Item 7.

Tender and Contract Variation - T-2026-1749 - Resource Recovery Services for City Properties

File No: X130901

Tender No: T-2026-1749

Summary

This report provides details of the tenders received for Resource Recovery Services for City Properties. This report also seeks approval to increase the value of the City's current resource recovery contract so that essential services continue until the new contract commences.

Resource recovery services are required for 75 buildings within the City's property portfolio comprising commercial tenanted buildings, community facilities, aquatic centres, sporting facilities, libraries, childcare centres, town halls and operational depots. This portfolio may change during the contract term as properties are added, removed or their service requirements change.

This service is separate to residential waste services, recycling stations in our community venues and Recycle It Saturday events. Residential and commercial waste costs must be kept separate as residential waste is subsidised by the Domestic Waste Services Charge.

Council has adopted ambitious operational waste related targets which are tracked and reported on annually.

Tender

Tendered services will be provided for an initial period of 3 years, with 2 optional extensions of 2 years each, subject to satisfactory performance. Services will be paid under the tendered Schedule of Rates, using forecast collection and processing quantities for evaluation and budgeting. Actual expenditure will depend on services ordered and delivered during the contract term.

Current contract price variation

This report seeks approval to increase the value of the current contract for resource recovery services until the new contract is in place. The increase is required because actual and forecast expenditure exceeds the currently approved contract value, and additional authority is required to maintain uninterrupted collection and processing services through to 10 February 2027.

This report recommends that Council accept the tender offer of Tenderer G for Resource Recovery services for City Properties. The report also recommends Council approve a contract variation to increase the value of the current contract, as outlined in Confidential Attachment A, to ensure the continuity of waste collection and processing services for City properties.

Recommendation

It is resolved that:

(A) Council accept the tender offer of Tenderer G for Resource Recovery Services for City Properties for the price and contingency outlined in Confidential Attachment A to the subject report for a period of 3 years, with the option of 2 extensions of 2 years each if appropriate, and in accordance with the Schedule of Rates at Attachment B to the subject report

(B) Council note that the total contract value and contingency for Resource Recovery Services for City Properties are 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

(D) Council approve the contract variation to the current contract for Resource Recovery Management Services for City owned properties, as outlined in Confidential Attachment A to the subject report, to ensure the continuity of waste collection and processing services for City properties

(E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contract variation

(F) Council approve the additional contract funds sought from the operational budget as outlined in Confidential Attachment A to the subject report.

Attachments

Attachment A. Tender evaluation summary and financial implications (Confidential)

Attachment B. Schedule of rates (confidential)

Background

1. The City manages residential waste collection and waste processing services to 126,000 households. Under the Local Government Act 1993, the City is required to recover all costs for residential waste collection and processing through the Domestic Waste Charge from residents through the rates system. Separate to these services, the City is responsible for managing waste and resource recovery across its own property portfolio, including commercial buildings, community facilities, aquatic centres, sporting facilities, libraries, childcare centres, town halls and operational depots.

2. These facilities have unique operational requirements, waste streams and servicing needs that differ from residential waste services. In addition, the City must keep the costs for residential waste collection and processing separate to all other waste streams, to ensure the domestic waste charge only reflects the costs of the domestic waste service. As a result, a separate contract is required to ensure waste and resource recovery services are tailored to the needs of the City's diverse property portfolio and delivered efficiently across all sites.

3. There are currently 75 sites within the City's property portfolio to be serviced under the same contract. The number of properties will fluctuate throughout the contract period through business-as-usual property portfolio changes.

4. In accordance with the Council resolution of 25 August 2025, a high level assessment against the Sourcing Framework Principles found that the contract did not satisfy the required criteria to progress to Stage 2 of the sourcing framework. The recommendation is to continue outsourcing both collections and processing of waste from City owned and managed properties to a single supplier.

5. Tenderers were required to demonstrate sufficient capacity, fleet, plant, personnel, systems and processing arrangements to provide services to a broad portfolio and to a standard that supports the City's sustainability targets. Additionally, tenderers were expected to demonstrate a commitment to innovation and operational agility in a continually changing industry.

6. Tenderers were advised they will deliver comprehensive resource recovery services for City properties, focusing on operational excellence and the achievement of operational sustainability targets. At a minimum, the following core services will be collected and processed:

    - General waste
    - Paper / cardboard
    - Commingled recycling
    - Food organics
    - Garden organics
    - Bulky waste
    - Metal

- Batteries
- Fluorescent lights.

7. Under the current contract, the City became the first local government in Australia to achieve the Good Environmental Choice Australia (GECA) Waste Collection Service Standard accreditation for waste services across its own operational and community facilities. To ensure these best-practice environmental and data integrity standards continue to be achieved, the tender required the successful contractor to maintain this accreditation or obtain and maintain GECA certification within 18 months of contract commencement.

8. Tenderers were required to demonstrate a resource management approach that supports the City's waste targets for our properties, which are:

    - 90% diversion from landfill with 50% source separated recycling from our managed properties by 2030, and 60% source separated recycling from our managed properties by 2035
    - 20% reduction in total waste generated from our managed properties by 2030 increasing to a 25% reduction by 2035 (against a June 2019 baseline)

9. Delivery is supported by a resource management improvement program, transparent material-pathway reporting and service optimisation over the contract term.

10. The current contract for Resource Recovery Management Services for City Properties had an initial 3-year term with 2 extensions of 2 years each and will expire 10 February 2027, with no further options for extension.

11. Since commencement, the contract scope has expanded to include additional City facilities and enhanced waste services for tenants and building users. As a result, the remaining contingency is insufficient to meet operational requirements. Confidential Attachment A outlines the required increase to the current contract sum to ensure service continuity and support the transition to the new contract.

12. Based on the forecast operating expenditure, the approved contract value for the current contract will not be sufficient to maintain services until the contract term end date of 10 February 2027.

Invitation to tender

13. The Tender was advertised through Tenderlink for a total of 5 weeks, from 25 June 2026 to 3 August 2026.

14. The Request for Tender was also available on the Supply Nation and NSW Indigenous Chamber of Commerce (NSW ICC) websites via their member opportunity boards.

Tender submissions

15. Five submissions were received from the following organisations:

    - BINGO Commercial Pty Ltd (ABN 89 163 883 421)

- Faralga Pty Ltd (ABN 60 126 816 939)
- New Start Australia Pty Ltd (ABN 82 153 382 533)
- Sydney Waste Pty Ltd (ABN 15 084 444 342)
- Veolia Environmental Services (Australia) Pty Ltd (ABN 20 051 316 584)

16. No late submissions were received.

Tender evaluation

17. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.

18. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.

19. All submissions were assessed in accordance with the approved evaluation criteria being:

Evaluation criteria	**Evaluation weightings**
Demonstrated capacity and resources including the ability to scale operations to meet service demand, fleet, plant and equipment resources and resource allocation.	15%
Relevant experience and capability including details on comparable commercial waste collection contracts, references and personnel expertise.	10%
Heavy Vehicles Chain of Responsibility (HVNL) and WHS compliance including licence and registration details, risk assessments and safety management systems.	5%
Service Delivery Methodology and Innovation including demonstrating how services will be provided efficiently, commitment to circular economy and sustainable resource recovery and contingency plans to manage any issues that arise.	20%
Social Procurement, Environment, Sustainability and Modern Slavery details including waste minimisation and diversion from landfill strategies, programs that display good corporate citizenship and commitment to engaging Aboriginal and Torres Strait Islander people.	10%
Compliance with the relevant local and state Legislation and Standards	Mandatory
Financial and commercial trading integrity including insurances	Mandatory

Evaluation criteria	Evaluation weightings
Material acceptance of the City's standard form contract	Mandatory
Pricing under a schedule of rates	40%

Performance measurement

20. The City will ensure that performance standards are monitored throughout the contract by assessing the delivery of the following:

    (a) Core collection services - scheduled collection services delivered as per agreed schedule and in accordance with the City's Managing waste in public places – local approvals policy.

    (b) New sites and services - efficient accommodation of services for new sites and any service changes.

    (c) Service efficiency - contribute recommendations for service efficiencies and value add service opportunities.

    (d) Customer service - the service provider will be the primary point of contact for customer enquiries, complaints and must ensure prompt rectification of services as needed.

    (e) Reporting - compliance with the format required to integrate with the City's existing SMART (Sustainability Management and Reporting Tool) requirements.

    (f) Risk, Safety and Environmental Incident management - adherence to contract specific WHS Incident register and compliance with the Chain of Responsibility (CoR) provisions under the Heavy Vehicle National Law (HVNL).

    (g) Resource Management - actions tabled and completed in the resource improvement plan.

    (h) Financial integrity - invoices must accurately reflect the services delivered.

    (i) Contract integrity - Good Environmental Choice Australia (GECA) Waste Collection Service Standard attained within the agreed period.

Risks

21. We maintain a low tolerance for risks that pose a significant threat to health, safety, wellbeing and the environment, and we avoid risks that may result in reputational damage or financial loss.

22. Relevant sections of the City's Risk Appetite Statement include:

    (a) We are dedicated to actively identifying and addressing environmental risks associated with our activities and services. We prioritise prevention and

proactive measures to minimise our ecological footprint, conserve resources and protect ecosystems.

(b) We are committed to the health, safety and wellbeing of our workers, residents, visitors and others who interact with our assets, operations and services.

(c) We manage our assets, infrastructure and property in accordance with established service levels.

(d) We embrace innovative solutions and emerging technologies that enable us to minimise environmental risks and enhance sustainability. We actively explore and invest in sustainable alternatives, renewable energy sources and efficient resource utilisation.

23. The principal risks of the contractual arrangements for the City's resources recovery services for the city are:

(a) service continuity if the tender or current contract variation is not approved

(b) supplier financial and performance risk during the new contract

(c) mobilisation and transition risk between the current and new contractual arrangements.

24. These risks will be managed through the contract performance regime, transition planning, financial and commercial controls, operational contingency arrangements and the specific mitigations set out in Confidential Attachment A.

25. The principal service-continuity risk is a failure to have sufficient contractual authority and an operational provider in place. A disruption to waste collection could lead to accumulated waste, hygiene and pest issues, impacts on tenants and facility users, environmental incidents and urgent procurement at potentially higher cost.

26. The tender risk assessment also identified operational hazards including vehicle collision with buildings or people, exposure to sharps or chemical streams, battery fires and manual-handling risks. Contract controls include site-specific inductions, off-peak servicing where required, vehicle safety equipment, separate battery collections, PPE, incident escalation and a contract-specific WHS incident register.

Financial implications

27. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates, and sufficient funds in the long-term financial plan operational budget for Property Services to accommodate the additional funding for the contract variation requested, as detailed in Confidential Attachment A.

28. The total contract value and contingency for Resource Recovery Services for City Properties is detailed in Confidential Attachment A.

Relevant legislation

29. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.

30. Local Government Act 1993 - Sections 10A and 10B provide 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.

31. 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

    (b) prejudice the commercial position of the person who supplied it.

32. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest. The reasons supporting this are that disclosure of the confidential information would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers. In addition, disclosure of the information provided in the course of the procurement and contract variation process and the assessment of that information would prejudice the commercial position of the participants in the procurement and contract variation process.

Critical dates / Time frames

33. Anticipated contract award - November 2026

34. Transition period - November 2026 to February 2027

35. Existing contract ends 10 February 2027

36. New contract commences - 11 February 2027 (Commencement Date)

37. The successful Tenderer is required to agree to a Transition In Plan within 2 weeks of the Commencement Date. Mobilisation will address systems and data, bins and signage, site access and inductions, customer communications, collection scheduling, reporting and readiness to meet the contractual Service Level Measures from service commencement. A transition out plan is also required within 12 months of commencement to support continuity at the end of the contract.

Options

38. No other viable options have been identified. Core waste collection services are essential to the fundamental operation of these buildings, which include commercial tenanted buildings, community facilities, aquatic centres, sporting facilities, libraries, childcare centres, town halls and operational depots. Not maintaining these services would significantly impact day to day operations of City managed properties and vital services.

Public consultation

39. No public consultation has been undertaken in relation to this tender.

KIM WOODBURY

Chief Operating Officer

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