



**11.1** **OUTLINE METROPOLITAN WASTE AND RESOURCE RECOVERY GROUP COLLECTIVE PROCUREMENT OF RESIDUAL WASTE DISPOSAL SERVICES FOR METROPOLITAN COUNCILS**

**EXECUTIVE MEMBER:** **FIONA BLAIR, GENERAL MANAGER, INFRASTRUCTURE AND AMENITY**

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**1. PURPOSE**

- 1.1 For Council to endorse Council's participation in the Collective procurement process for residual waste disposal services (landfill and alternate waste solutions).

**2. EXECUTIVE SUMMARY**

- 2.1 The current Metropolitan Waste and Resource Recovery Group (MWRRG) landfill contracts are utilised by twenty-six of the thirty-one metropolitan Councils for the disposal of municipal waste across four landfill sites. The current contract expires in March 2021. The landfill contracts provide for the disposal of household waste that cannot be recovered or reused through other means.
- 2.2 The Metropolitan Waste and Resource Recovery Group is seeking to enter into a new memorandum of understanding (MOU), as per previous joint collaborative procurement processes with Councils for a landfill disposal contract.
- 2.3 The process will facilitate collaborative procurement for landfill to achieve best value, reduce tendering and contract management costs for participating local governments, encourage landfill operators to adopt best practice to minimise the impact on amenity and the environment and enable the appointment of more than one provider to offer local government security and flexibility into the future for the processing of waste.
- 2.4 MWRRG will facilitate a public tender process for the landfill contract in September 2019 with the intention of appointing successful providers in March 2020, twelve months prior to the existing contracts expiring. This will provide Councils with twelve months' notice to assist with the preparation of budgets.
- 2.5 MWRRG will ensure that the specifications for residual waste disposal services do not impact on the ability of participating Council to transition to an alternative means of managing residual waste in the future.
- 2.6 The tender submissions that are based on an alternative forms of waste disposal or treatment that meet the specification will not be excluded as part of this procurement.
- 2.7 The new contract will ensure that Councils have access to landfill services until alternative waste technology and infrastructure is available.



### 3. RECOMMENDATION

That Council:

- 3.1 Resolves to enter a memorandum of understanding (MOU) with the Metropolitan Waste and Resource Recovery Group, for the procurement of landfill facilities and alternative waste treatment solutions.
- 3.2 Notes that the contract will commence in 1 April 2021 for four years plus two-year options.
- 3.3 Notes that a report will be presented to Council in March 2020 for Council to endorse the contract.

### 4. KEY POINTS/ISSUES

- 4.1 The City of Port Phillip is committed maximising diversion from of residual waste from to landfill. This is articulated as a key transformation in Council's Don't Waste it strategy. The target for diversion is 85 per cent by the year 2025. The strategy provides a multifaceted action plan to achieve this target and to achieve targets above 45% new advanced technologies will be needed. The current diversion rate from landfill is 33 per cent.
- 4.2 Council's ongoing community waste education programs encourage behavioural change with the intent to further increase diversion of waste from landfill. Food waste, plastics and paper account for 60 per cent of all waste which ends up as landfill from Metropolitan Melbourne households. Many of these items could be reused or recycled.  
  
From audits conducted annually we believe the community could remove and additional 15 per cent of recyclable material from our current generated waste stream. Achieving behavioural change is important considering that our City's population is projected to increase by 23 per cent by the year 2027.
- 4.3 The City of Port Phillip has a number of contracts in place to manage all the various waste streams. (Refer attachment one – Waste Service Contracts Summary) This contract is for the residual waste services disposal and alternative waste processing. Council disposes of approximately 28,000 tonnes of waste per annum.
- 4.4 The current hard waste and dumped rubbish service is achieving a recycling rate of 70% on the 2,274 tonnes collected annually. This compare favourably to the Melbourne metropolitan average of 12 per cent.
- 4.5 The retendering of waste disposal and alternative solutions is the first step towards zero waste to landfill as stated in Councils Don't Waste It Strategy 2018-28. Council is committed to exploring opportunities such as advanced waste treatment as part of the circular economy to ensure that we can recover and reuse as much of our waste as possible, and get the most value from our waste.
- 4.6 The retendering of landfill contracts is identified as a priority task in the MWRRG 2017-20 business plan. The procurement will be structured to compliment the objectives of the plan which aims to reduce the amount of waste sent to landfill and increase organic waste recovery. This aligns with Council's Don't Waste It Strategy.



- 4.7 The collaborative procurement process for landfill services is intended to achieve best value, reduce tendering and contract management costs for local governments, encourage landfill operators to adopt best practice to minimise the impact of amenity and the environment and enable the appointment of more than one provider to ensure that participating local governments have security and flexibility into the future for processing of waste.
- 4.8 The procurement process will be conducted in accordance with MWRRG procurement procedures manual as prescribed by the Victorian State Government.
- 4.9 The first stage of the procurement process involved consultation with current landfill operators and participating Councils to gain an understanding of future requirements for waste disposal and processing.
- 4.10 The collaborative procurement process will be structured to:
- Provide a bridging period for the disposal of waste until alternative waste infrastructure is available;
  - Enable the appointment of more than one landfill provider.
  - Ensure consistency across the metropolitan area.
  - Integrate with other household waste services.
  - Achieve a robust tender model based on best value, pricing transparency, appropriate risk allocation, flexible contract terms and reduce tender costs.
  - Ensure workable contingency arrangements.
  - Ensure that if tonnage bands decrease (i.e. due to advances in waste reduction programs such as FOGO, better recycling at the source, access to Advanced Waste Treatment) Councils will not be penalised e.g. will not be locked into a maximum tonnage.
  - Encourage Councils, collection companies and landfill operators to work to the same standard.
- 4.11 The procurement will be structured to compliment other MWRRG initiatives involving the procurement of alternative waste infrastructure and recycling services.
- 4.12 MWRRG is currently working with clusters of councils to develop business cases to realise the opportunities through advanced waste treatments. The cluster made up of Councils in the South-East, will be tendering in May/June of this year. The North-West cluster, of which the City of Port Phillip has the option be a participant, is still in the strategic assessment phase. Council will have two opportunities to participate in the process 1; after the strategic assessment phase (mid 2019) and 2; at the business case stage (end 2019). It's likely that these dates will be extended due to resources at the MWRRG that have been reallocated to deal with the current recycling crisis.
- 4.13 MWRRG will ensure that the specifications for residual waste disposal services does not impact on the ability of a participating Council to transition to an alternative means of managing residual waste in the future that improve recovery and diversion possibilities.
- 4.14 As an Advanced Waste Processing (AWP) facility in the south-east may be commissioned prior to 2025, and the rate of filling of some landfill facilities is uncertain, it is proposed that the initial contract period for the residual waste services contract will



be four years. If there is a delay in the provision of AWP infrastructure for Councils, City of Port Phillip may want to extend the landfill contract, Councils will have the ability to exercise further two-year options.

## 5. CONSULTATION AND STAKEHOLDERS

5.1 Consultation with participating Councils commenced in late 2018, to develop and understand the needs of Councils to manage waste into the future. All participating Councils agreed that alternative waste solutions are a major priority. Other feedback provided that will now be included in the specifications include:

- Access to landfill sites 365 days per year
- Penalties for non-compliance
- Priority access for guaranteed councils if future capacity is constrained
- Continuous improvement clause for operational performance
- Procedures for advising of a landfill closure
- The ability to respond to legislative change

5.2 Stakeholder (community and business) were also included as part of the development and approval of Council's waste strategy "Don't Waste It 2018-2018".

## 6. LEGAL AND RISK IMPLICATIONS

6.1 There are no foreseen legal or risk management implications. The probity plan for procurement will be consistent with guidelines provided by the Victorian State Government.

## 7. FINANCIAL IMPACT

7.1 Should there be an increase in the landfill tipping service fees it will be considered as part of the 2020/21 budget process. The current annual budget for landfill is \$3,300,000.00

7.2 The cost for the new landfill or alternative waste treatment will be known at the completion of the tender process and will be provided to Council in 2020 in a report to award the contract to the successful tender/s.

## 8. ENVIRONMENTAL IMPACT

8.1 The City of Port Phillip currently sends 28,000 tonnes of waste annually to landfill, the carbon impact of this is 9,550 tonnes per year.

## 9. COMMUNITY IMPACT

9.1 The procurement will allow for a short-term process (four years) to provide the community with a means to dispose of household waste until an alternative solution to process waste are available.

## 10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 The recommendation aligns with Council's strategic direction 3, *We have smart solutions for a sustainable future: Don't Waste It Strategy 2018-2028*.



## ORDINARY MEETING OF COUNCIL 3 APRIL 2019

### 11. IMPLEMENTATION STRATEGY

#### 11.1 TIMELINE

- 11.1.1 Council report the 3 April 2019 to endorse City of Port Phillip's participation in the collaborative procurement process.
- 11.1.2 MWRRG tender advertising Sept-Dec 2019.
- 11.1.3 Tender evaluation Feb 2020 and Council report March 2020.
- 11.1.4 Preferred tender documentation execution April 2020.
- 11.1.5 Contract commences 1 April 2021.

#### 11.2 COMMUNICATION

- 11.2.1 Consultation is being undertaken with 26 participating Councils during the joint procurement process.
- 11.2.2 There will be no interruption to service delivery during the procurement process.

### 12. OFFICER DIRECT OR INDIRECT INTEREST

- 12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

**TRIM FILE NO:** 92/04/04

**ATTACHMENTS** 1. Waste Management Services Contracts 2018