

Item 16.**Tender - Reject and Negotiate - T-2024-1342 - Dangerous Goods Processing Service**

File No: X112121

Tender No: T-2024-1342

Summary

This report provides details of the tenders received for Dangerous Goods Processing Service.

The purpose of this procurement was to identify a suitably qualified and experienced service provider capable of processing Dangerous Goods collected by the City of Sydney's cleansing team and stored at the City's depots.

Dangerous Goods refer to materials that cannot be safely disposed of in residential kerbside bins. These include items such as paint, gas bottles, pesticides, fire extinguishers, aerosols, and other forms of waste which can be hazardous under certain conditions. Such items are classified as problem wastes, as incorrect disposal in domestic bins can lead to fires, chemical spills, or corrosion.

These materials are typically collected by the City's cleansing operations team in response to reports of illegal dumping or are dropped off by residents at City-run recycling events and collection points. Once collected, all items are securely and safely stored at the City's depots until a scheduled collection is required.

The primary objective of this service is to ensure Dangerous Goods are safely collected from City depots, transported to the service provider's facility, and then either safely disposed of or, where feasible, recycled and recovered.

This report recommends that Council decline to accept the tender offer/s received for Dangerous Goods Processing Service and enter into negotiations with suitable vendors for this service.

Recommendation

It is resolved that:

- (A) Council decline to accept the tender offer/s for Dangerous Goods Processing Service for the reasons set out in Confidential Attachment A to the subject report;
- (B) Council does not invite fresh tenders, as it is considered that inviting fresh tenders would not attract additional suitable vendors over and above those that have responded to this tender;
- (C) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract on terms that are appropriate in relation to the subject matter of the tender;
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (E) Council be informed of the successful supplier via CEO Update.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Background

1. The City has committed to improving recycling outcomes and maintaining clean and clear streets in its Leave Nothing to Waste Strategy 2017-2030. As part of this commitment, the City procures a Dangerous Goods processing service to ensure that hazardous materials collected by its cleansing team are safely disposed of and, where possible, recycled or recovered.
2. The City collects approximately 10 tonnes of Dangerous Goods each year, primarily from reports of illegal dumping and through its residential recycling drop-off events and locations. Dangerous Goods items include:
 - (a) Common items found in the home including gas cylinders, oils, paints, aerosols and pesticides.
 - (b) Less common items including acids, heavy metals, cyanide and fire extinguishers.
3. The City's cleansing operations team responds promptly to reports of illegal dumping and removes Dangerous Good items from the kerbsides to minimise environmental and safety risks. Further, the City operates several residential recycling programs including Recycle It Saturday, Doorstep Recycling Service and Ultimo Pop-Up which allow residents to safely drop off items including paint and gas bottles. Items collected from illegal dumping and residential recycling events and locations are kept in compliant storage containers in the City's depots until a collection is required.
4. The service provider collects and transports Dangerous Goods from City depots to its facility where the items are sorted and either processed onsite or sent to downstream suppliers for disposal or recovery.
5. The service provider also supplies storage containers to the City's depots for residential recycling events to be used for collection of Dangerous Good items dropped off by residents. The service provider collects and transports the full storage containers back to its facility for processing upon request from the City.

Invitation to Tender

6. The Request for Tender was released via Tenderlink on 15 April 2025 and closed 10 weeks later on 26 June 2025.
7. 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

8. One submission was received from the following organisation:
 - Cleanaway Operations Pty Ltd (ABN 40 010 745 383)
9. No late submissions were received.

Tender Evaluation

10. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
11. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
12. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) demonstrated commitment to maximising resource recovery, minimising waste to landfill, environmental management, and quality assurance
 - (b) proposed facilities, technology and methodologies
 - (c) demonstrated experience and technical ability to carry out the service under the contract
 - (d) company information and alignment to the City's values
 - (e) modern slavery management
 - (f) price (schedule of rates)
 - (g) heavy vehicle national law chain of responsibility
 - (h) financial integrity
 - (i) insurances
 - (j) material acceptance of the City's standard form contract.

Performance Measurement

13. Upon entering into a contract, the City will ensure performance standards are monitored against the specific following key performance indicators:
 - (a) completion of collection requests and turnaround times
 - (b) provision of storage containers
 - (c) adherence to procedures as detailed in the contract
 - (d) reporting accuracy and timeliness
 - (e) service provider representative availability
 - (f) compliance with Work Health and Safety laws
 - (g) using best endeavours to recover materials to the greatest extent possible.

Financial Implications

14. There are funds allocated for this project within the current year's operating budget and future years' forward estimates.

Risks

15. The Dangerous Goods Processing Service is provided by an external supplier, traditionally sourced through the City's procurement practices. While this approach offers benefits, such as competitive market evaluation, it also presents risks due to the limited market size and number of processing facilities.
16. The City of Sydney mitigates these risks by assessing risk through active industry engagement in the pre-procurement stage, designing contract terms in the procurement stage to align with the City's needs, proactive contract management with all impacted service delivery partners, conducting thorough reviews of contract management operational documents, and ensuring appropriate delivery timelines. Additionally, the City fosters strong, professional relationships with service providers, enabling open communication to ensure the service delivery meets community needs while also driving continuous improvements.
17. 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

18. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
19. 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.
20. 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.

21. Attachment A contains 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.
22. 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

23. The proposed contract is for a period of 3 years and 8 months (commencing 1 November 2025), with one available extension option of 12 months, subject to satisfactory performance and operational requirements.

Options

24. The following alternative options were also considered:
 - (a) Option 1 - Cancel and re-advertise the tender. This option is not recommended as it is highly probable it would not result in a better outcome. Additionally, it would not be possible to complete the tender process ahead of the intended service commencement date of 1 November 2025.
 - (b) Option 2 - Cancel the tender and discontinue the service. This option is not recommended because Dangerous Goods items present significant environmental and health risk when not processed correctly. Not proceeding would result in these items being placed into kerbside bins, as well as an overflow of Dangerous Goods items on City streets and in City depots, presenting significant risk of fire and chemical spills.

Public Consultation

25. No public consultation was 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