

#### **4.1 METROPOLITAN WASTE AND RESOURCE RECOVERY GROUP (MWRRG) COLLECTIVE RESIDUAL WASTE DISPOSAL SERVICES CONTRACT (SH ENV 17)**

Responsible Director: Ossie Martinz

##### **EXECUTIVE SUMMARY**

###### ***PURPOSE***

This report seeks approval to participate in collaborative procurement process for the provision of Residual Waste Disposal Services to be conducted by MWRRG on behalf of metropolitan councils. The existing MWRRG contracts for Landfill Services concludes on 31 March 2021.

###### ***KEY CONSIDERATIONS / ISSUES:***

- Council currently disposes of its putrescible kerbside waste at the City of Wyndham Landfill in Werribee
- This arrangement is under a MWRRG collective contract which concludes on 31 March 2021.
- Council needs to enter into a new contract arrangement beyond 1 April 2021 to secure landfill disposal for its kerbside garbage collection (red bin).
- Council will be able to migrate into a new contract for advanced waste processing (waste to energy) at some stage during the course of this contract. Likely about 2025.
- It is considered the best option for Monash to join a MWRRG collective procurement contract for such services.

###### ***FINANCIAL IMPLICATIONS:***

Council's budget for residual waste disposal for the year 2018/19 is \$3,194,079. There are no direct financial implications from this report for 2019/20.

###### ***CONCLUSION***

That Council advises MWRRG that it wishes to participate in a collective procurement contract for the provision of Residual Waste Disposal Services for a four-year term commencing on 1 April 2021 and authorises the CEO to execute a Memorandum of Understanding with MWRRG.

#### 4.1 METROPOLITAN WASTE AND RESOURCE RECOVERY GROUP (MWRRG) COLLECTIVE RESIDUAL WASTE DISPOSAL SERVICES CONTRACT (SH ENV 17)

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##### **RECOMMENDATION**

*That Council:*

1. *Advises MWRRG that it wishes to participate in a collective procurement contract for the provision of Residual Waste Disposal Services for a four-year term commencing on 1 April 2021 with options to extend the contract for two periods of up to two years subject to ACCC approval.*
2. *Authorises the CEO to execute a Memorandum of Understanding with MWRRG for the procurement of residual waste disposal services for the period commencing 1 April 2021.*
3. *That a further report be presented detailing the outcome of the tender process and seeking approval to enter into a contract for the provision of Residual Waste Disposal Services.*
4. *Notes that Monash is involved in early discussions about a joint procurement of an advanced waste processing facility and a further report will be provided as the discussion progresses.*

##### **INTRODUCTION**

Council currently disposes of its putrescible kerbside waste at Wyndham Landfill in Werribee but has options to dispose at MRL in Deer Park, Suez in Hallam or Hanson's in Wollert after entering into contracts through the MWRRG and the landfill operators.

This arrangement is under a MWRRG collective contract which concludes on 31 March 2021. Council needs to enter into a new contract arrangement beyond 1 April 2021 to secure landfill disposal for its kerbside garbage collection. Council will be able to migrate into a new contract for alternate waste treatment (Waste to Energy) at some stage during the course of this contract. Likely about 2025.

It is considered the best option for Monash is to join a MWRRG collective procurement contract rather than run its own tender for such services. The collective bargaining power of combined Councils along with the resources of the MWRRG in managing the contract support this action.

##### **BACKGROUND**

###### **The MWRRG Contract**

The MWRRG procurement will be structured to complement other MWRRG initiatives including the procurement of Alternative Waste Processing and Recycling Services.

The *Environment Protection Act 1970*, formalises MWRRG's role in collective procurement to:

- Facilitate waste and resource recovery infrastructure and services by councils;

- Facilitate the development of joint procurement contracts for waste and resource recovery facilities and services; and
- Manage contracts in the performance of their objectives and functions.

MWRRG will work with councils to facilitate collaborative procurement of residual waste disposal services to provide benefits that include:

- Reduced tendering and contract management costs for local government
- Encourage tenderers to adopt best practice to minimise the impacts on local amenity and the environment
- Enable the appointment of more than one provider
- Ensure consistency across the metropolitan area
- Integrate with other household waste services
- Ensure workable contingency arrangements.

This project will be resourced by MWRRG using the support of municipalities and external legal, technical, probity, planning and financial advisors.

MWRRG project officers will manage the project and provide support to councils during key activities identified in this project.

Legislative provisions dictate that local governments have sole discretion over their participation in collective procurements facilitated by MWRRG.

Participating councils will have the opportunity to enter into a contract with one or more service providers on either a guaranteed or non guaranteed supply basis and will be encouraged to enter into arrangements with more than one supplier.

The contract will be structured so that a council wishing to terminate a guaranteed arrangement with a provider will be required to provide 12 months' notice or pay a penalty in lieu of notice.

MWRRG will administer the contracts on behalf of councils in line with Participation Agreements, Direct Deeds and a Service Deeds.

### **Transfer**

Several councils have indicated that they wish to seek prices to access a waste transfer facility as part of the residual waste disposal services contract as an alternative to direct hauling to a disposal facility. Other councils have indicated a preference to continue direct hauling. Monash is considering its options and will include options in the upcoming waste collection contract due in April 2020.

MWRRG will determine which councils wish to seek a price for transfer arrangements and clarify transfer requirements.

**Pre-Sort**

A number of councils have expressed an interest in using the residual waste services contract to encourage landfill operators to put in place infrastructure to recover material from the municipal waste stream.

The residual waste services contract will be structured to enable landfill operators to submit indicative timelines for the implementation of a pre-sort facility and pricing to recover materials from the municipal waste stream.

**Contract Term**

It is anticipated that councils will continue to rely on some form of landfilling in the future, however as councils' transition to alternative waste technology for the treatment of residual waste, the volume of material sent to landfill may at some time in the future reduce significantly.

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 MSW at some time in the future. It is likely that Monash will be asked to sign an expression of interest MOU early 2019 in order to continue to participate in the Advanced Waste Processing (waste to energy) procurement process. Monash signed an MOU in 2018 to be part of the business case.

As an Advanced Waste Processing facility in the south east may be commissioned prior to 2025 and the rate of filling of some landfill 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 or councils wish to extend the landfill contract, councils will have the ability to exercise two further options of up to two years. Decisions to exercise the options or commence a new procurement will be made in 2023 and 2025.

**Tender Evaluation**

As this is a panel contract whereby multiple service providers will most likely be appointed the evaluation will consist of a summary report that assess tenders against for compliance with the contract specification.

A report summarising the tender responses will be made available to participating councils so that they can determine which contractor(s) they wish to engage. At the conclusion of the tender process MWRRG will prepare a tender evaluation report for all participating councils.

**ACCC Application**

Prior to the procurement process MWRRG will seek authorisation from the Australian Competition Consumer Commission (ACCC) for the joint procurement of waste management services. ACCC authorisation ensures that councils are not exposed to certain legal risks under the *Competition and Consumer Act 2010* (CCA), which prohibits certain agreements between parties who are competitive for the acquisition of a service. Authorisation will allow MWRRG, tenderers and councils greater flexibility to structure and administer the Residual Waste

Disposal Services contracts in the optimal way without creating unnecessary legal risks or uncertainty.

### **Memorandum of Understanding**

MWRRG has commenced a process to appoint consultants to develop contract documents and agreements for this procurement. Participating councils will be required to execute a Memorandum of Understanding with MWRRG prior to the procurement process.

### ***SOCIAL IMPLICATIONS***

The provision of landfill sites will enable Council to continue to provide the essential waste collection and disposal services for the community.

### ***POLICY IMPACTS***

The provision of landfill services supports the following Council Objective:

A Liveable and Sustainable City – Delivering responsible and sustainable waste management services

It also aligns with the Waste Management Strategy 2017 for the provision of kerbside waste collection services. Action - The Waste Management Strategy aims to reduce waste sent to landfill to minimise the costs of waste disposal to the community.

### ***FINANCIAL IMPLICATIONS***

Council's budget for residual waste disposal for the year 2018/19 is \$3,194,079. There are no direct financial implications from this report for 2019/20. It is considered that participation in this collective procurement process will deliver Monash the best value for money landfill options.

### ***CONCLUSION***

That Council advises MWRRG that it wishes to participate in a collective procurement contract for the provision of Residual Waste Disposal Services for a four-year term commencing on 1 April 2021 and authorises the CEO to execute a Memorandum of Understanding with MWRRG.