCESSING CONTRACT - TENDER OUTCOME

1. *That pursuant to Section 90(2) of the Local Government Act 1999, the Special Meeting of Council orders that the public (except staff on duty) be excluded from the meeting to enable discussion on the Waste Processing Contract - Tender Outcome.*
2. *That the Special Meeting of Council is satisfied that pursuant to section 90(3)(b), (d) and (k) of the Local Government Act 1999, the information be received, discussed or considered in relation to this item is:*
 - *information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; AND information the disclosure of which would, on balance, be contrary to the public interest; AND*
 - *commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; AND the disclosure of which would, on balance, be contrary to the public interest; AND*
 - *tenders for the supply of goods, the provision of services or the carrying out of works.*
 - *On the basis that release of this information has the ability to directly impact Council's ability to negotiate the best value for money for the community as well as impact the potential contractors ability to commercially negotiate contracts with third parties while the process is underway.*
3. *In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in the public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances. That the Special Meeting of Council is satisfied that the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter by*

the need to keep the discussion of this matter confidential because early release of this information has the ability to directly impact Council's ability to negotiate the best value for money for the community as well as impact the potential contractors ability to commercially negotiate contracts with third parties while the process is underway.

PURPOSE

To advise Council of the outcomes of the tender assessment in order for Council to consider the tender evaluation of the contract to receive and process Kerbside Collected Residual and Hard Waste from the community.

RECOMMENDATION

That having considered the report entitled "Waste Processing Contract - Tender Outcome" dated 31 October 2023 Council awards the contract for Receipt and Processing of Kerbside Collected Residual and Hard Waste:

- **To Integrated Waste Services for the Landfill portion**
- **To Veolia for the Hard Waste portion**

For an initial period of two (2) years with extension provision of up to four (4) years.

RETENTION OF CONFIDENTIAL DOCUMENTS

1. That having considered the agenda item titled “ WASTE PROCESSING CONTRACT - TENDER OUTCOME” and dated 31 October 2023 in confidence under section 90(2) & (3)(b), (d) and (k) and Section 91(7) of the Local Government Act 1999:
 - information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; AND information the disclosure of which would, on balance, be contrary to the public interest; AND
 - commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; AND the disclosure of which would, on balance, be contrary to the public interest; AND
 - tenders for the supply of goods, the provision of services or the carrying out of works

the Council pursuant to section 91(7) of the Act orders that the report, attachments and minutes relevant to this item be retained in confidence with the exception of those third parties impacted by or involved in negotiations and potential outcomes until:

- the contract is signed by both parties or a decision has been made not to enter into a contract or
 - Council resolves otherwise, whichever occurs first.
2. That Special Meeting of Council gives the power pursuant to Section 91 of the Local Government Act 1999 to the Chief Executive Officer to revoke the order made under Section 91 (7) of the Local Government Act 1999 subject to the Chief Executive Officer consulting with the Mayor and reporting to the Elected Members of the revocation.

1. BACKGROUND

This tender is for the receipt and processing of kerbside collected residual and hard waste and the resulting contract will be an agreement between the City of Tea Tree Gully and the successful tenderer to receive and process materials collected from the kerbside waste collection system. The commencement date is 1 November 2023 and will operate for a period of two years, with extension provisions for up to a further four years. This term will also align with other Council waste service contracts, which conclude in 2025.

The kerbside collection contractor (Solo) is required as a condition of the kerbside collection contract to deliver all residual and hard waste to the successful tenderer for processing.

The specification was structured to enable Council to evaluate and award in two separate contract portions:

- Hard Waste material – 1,500 tonnes per year approximately
- Residual Waste material (red bins) - 18,500 tonnes per year approximately

Tenderers were invited to respond to either or both of the above services.

2. DISCUSSION

Tenders were invited on Tuesday, 3 August 2023 via the SA Tenders and Contracts website. Tenders closed 2pm, Tuesday 19 September 2023. As a result of the advertisement three tenders were received. These included:

Company		Hard Waste material	Residual Waste material (red bins)
1.	Company A	✓	✓
2.	Company B	✓	✓
3.	Company C	✓	-

Technical advisors were engaged for specification, contractual and industry knowledge. Lawyers were engaged to advise regarding contract departure items.

The tender was evaluated in accordance with the procurement policy. For full details of the process see the Delegated Authority Report on the Elected Members portal. It is recommended that the contract be awarded in two portions. A summary of the tender scoring is included in the table below:

For Hard Waste Materials:

Respondent		Score
1.	Company A	246.67
2.	Company B	187.52
3.	Company C (selected)	299.55

For Residual Waste Materials:

Respondent		Score
1.	Company A	227.04
2.	Company B (selected)	274.63

On completion of the evaluation and as a result of comprehensive clarification and negotiation process the panel recommends the submission from IWS be accepted for the Residual Waste portion, and to Veolia for the Hard Waste portion. This recommendation is on the basis of the submission being a comprehensive and value for money offering.

The tendered prices were:

- Residual Waste - gate rate of \$37.52 (ex GST) per tonne plus Solid Waste Levy of \$156 per tonne. Total price of \$193.52 per tonne (ex GST)
- Hard Waste - gate rate of \$178.00 (ex GST) per tonne.
Note: due to the waste to energy method of treatment, the Solid Waste Levy is not applicable

The value-adds that are offered include:

- Voucher option – for residents to take the equivalent of a Hard Waste collection to site.
- One company make available their Education Centre to Tea Tree Gully Council for school and community visits.
- Native plants propagated to be offered for Council’s own programs and residents.
- Location for audits to be undertaken by Council’s chosen audit provider.

While these are likely appealing, each of these will need further assessment as to their viability and benefit to community and council operations.

During the negotiations a number items were sought, including:

- Discounted disposal fee for contaminated soil, clean soil, street sweepings.

- Discounted price for operational needs - for example our field staff and waste collection contractors disposing of dumped material such as mattresses, furniture etc.

3. FINANCIAL

Total expenditure for waste processing in 2022-23 was \$3,665,000. This includes the State Government's Solid Waste Levy which, as of 1 July 2022, was valued at \$149 per tonne.

The 2023/24 Annual Business Plan has budget of \$3,865,000, of which an estimated \$3,120,000 will be State Government's SWL (\$156 per tonne as at 1 July 2023). This contract is inline with budget expectations.

4. STRATEGIC OBJECTIVES

Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Environment	
<i>A community that is protected from public and environmental health risks</i>	The provision of an effective waste disposal system is vital to a healthy community.
<i>Our consumption of natural resources is minimized by reducing, reusing and recycling products and materials, and using renewable resources</i>	This kerbside waste processing contract will assist in reducing the amount of waste going to landfill.

Policies / Strategies

Waste Management Policy - This policy guides the waste management at City of Tea Tree Gully (For review in November 2023).

The Waste and Resource Recovery Strategy 2033 - provides a plan for a future where waste is minimised, materials are reused and recovered, and the negative impacts of waste on the environment and human health are mitigated. (Endorsed 11 July 2023)

5. LEGAL

The tender, contract documentation and process are in accordance with Council's approved Contracts and Tenders Policy and standard conditions.

6. RISK – IDENTIFICATION AND MITIGATION

Risk assessment identified the risks in the table below. These have all been deemed **Low Risk** following pre-treatment.

No.	Risk description:	Activity:	Type of risk:
1	Unplanned processing cost increase over the life of the contract	Contract management	Business impact (financial, operational, legal)
2	Changes in statutory costs or legislation resulting in increased costs to the contractor	Contract management	Business impact (financial, operational, legal)
3	Arrangement with contractor broken due to KPIs not met by contractor	Contract management	Business impact (financial, operational, legal)
4	Total loss of License due to prosecution by EPA	Contract management	Business impact (financial, operational, legal)
5	Illegal or unauthorised disposal of residual waste	Contract management	Business impact (financial, operational, legal)
6	Total loss of service due to major equipment failure	Contract management	Business impact (financial, operational, legal)
7	Inability to negotiate a contract with a company in a monopoly situation	Tender process	Corporate governance
8	Injury to Council employees, contractor's employees or members of the public.	Contract management	People, health and safety
9	Total loss of service due to contractor becoming insolvent.	Contract management	Business impact (financial, operational, legal)
10	Industrial action by contractor's employees.	Contract management	People, health and safety
11	Challenge to Council's tender process	Tender process	Reputation and image
12	Tenderers perceive collusion between Council and individual tenderer.	Tender process	Reputation and image

7. ACCESS AND INCLUSION

This report and its content do not have direct implications for access and inclusion.

8. SOCIAL AND COMMUNITY IMPACT

This report and its content do not have direct implications for social or community matters.

9. ENVIRONMENTAL

The contract will meet environmental requirements as the suppliers are EPA licensed.

10. ASSETS

This report and its content do not have direct implications for assets.

11. PEOPLE AND WORK PLANS

The awarding of the contract will be a continuation of services already managed by staff.

12. COMMUNITY AND STAKEHOLDER ENGAGEMENT

This report and its content do not have requirement for community or stakeholder engagement. However, waste education activities will engage our community to better understand and improve waste minimisation.

13. COMMUNICATIONS OF COUNCIL DECISION

Promotion of the awarding of this contract will not be necessary.

14. INTERNAL REPORT CONSULTATION

The following staff have been included in the consultation process in the preparation of this Report.

Name	Position	Consulted about
Stuart Simpson	Team Leader Financial Accounting	Financials
Emma McWhirter	Senior Contracts Officer	Contractual and evaluation matters
Deana Taglierini	Coordinator Governance	Confidentiality provisions

Attachments

N/A

Report Authorisers

Jon Herd Environmental Sustainability Coordinator	8397 7232
Ingrid Wilkshire Manager City Strategy	8397 7292
Justin Robbins General Manager Strategy & Finance	8397 7444