

### **CM13.5. Regional Kerbside Waste Collection Contract Update**

**DATE** 30 September 2021 **FIL REFERENCE** FIL21/00246

**CONFIDENTIAL** No

**FURTHER ENQUIRIES TO** Steven Millett **PHONE** 6023 8111  
Assets, Sustainability & Environment

**AUTHOR** Andrea Baldwin

---

#### **Purpose of Report**

The purpose of this report is to consider options for the provision of kerbside collection services, due to commence 1 July 2024, and provide key documents for review and consideration.

Due to the complexities of a project of this nature, AlburyCity's Project Management Framework has been adhered to ensuring project deliverables, probity, and accountability can be achieved.

This report aims to provide background information and address the issues surrounding the potential next kerbside collection contract along with key documents for approval and endorsement. These include:

- Draft Stakeholder Engagement Plan; and
- Draft Memorandum of Understanding.

#### **Background**

The Councils of AlburyCity, City of Wodonga, Federation, Indigo and Greater Hume each participate in a collaborative regional contract to provide kerbside collection services. The current contract is for a period of 12 years; it commenced on 1 July 2012 and is due to expire 30 June 2024. AlburyCity has successfully participated in collaborative regional waste contracts since the mid-1990s.

The scope of the current contract centres on the provision of a regular scheduled collection, disposal, and processing service. This includes:

- collection and disposal of Kerbside Municipal Solid Waste (MSW) services;
- collection and processing of Kerbside Recycling (co-mingle) services; and
- collection and processing of Kerbside Food and Garden Organics (FOGO) services.

Albury, Wodonga, Federation and Indigo Shire Councils dispose of all their Municipal Solid Waste (MSW) at the Albury Waste Management Centre (AWMC). All commingled recycling as part of this service is collected and processed by Cleanaway, at the local Material Recovery Facility (MRF) in Albury. In 2015 these Councils commenced a three-bin system with the introduction of a Food Organics and Garden Organics (FOGO) kerbside service. FOGO material is firstly transported to the AWMC where it is bulked before being transported offsite to Carbon Mate in Wagga Wagga. Carbon Mate is working in partnership with Cleanaway to process the organic material into compost.

Greater Hume Shire presently has a two-bin system, which includes municipal waste and recycling. Greater Hume dispose of all their MSW to either Culcairn, Henty, or Holbrook. All commingled recycling as part of this service is collected and processed by Cleanaway's MRF located in Albury. Greater Hume do not presently have a FOGO service in place.

Albury City Council's (ACC) current contract is estimated at \$57M over the term of the 12-year contract. As a group tender with the five participating Councils, the total contract costs are estimated at \$150M.

It should be noted that the current contract structure includes joint procurement with individual contracts between the preferred provider and each participating Council. Similarly, each service component is individually priced for each respective Council, minimising any cross-subsidisation risks. Each Council also nominates their destinations for disposal/processing for each waste/recyclable element of the contract.

To proactively support waste minimisation and successfully adopt industry best practice, the Halve Waste program was introduced in 2010. This program is a waste education campaign that is an initiative of Albury City Council, City of Wodonga and the Shires of Towong, Greater Hume, Federation, and Indigo. The objectives of the program are to reduce the region's waste by active recycling, engage and inform the community about waste management, and halve the total waste buried.

Achievements to date have seen diversion rates for recycling increased from 13% to 49%, with a 52% reduction on 2010 Municipal Solid Waste (MSW) levels. This is a direct result of the region's engagement, and it demonstrates the success of implementing effective recycling services and engaging the community in recycling behaviour change. The Halve Waste program's objective is to continue to be a key program to support the ongoing delivery of kerbside collection services.

## **Issues**

In June 2019 member Councils of the current Kerbside Collection Contract attended an initial meeting to review the 2012-2024 contract and consider future options for kerbside collection services. From this meeting a Kerbside Collection Working Party (Working Party) was formed with representatives from each of the member Councils, Albury, Wodonga, Federation, Indigo and Greater Hume. The Working Party agreed to meet regularly with initial discussions focusing on reviewing the current Kerbside Collection Service and identifying any changes for future delivery of this service.

Under current arrangements Cleanaway utilise trucks to collect, dispose, and process material for the five member Councils. They have established a depot, administration centre, Materials Recovery Facility and employ staff locally. Cleanaway were unable to provide a composting plant as part of their commitment to the current contract. Two attempts at establishing a compost plant within our region were unsuccessful.

Primarily, the provision of kerbside waste collection services (post 1 July 2024) can be delivered through three regimes; being a multi council collaborative contract with a specialist provider, a

standalone contract with a specialist provider, or utilise internal resources to provide this service. The alternatives are further detailed below.

### Collaborative Procurement

The recently released NSW Waste and Sustainable Materials Strategy 2041, highlights the key reforms for NSW over the next 20 years. The Strategy identifies joint procurement for household waste services as a strategic action. This approach aims to allow state and local government to work collaboratively on steering strategic planning for waste infrastructure and services to meet state and local needs.

In accordance with the Strategy, benefits to Albury of a regional joint approach include:

- Economies of scale by bringing together multiple organisations and their purchasing requirements.
- Saving in overall effort, reduced costs incurred to carry out the procurement work, the whole tendering process from early market engagement to tender and contract award saves on duplication of efforts, thus affords the group with better pricing.
- Collaborative procurement helps counter pressure on public sector budgets and the need to extend services as far as possible.
- Lower costs for the market, one response instead of suppliers having to bid many times.
- Drive standardisation, stock in the form of supplier's equipment can be shared between the different entities.
- Building stronger relationships with our partner Councils.
- Permits securing commodities for a supplier and draws competition from further afield.
- Standardisation across the region for kerbside services which in turn makes it easier for our local and regional community members.
- Common engagement practices for education purposes more broadly through the Halve Waste program.
- Increases investment locally and regionally with a larger pool of organisations participating and realising local solutions for waste management.
- A more sustainable service is delivered.

Challenges of a regional joint approach include:

- Contract management complexities due to the size and participating partners of the contract.
- Individual Councils will need to take a holistic approach to a regional outcome, confident in the knowledge that this will increase the value for them in comparison to going it alone.
- Reduces the opportunity for small operators/suppliers to win the work based on the scale of the procurement process.

The challenges of a collaborative procurement process can be managed through a number of methods. Following a Project Management Framework and having access to industry templates for kerbside collection services will enable more effective contract management processes to be implemented.

Ongoing involvement and taking a holistic approach to the services contract will keep each Council abreast of the requirements of developing and implementing a kerbside collection contract. As outlined, pooling resources with neighbouring organisations strengthens buying power, and running one single procurement exercise on behalf of several organisations, rather than multiple organisations each running a separate procurement process remains highly beneficial. AlburyCity, as the largest Council, has the capacity to resource and play a lead role under a collaborative regional joint procurement process for waste services.

AlburyCity has been a successful participant in collaborative regional waste contracts since the mid-1990s. This option will maintain a collaborative approach which has been successfully implemented within the region for the last 30 years. Participating Councils would procure kerbside collection services under one Request for Tender process but enter separate contracts with the preferred supplier.

The collaborative procurement contract allows for industry experts to manage and operate the kerbside collection service and permits companies with a high degree of proficiency to be engaged to fulfil the needs of a contract of this size. Improved contractor performance can be achieved through collaborative procurement, which is evidenced by the significantly lower contamination rates that have been achieved under the current contract,, and this also drives behaviour change across the region through education and messaging that is distributed in a unified manner.

Contract management costs are kept low for all parties as these are shared across all participating Councils. Establishment costs for a contractor are maximised with a clear understanding of the contract area boundaries, Councils are well supported if vehicles break down (particularly with a large fleet), and there is support at hand for emergency situations.

Collaborative procurement continues to support the Two Cities One Community initiative. Wodonga and Albury are the largest municipalities and continue to provide strategic direction in waste management for the region.

#### Standalone Procurement

This regime considers AlburyCity releasing a Request for Tender as a single Council for the procurement of kerbside collection services. Very few regional Councils of Albury's size engage in a contract as a single Council; the preference is to partner with neighbouring Councils for the advantages outlined above.

Under this regime, Council will focus on Albury's needs and not adopt a regional approach to waste management. While the procurement process may be simpler, costs associated with contract management, legal expenses and probity would not be offset by others, as the compliance costs are the same for one Council or several Councils.

The Halve Waste program that provides education would be fragmented and more difficult to deliver locally as this presently utilises traditional mediums such as television, radio, social media and has a regional website developed. This program would need to be reviewed to establish the most appropriate communication methods to engage with our local community, especially if regional

Councils utilise different service providers. Program costs are likely to increase due to a reduced scale, resource redundancy risks will increase with a reduced program, and opportunities for waste solutions at a local level will decrease.

#### Inhouse Service

This regime considers AlburyCity providing a full inhouse service to in excess of 24,000 Albury households within the municipality. This methodology is adopted generally by smaller Councils that have a one bin system in place.

For Council to consider this option, we would require establishment costs to purchase plant and equipment, depot, administration facilities, sorting and treatment systems, and any associated land purchases, staffing and human resourcing requirements. The waste and recycling industry is highly regulated and would require Council to obtain licensing and approvals from the Environment Protection Authority (EPA) to provide these services. Considering the preliminary studies, environmental controls, approvals, and establishment processes required for projects of this size and nature, based on industry consultation and experience, the expected period to establish this service may take between five to ten years.

Service delivery risks of this regime would be high for a Council of our size. Management and operational costs have not been fully developed. However these would also be significant. To establish a depot, administration, plant, resources, sorting facilities, treatment plants and related equipment is estimated to cost in excess of \$50M. Contract management costs would be negligible and education programs would have to be revisited to establish the most effective methods of engagement.

A challenge for Council under an inhouse option would include the management of contamination programs, maintaining and operating additional fleet, a resource structure that provides for a new business unit and will include, as a minimum, the following positions – management, supervisors, pickers, drivers, administration staff, and mechanics. Other items include the daily distribution of bins and bin changes, annual roll out of compostable liners, delivery of education material and kerbside specific education programs, coordinating industry auditing, ongoing industry reporting and industry participation in this highly regulated area. With no experience in the industry, the setup for supplier agreements for the on selling of commodities is an unknown for Council. Maintaining and delivering a service to a high standard of customer satisfaction may be a challenge if Council is not able to provide all the above as a minimum.

#### Summary

In summary, distinct options are available for Council consideration. However, the existing model of a collaborative procurement process provides benefits in the form of lower service costs, specialised providers, building relationships with our neighbouring Councils, contract management shared costs, shared education resources and economy of scale to seek innovation and investment in our regional area.

The NSW Waste and Sustainable Materials Strategy 2041 supports joint procurement of household waste services and seeks to support local government in the collection and processing of waste from household bins.

Councils also do not have the internal expertise or industry knowledge to develop supplier agreements for the value of the materials to be sold through a MRF or treatment processes; this is identified as a major risk. These agreements, and the value of the materials sold, significantly impact the overall cost of operating a MRF and/or organics facility. Although the cost for processing will remain reasonably stable, the income from materials will dramatically influence overall business outcomes.

Whilst the size of the proposed collaborative procurement process typically attracts national suppliers, there will still be significant flow on benefits to local and regional businesses.

The Working Party identified significant benefits through collaborative joint procurement processes and has identified a preference towards a collaborative joint tender for the next contract. To help guide the contract process, the Working Party has identified the NSW Model Waste and Recycling documentation released by NSW EPA as an invaluable resource to follow. As identified above, a standalone procurement process or inhouse service model present significant risks to Council.

#### NSW Model Waste and Recycling Documentation

If Council chooses a collaborative procurement approach for waste services, NSW EPA have provided a comprehensive suite of tender documents titled NSW Model Waste and Recycling Collection Documentation. These documents are based on industry best practice and will permit customisation and alterations as required and are modelled around kerbside collection services specifically.

The NSW Model Contract includes a template with a list of phases as part of the pre work required for the delivery of kerbside services. This template aligns with the AlburyCity Project Management Framework.

Key activities of the Initiate and Plan stages are listed below:

#### INITIATE PHASE: Phase 1

- Formation of the kerbside collection working group with Council nominated representatives.
- Determine preferred delivery model.
- Set the Tender and Contract Objectives.
- Define Market approach – NSW Model Contract.
- Development of the Project Probity Plan.
- Development of the Project Management Plan and timeline of events.
- Set up regular tender preparation meetings for participating Councils.
- Invitation extended to Councils to participate.
- Community Attitudes Survey.
- Performance and Customer Service Review.
- Best-practice research paper.

## PLAN PHASE: Phase 2

- Compile Tender documents and supporting information.
- Perform an in-depth review of all Model Contract and RFT template sections.
- Define preliminary Scope for each Council, identify areas of difference and future plans.
- Development of a MOU outlining roles, responsibilities and actions for each Council and Project Sponsor's participation.
- Seek Council resolution from each Council to authorise joint tender participation.
- Define the procurement process Probity Plan and appoint a Probity Advisor.
- Development of Waste Management & Resource Recovery Roadmap outlining key objectives.
- Develop further and extend Community Education.
- Consult Legal and ACCC regarding competitive nature of joint tender process and seek authorisation.

It is proposed that Albury City adopt the NSW Model Waste and Recycling Documentation as part of the collaborative procurement process.

## Legislative

Kerbside collection services fall under two main pieces of legislation, these include:

- NSW Waste Avoidance and Resource Recovery Act 2001; and
- Local Government Act 1993.

The NSW Waste Avoidance and Resource Recovery Act 2001 commits the NSW Government to refreshing and updating its waste strategy every five years, to review and continually improve the State's policies and targets for waste reduction and landfill diversion. This review has recently occurred and enabled the NSW Waste and Sustainable Materials Strategy 2041 to be released.

Key reforms under the NSW Waste and Sustainable Materials Strategy 2041 over the next six years see a focus on:

1. phasing out problematic single use plastic items;
2. financial incentives for manufacturers and producers to design out problematic plastics;
3. having government agencies preference recycled content and invest in research and pilots for recycling innovation;
4. tighter environmental controls for energy to waste;
5. mandating the source separation of food and garden for households and businesses; and
6. incentivising biogas generation from waste materials.

Mandating the source separation of food and garden for households and businesses is of high relevance to the kerbside collection contract. NSW EPA's strategy focuses on the state of NSW providing a food and garden service to every household by 2030. Albury introduced a food and garden organics bin in April 2015 along with Wodonga, Federation, and Indigo Shire Councils. This service was implemented to decrease waste from the Municipal sector being buried. Since the introduction of

the food and garden organics bin, in excess of 140,000 tonnes from the participating Councils have been transported offsite for repurposing into compost.

A key focus under the NSW Waste and Sustainable Strategy 2041 also recommends local government to facilitate joint procurement of waste services. The intent is to make it easier for local Councils to come together to procure waste services that deliver consistent, high value services for ratepayers and help to achieve better waste and recycling outcomes.

The introduction of a mandated food and garden organics bin across NSW by 2030 permits regional Councils in our area to consider the opportunity to join in a collaborative arrangement. Councils that have previously gone through the implementation of an altered service, such as Albury, can assist those Councils seeking to establish a FOGO service in their municipality.

The provision of a kerbside collection service is in line with the Local Government Act, whereby, it states that Council is required to make and levy an annual charge for domestic waste management services for each parcel of rateable land for which the service is available. Council is meeting this requirement through the provision of a kerbside collection service.

Under a collaborative procurement contract, future options for Victorian Councils to collect and process kerbside glass services will be required. Victorian legislation intends to introduce and provide household recycling of compliant glass by 2027 and introduce a Container Deposit Scheme (CDS) during 2023. Victorian member Councils have identified they would like to introduce a kerbside glass service at the commencement of the June 2024 contract. With NSW having already introduced the Container Deposit Scheme (CDS) in 2017 there is no requirement for the NSW member Councils to consider a fourth bin at this stage. These aspects can be included in the next contract to address Victorian legislation.

In summary the key priorities identified by the Working Party include:

- A regional approach to procuring kerbside collection services.
- Maintaining a material recovery facility (MRF) within our region.
- To meet both NSW and Victorian requirements, the base service will include provisions for municipal solid waste, co-mingled recycling and FOGO (a three-bin service).
- Provisions for kerbside glass collection (Victorian Councils only).
- Establishment of a composting plant within the region for the processing and reuse of FOGO material.
- Utilisation of the NSW model waste and recycling collection documentation to guide the process.
- Encourage innovation to maximise recycling/reuse.

#### *Albury 2030*

As part of Albury 2030, the current and future kerbside collection service addresses the following Strategic Outcomes.



*An Enhanced Natural Environment:*

- 2.1 to facilitate and promote effective waste management practices; and
- 2.3 increased awareness in sustainability and environmental issues.

*Two Cities One Community*

As part of the Two Cities One Community Strategic Plan, this initiative aligns with the Strategic Goals:

- Goal 2.1 We have a high level of awareness of sustainability and environmental issues.
  - 2.1.2 Continue to collaborate on Waste Management and Halve Waste Program marketing and education.
- Goal 4.3 Our Councils continue to provide strong leadership and governance.
  - 4.3.1 Explore additional opportunities for shared services and joint purchasing/procurement.

Through the Kerbside Collection Contract, Albury and Wodonga continue to collaborate to raise awareness on sustainability and environmental issues. The Councils work together to provide leadership and governance in the waste space, enabling effective services to be implemented across two highly legislative states.

**Financials**

AlburyCity's contract is estimated at \$57M over the term of the current 12-year contract. As a group tender with the current five participating Councils, the total contract costs are estimated at \$150M.

The current Domestic Waste Management Charge (DWMC) for Albury is charged at \$250 per service. This service entitles our municipality to be provided with the following:

- Collection and disposal of Kerbside Municipal Solid Waste (MSW) service.
- Collection and processing of Kerbside Recycling (co-mingle) service.
- Collection and processing of Kerbside Food and Garden Organics (FOGO) service.
- Kitchen caddy and compostable bin liners for each household.
- Voucher program, entitling each household access to four vouchers for general household waste disposal.
- Access to a home-based collection.
- Free drop off for a range of products, these include steel, cardboard, polystyrene, whitegoods, reuse furniture, gas bottles, paint, household and car batteries, commingled recyclables, plastics.

This fee for service has remained unchanged for the last three years and presents as very good value in comparison to other Council's fees and charges for the same service.

The below table shows the DWMC in comparison to other Councils for the 2021/22 financial year.

Local Government Area	DWMC 2021/22	Service Offered
Albury*	\$250	WRO
Griffith	\$425	WR
Wagga	\$369	WRO
Federation *	\$373	WRO
Greater Hume*	\$262	WR
Wangaratta	\$530	WRO
Wodonga*	\$221	WRO
Shepparton	\$708	WRG
Indigo*	\$363	WRO

\*Participants in the current kerbside collection services contract.

W – General Waste

R – Recycling

G – Garden Waste

O – Food and garden organics

It is unknown what the future costs may be for the next contract. Releasing the RFT during 2022 enables Council to establish a financial model that minimises the impact on this fee for service to our community.

Legislative changes for kerbside recycling for Albury have been minimal to date. Negotiations with our current contractor have enabled additional costs for the recycling of commingled goods to be kept low with little impact to our community.

#### Potential New Participating Councils

As part of Phase 1 of this project, a formal presentation was provided to the Mayors and General Managers of the Riverina and Murray Joint Organisation (RAMJO) in May 2021. This presentation advised of the NSW Waste and Sustainable Materials Strategy 2041 targets, discussed barriers and benefits of collaborative procurement, discussed the impending target of diverting organics from landfill by 2030, along with considerations around the opportunity to potentially join in a collaborative contract for kerbside services within our region.

As a response to the opportunity for collaborative procurement, three NSW Councils have contacted Albury requesting to join the joint procurement process. These include Leeton, Berrigan and Edward River Shire Councils.

The Working Party is in discussions with each of these Councils seeking in principle support to join the potential procurement process.

### Memorandum of Understanding (MOU)

A draft Memorandum of Understanding (MOU) has been developed as the key commitment document to collaborate in a Joint Tender process for the supply of kerbside collection services. Each member Council will be required to sign the MOU.

The MOU provides certainty for each Council involved in the Tender process that their specific needs will be addressed and, where practicable, incorporated in the Request for Tender. The MOU establishes agreed principles for the sharing of costs and the respective obligations of the Councils to evaluate the Tender responses. The MOU provides a commitment for each member Council to participate in the Request for Tender process noting each Council retains the option to accept any or no tenders. A Council can withdraw from the process and is not obliged to accept the preferred contractor as selected.

This document has been prepared by Council's Procurement Team in conjunction with Kell Moore legal advisers. A copy of the MOU is attached for consideration.

To formalise AlburyCity's commitment to the process, the following items need to be considered and approved by Council:

- Council agrees to deliver kerbside waste services through an external specialist provider; and
- Council agrees to participate in a collaborative joint procurement process; this approval will seek to formalise the commitment by AlburyCity and all member Councils through a request to execute a Memorandum of Understanding.

### Community Impact and Stakeholder Engagement

A Stakeholder Engagement Plan (SEP) has been developed for this project and partially actioned. The objective of the SEP is to engage with the community, industry, member Councils, internal stakeholders, Executive Leadership Team and Councillors on the issues and items that influence the introduction and continuation of the next Kerbside Collection Service, from 1 July 2024. The SEP identifies the key stages for Council specific engagement.

The draft Stakeholder Engagement Plan (attachment 2) has been included for consideration by Council.

### **Risk**

- **Business Risk** – The Kerbside Collection Service is one of the largest projects AlburyCity manages. The service applies to more than 24,000 homes and small businesses across the Albury municipality. Business risks associated with the service include the following:
  - Cost of the service – Future costs of the service are unknown. Industry information supports a lower service cost as scale increases. Having a long lead time prior to the commencement of the new service permits financial modelling of any cost impacts on the community.

- Costs and time associated for any potential new infrastructure and setup – Establishment costs to purchase plant, equipment, depot establishment and administration facilities, sorting and treatment systems and associated land purchases along with resourcing requirements are a business risk for Council. An established specialised operator performing these services reduces service risks.
  - Lack of expertise – Establishment of supplier agreements for the on-selling of commodities is challenging for new entrants. The industry auditing, ongoing industry reporting and industry participation in a highly regulated environment are additional challenges for Council. Options that include engaging a specialised provider presents less risk to this service delivery.
  - Maintaining and delivering a service to a high standard of customer satisfaction may be a risk if Council is not able to provide appropriate programs and maintain adequate resources. Not providing a high level of customer satisfaction presents a risk for Council.
- **Corporate Risk** – Reputational risks exist, if Council is unable to meet the expectations of our community to deliver a kerbside service this can cause a loss of confidence. Through the provision of a third-party arrangement, Council can manage this more effectively, accessing well established industry experts. Council has effectively managed its risk to date through procurement processes that engage specialised providers with contracts that protect Council's interest. Council has limited expertise in the management of delivering kerbside services inhouse. A higher degree of operational risk, financial risk and competition risks are present with an inhouse option.
- **WHS and Public Risk** – Through Council's Project Management Framework, a governance structure has been initiated to address the potential project risks. WHS risk has traditionally been managed by a third-party contractor when the service has commenced. However, with the options to provide an inhouse or standalone service, this will increase Council's exposure to the requirements to meet WHS legislation.
- **Environmental Risk** – Environmental impacts are of high importance for the current and future kerbside collection service. Ensuring that all waste material can be managed locally or within our region is a key factor for all Councils involved. With waste as the highest contributor to AlburyCity's carbon emissions, it is a critical component of Council's commitment to Net Zero. To assist with addressing this commitment to Net Zero, the Halve Waste program is a key contributor to educating our community on not only improved waste and recycling behaviour but will provide further awareness of these emission targets. The flow on effects of education both locally and regionally impact the amount of material that is sent to landfill. The Halve Waste program is a significant contributor to assist Council in achieving our waste and emissions goals.
- **Delivery Program Risk** – Utilising AlburyCity's Project Management Framework, a comprehensive governance and delivery structure has been developed in preparedness, outlining key stakeholder groups necessary to oversee the various components and reporting structure for the pre planning of a new service. If the Collaborative Procurement option is approved, the aim is to allow approximately 18-month lead time to ensure a contractor is engaged to deliver a service commencing 1 July 2024. If the option to provide an inhouse

service is preferred, the risk of delivering kerbside services to our community by 1 July 2024 will be challenging to achieve, based on internal knowledge and the approval process and set up costs.

## Options

1. Council participates in a collaborative procurement process.

This option provides for Albury City Council to take part in the Collaborative Procurement Request for Tender for Regional Kerbside Collection Services to commence 1 July 2024 for the collection, disposal and processing of the following services:

- i. Collection and disposal of Kerbside Municipal Solid Waste (MSW) services;
- ii. Collection and processing of Kerbside Recycling (co-mingle) services; and
- iii. Collection and processing of Kerbside Food and Garden Organics (FOGO) services.

The advantages of collaborative procurement include the allowance for industry experts to manage and operate the kerbside collection service and permits companies with a high degree of proficiency to be engaged to fulfil the needs of a kerbside service. Contract management costs are kept low as these are shared across participating Councils. Pooling resources with neighbouring organisations strengthen buying power; running one single procurement exercise on behalf of several organisations, rather than multiple organisations each running a separate procurement process remains highly beneficial.

This is the **recommended** option and is the methodology that has previously successfully been adopted by AlburyCity. Participating Councils will collaboratively procure kerbside collection services under one Request for Tender process. Each Council will enter individual contracts with the preferred provider which have been individually priced for each Council and respective service.

2. Council releases a tender for kerbside services as a single Council.

This option provides for Albury City Council to release a tender for kerbside services as a single Council to commence 1 July 2024 for the collection, disposal, and processing of the following services:

- i. Collection and disposal of Kerbside Municipal Solid Waste (MSW) services.
- ii. Collection and processing of Kerbside Recycling (co-mingle) services.
- iii. Collection and processing of Kerbside Food and Garden Organics (FOGO) services.

This is **not recommended**. Costs associated with contract management, legal expenses and probity would not be offset by others; and while the procurement process would be simpler, the compliance costs are the same for one Council or several councils.

AlburyCity has been a successful participant in collaborative regional contracts since the mid-1990s. This option does not allow pooling of resources with neighbouring organisations, does

not assist in investment locally and regionally, and is likely to increase service costs. This option does not support the Two Cities One Community Initiative.

3. Council provide an inhouse option to manage and deliver the municipalities kerbside services.

This option provides for Albury City Council to establish an inhouse service to manage and deliver AlburyCity's waste collections, to commence 1 July 2024 for the collection, disposal, and processing of the following services:

- i. Collection and disposal of Kerbside Municipal Solid Waste (MSW) services.
- ii. Collection and processing of Kerbside Recycling (co-mingle) services.
- iii. Collection and processing of Kerbside Food and Garden Organics (FOGO) services.

This option is **not recommended** and would see AlburyCity working alone and not leveraging the advantages of collaborative procurement. The disadvantages of an inhouse option include the costs to purchase plant and equipment, depot, administration facilities, sorting and treatment systems and any associated land purchases, staffing and human resourcing requirements. Preliminary studies, environmental controls and approvals are estimated to take between five to ten years and cost in excess of \$50M. Council's lack of expertise in supplier agreements for commodities and our lack of industry expertise in this highly regulated environment are significant challenges for Council.

4. Council approves the Stakeholder Engagement Plan.

This option is the **recommended** option. A draft Stakeholder Engagement Plan has been developed to engage with the community, industry, member Councils, internal stakeholders, Executive and Councillors on the issues and items that influence the introduction and continuation of the kerbside service. The Stakeholder Engagement Plan identifies the key stages for specific engagement.

5. Not approve the Stakeholder Engagement Plan.

This option is **not recommended**. If the Stakeholder Engagement Plan is not developed and approved, this would see a delay or disjointed approach to key activities without appropriate input from our community and stakeholders.

6. Council approves the Memorandum of Understanding.

This option is **recommended**. The draft document has been developed to utilise as the key commitment document to collaborate in a joint tender process. The draft establishes agreed principles for sharing costs, resources, education, and the respective obligations of the Councils to evaluate the Tender responses.

7. Not approve the Memorandum of Understanding.

This option is **not recommended**. A Memorandum of Understanding provides an agreement with the intention of encouraging resource sharing and supports best value principles. Recognising the market this service operates within and the scope due to population, geographic size, and location, it is appropriate to provide certainty for each Council involved to address specific needs and have set obligations as part of the process.

### Conclusion

AlburyCity, City of Wodonga, Federation, Indigo and Greater Hume currently collaborate in the procurement to provide kerbside collection services. The current contract concludes on 30 June 2024 and includes the following services:

- Collection and disposal of Kerbside Municipal Solid Waste (MSW) services.
- Collection and processing of Kerbside Recycling (co-mingle) services.
- Collection and processing of Kerbside Food and Garden Organics (FOGO) services.

In June 2019 member Councils of the current Kerbside Collection Contract attended an initial meeting to review the 2012-2024 contract and consider future options for kerbside collection services. From this meeting a Kerbside Collection Working Party was formed with representatives from each of the member Councils. The Working Party agreed to meet regularly with initial discussions focusing on reviewing the current Kerbside Collection Service and identifying any changes for future delivery of this service.

The key priorities identified by the working party include:

- a regional approach to procuring kerbside collection services was the preferred model;
- provisions for municipal solid waste, co-mingled recycling and FOGO (a three-bin service);
- provisions for Kerbside Glass collection (Victorian Councils only);
- maintain the provision of a Recycling MRF locally within the region;
- establishment of a composting plant within the region for the processing and reuse of FOGO material; and
- utilisation of the NSW Model Waste and Recycling Collection documentation to guide the process.

These priorities are consistent with both the NSW and Victorian legislative requirements and meet the objectives of the NSW Waste and Sustainable Materials Strategy 2041.

The provision of kerbside waste collection services (post 1 July 2024) can be delivered through three regimes; being a multi council collaborative contract with a specialist provider, a standalone contract with a specialist provider, or utilise internal resources to provide the services.

The recommendation is a multi-council collaborative contract with a specialist provider. This continues to support the Two Cities One Community initiative and allows for industry experts to

manage and operate the kerbside collection service permitting companies with a high degree of proficiency be engaged to fulfil the needs of a contract of this size. Improved contractor performance can be achieved through collaborative procurement. This is evidenced through the innovation and high performance that has been achieved under the current contract. Driving behaviour change across the region through education and messaging can be distributed in a unified manner. Costs can remain relatively low for all parties as these have been shared across participating member Councils.

A regional collaborative joint approach provides economies of scale by bringing multiple organisations and their purchasing requirements together, saving on overall effort, increasing investment locally and regionally and provides a more sustainable service overall.

Three additional Councils have sought to join the collaborative procurement process. These include Leeton, Berrigan and Edward River Shire Councils. These Councils all have in-principle support from their respective Councils to progress to a collaborative Request for Tender. It is proposed that all participating Councils enter into a Memorandum of Understanding for this service provision. This represents a total of eight Councils participating in the joint procurement process to secure Kerbside Collection Services for Municipal Solid Waste, Recycling and Food and Garden Organics Services.

A detailed Stakeholder Engagement Plan will support the effective implementation of a new kerbside collection service and has been developed and is attached to this report for Council review and approval.

### **Recommendation**

That Council:

- a. Participates in the Collaborative Procurement Request for Tender for Regional Kerbside Collection Services to commence 1 July 2024 for the collection, disposal, and processing of the following services:
  - i. Collection and disposal of Kerbside Municipal Solid Waste (MSW) services.
  - ii. Collection and processing of Kerbside Recycling (co-mingle) services.
  - iii. Collection and processing of Kerbside Food and Garden Organics (FOGO) services.
- b. Endorses the draft Stakeholder Engagement Plan; and
- c. Endorses the draft Memorandum of Understanding.

### **Attachments**

1. Draft Memorandum of Understanding (DOC21/193913).
2. Draft Stakeholder Engagement Plan – Regional Kerbside Contract 2024 (DOC21/181500).