

5.10. FNQ031 REGIONAL COLLECTION AND REMOVAL OF FERROUS METAL, NON-FERROUS METAL AND USED LEAD ACID BATTERIES

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RECOMMENDATION

That Council:

1. **Approves the award of Contract 2023-024 – Collection and Removal of Ferrous Metal, Non-Ferrous Metal and Used Lead Acid Batteries to Sims Group Australia Holdings Pty Ltd with a contract term of 3 years with two extension options of up to 12 months each (3 + 1 + 1), with maximum total term of 5 years.**
2. **Delegates authority to the Chief Executive Officer in accordance with s 257 of the *Local Government Act 2009* to enter into contracts, finalise and negotiate any and all matters relating to this contract and each package subject to normal procurement practices and policies.**

EXECUTIVE SUMMARY

As part of its ongoing recurrent operations, Council receives ferrous metal, non-ferrous metal, used lead acid batteries and abandoned vehicles at its transfer stations and other council facilities. Effective resource recovery enables the safe disposal of this material and maximum diversion from landfill. The sale of these materials also represents a revenue to council which benefits the local community.

The Far North Queensland Regional Organisation of Council (FNQROC) invited tenders on behalf of the participating councils for the Regional Collection and Removal of Ferrous Metal, Non-Ferrous Metal, Used Lead Acid Batteries (ULABs) and End of Life (EOL) Vehicle Processing under a collective procurement arrangement, with each council to form an individual contract with the selected supplier.

A public tender was advertised via Vendor Panel on 6 June 2022 and at the close of the public tender process on 18 July 2022, FNQROC received four submissions that were subsequently evaluated by the evaluation panel members comprising of representatives from participating councils.

Whilst there are several councils involved in the offer to the market, each council enters into individual contracts with the selected suppliers, as FNQROC does not have formal delegated authority to enter into contracts on behalf of councils. Approval is therefore sought to award the contract to Sims Group Australia Holdings Pty Ltd.

BACKGROUND

Collective procurement arrangements established by FNQROC enable both participating member councils and suppliers to realise a number of efficiency gains and economies of scale and provide improved local delivery supply chains.

FNQROC invited tenders for the regional collection and removal of ferrous metal, non-ferrous metal, ULABs and EOL vehicles on behalf of the following councils:

- Cairns Regional Council;
- Cassowary Coast Regional Council;
- Cook Shire Council;
- Croydon Shire Council;
- Douglas Shire Council;
- Etheridge Shire Council;
- Hinchinbrook Shire Council
- Hope Vale Aboriginal Shire Council
- Mareeba Shire Council; the
- Tablelands Regional Council;
- Wujal Wujal Aboriginal Shire Council and
- Yarrabah Shire Council.

The tender was split into six packages:

- Package 1 – Ferrous Metal – Baler Schedule
- Package 2 – Ferrous Metal – Bin & Collection Service
- Package 3 – Non-ferrous Metal – Collection Service
- Package 4 – Non-ferrous Metal – Bin & Collection Service
- Package 5 – ULABs – Collection Service; and
- Package 6 – EOL Vehicle Processing

Douglas Shire Council participated in 4 of the six packages – packages 1,3,5,6.

The primary objectives of this contract were to:

- Ensure a safe and efficient service for the collection and removal of ferrous and non-ferrous scrap metal, used lead acid batteries and end of life vehicle processing.
- Maximise diversion of waste from landfill through effective recourse recovery.
- Improve management of metal stockpiles and improve safety concerns over the risks posed by metal stockpiles accumulating across the region, particularly in cyclone season.

This contract covers collection and disposal of ferrous metal, non-ferrous metal and used lead acid batteries including transport, insurances and waste levy charges, from council's transfer stations.

The contract is for a term of 3 years with two extension options of up to 12 months each (3 + 1 + 1), with maximum total term of 5 years.

COMMENTS

The Request for Tender was advertised to the open market via VendorPanel on 6 June 2022 and a tender briefing took place on 14 June 2022. At the close of the public tender process on 18 July 2022, FNQROC received submissions from four suppliers for the six packages of services required.

Submissions were received from the following suppliers for the following packages:

Table 1.

Package	Participating Councils	Supplier
Package 1 – Ferrous Metal (Baler Schedule)	Cairns Regional Council Cassowary Coast Regional Council Cook Shire Council Croydon Shire Council Douglas Shire Council Etheridge Shire Council Hinchinbrook Shire Council Hope Vale Aboriginal Shire Council Mareeba Shire Council Tablelands Regional Council Wujal Wujal Aboriginal Shire Council Yarrabah Aboriginal Shire Council	Supplier 1 Supplier 3 Sims Group Australia Holdings Pty Ltd
Package 2 – Ferrous Metal – Bin & Collection Service	Cairns Regional Council	Supplier 2 Sims Group Australia Holdings Pty Ltd
Package 3 – Non-Ferrous Metal – Collection Services	Cassowary Coast Regional Council Cook Shire Council Douglas Shire Council Hinchinbrook Shire Council Mareeba Shire Council Tablelands Regional Council	Supplier 2 Sims Group Australia Holdings Pty Ltd
Package 3 – Non-Ferrous Metal – Bin & Collection Service	Cairns Regional Council	Supplier 2 Sims Group Australia Holdings Pty Ltd
Package 5 – ULABs– Collection Service	Cairns Regional Council Cassowary Coast Regional Council Cook Shire Council Douglas Shire Council Mareeba Shire Council Wujal Wujal Aboriginal Shire Council	Supplier 2 Sims Group Australia Holdings Pty Ltd
Package 6 – EOL Vehicle Processing	Cook Shire Council Douglas Shire Council Mareeba Shire Council	Supplier 2 Supplier 1 Sims Group Australia Holdings Pty Ltd

Each tender submission has been checked for conformance, and evaluated and scored by the evaluation panel based on following qualitative criteria and percentage weightings, which were previously agreed by the Council representatives as follows:

Packages 1, 3 & 6

- Local Business – 10%
- Relevant Experience and Capability – 20%
- Collection Schedule & Resources – 30%
- Work Procedures and Methodology – 20%
- Value for Money – 20%

Packages 2, 4 & 5

- Local Business – 10%
- Relevant Experience and Capability – 20%
- Collection Schedule & Resources – 20%
- Work Procedures & Methodology – 20%
- Value for Money – 30%

Following detailed evaluation, the recommendation is to award Packages 1, 2 3, 4 & 5 to Sims Group Australia Pty Ltd.

The evaluation panel did not consider that any of the submissions were suitable to award Package 6. Councils EOL Vehicle Processing requirements will be considered as part of the FNQROC Regional Resource Recovery Plan.

Sims Group Australia Pty Ltd are recommended for contract award.

- Sims provided the most competitive submission for all the participating councils.
- They provided a collection schedule that was considered appropriate with suitable resources committed to each of the packages and the identification of suitable contingency measures.
- They also have sufficient bin stock on hand to service the needs of Cairns Regional Council.
- They have proven experience as the incumbent supplier having held the existing contract for the last 7 years.

Supplier 1 entered a submission for packages 1 and 6 only. Whilst they were scored favourably against the value for money evaluation criteria, they offered a lower payment rate for ferrous metal with several significant deductions applied making their submission uncompetitive.

Supplier 2 offered a lower rate for ferrous metal and ULABs with an additional travel fee applied for ULAB collections.

Supplier 3 only tendered for package 1 and their submission was incomplete.

PROPOSAL

That Council:

1. Approves the award of Contract 2023-024 – Collection and Removal of Ferrous Metal, Non Ferrous Metal and Used Lead Acid Batteries to Sims Group Australia Holdings Pty Ltd with a contract term of 3 years with two extension options of up to 12 months each (3 + 1 + 1), with maximum total term of 5 years.
2. Delegates authority to the CEO in accordance with s 257 of the *Local Government Act 2009* to enter into contracts, finalise and negotiate any and all matters relating to this contract and each package subject to normal procurement practices and policies.

FINANCIAL/RESOURCE IMPLICATIONS

There is no cost expenditure to council for this contract and revenue received from the sale of materials benefits ratepayers and the community. The annual revenue for the last 12 months was approximately \$161,279.82.

Future revenue is expected to be of a similar nature however is dependent on market value and the volume of material received. Operational costs to manage material and maintain the collection storage areas are part of the annual budget for the transfer stations.

RISK MANAGEMENT IMPLICATIONS

1. Collection Schedule - To alleviate some baler collection schedule issues experienced in the past, ferrous metal at all Cairns Regional Council sites is now stored in bins provided by Sims, collected on an agreed collection schedule and transported back to their yard. This takes pressure off the baling equipment for use elsewhere in the region and frees up time within the collection schedule.
2. Price - The metal market is notoriously volatile. This arrangement incorporates a formula which allows for monthly Rise & Fall. Prices are provided, inclusive of all expenses as follows:
3. Ferrous Metal - The price is based on the supplier's nominated percentage of the Tex Report monthly rate and RBA exchange rate (US\$ to AU\$) for Ferrous Scrap export which is a worldwide industry standard document referred to for the price of steel. This percentage is fixed for the contract term. The rate offered incorporates a deduction for sea freight, which is variable and is adjusted every 2 months as per the Baltic Exchange Index and a Waste Contribution Charge (waste levy) which is adjusted annually as per the Queensland Government Waste Levy. There is a risk that if the freight and waste levy charges exceed the rate payable to Council, Council could see a cost for this service.
4. Non-Ferrous Metal - The price is based on the supplier's nominated percentage of the weekly average Copper, Aluminium and Lead London Market Exchange prices and RBA exchange rate (US\$ to AU\$). The non-ferrous rates are therefore variable and adjusted weekly however the fixed percentage will remain for the contract term.
5. Used Lead Acid Batteries - The price is based on the supplier's nominated percentage of the monthly average Lead London Metal Exchange price and RBA exchange rate (US\$ to AU\$). The ULAB rate is therefore variable however the fixed percentage will remain for the contract term.
6. Council Finance and the Local Economy - There is no cost expenditure to council for this contract and revenue received from the sale of materials benefits ratepayers and the community. The annual revenue for the last 12 months was approximately \$161,279.82. Future revenue is expected to be of a similar nature however is dependent on market value and the volume of material received.

7. Community - The project will benefit the local community by ensuring scrap metal and ULABs are appropriately disposed of.
8. Natural Environment - The supplier is required to abide by their Environmental Management Policy and relevant environmental legislation. They must ensure proper handling during the collection, transportation and disposal process.
9. Statutory - Relevant procurement provisions in the *Local Government Act 2009* and *Local Government Regulation 2012* have been adhered to.
10. Policy - The tender process was undertaken in accordance with Council's adopted General Procurement Policy.

SUSTAINABILITY IMPLICATIONS

Economic: Cost benefit to Council.

Environmental: Recycling reduces the amount of waste going to landfill and scrap metal recycling reduces illegal dumping and its impact on the environment.

Social: Recycling of scrap metal provides an environmentally sound disposal avenue for residents and assists in reducing anti social activities such as illegal dumping.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 1 - Celebrating Our Communities

Douglas Shire Council embraces the diversity of our communities and values the contribution that all people make to the Shire. We recognise that it is a core strength of the region. We acknowledge our past so that it may guide us in the future. We recognise the wrongs done to our Indigenous community and we actively seek to reconcile so that we may all benefit from and enjoy our Shire. We acknowledge early European settlers who forged an agricultural base for our economy and we welcome all new arrivals as part of our broader community.

Goal 2 - We will deliver programs and services that protect and enhance the liveability of our beautiful Shire.

Theme 2 - Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector. Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.

Goal 2 - We will work with partners to promote the Shire as the World's leading sustainable tropical destination and encourage business investment.

Theme 3 - Leading Environmental Stewardship

Our visitors and residents deeply value the unparalleled environment in which we live. We recognise our responsibility in protecting and preserving our natural world for generations to come. We understand the strong link between the environment and the economy: they are interdependent. Douglas Shire will be at the forefront of environmental protection by developing strategies, setting policies, and working with all stakeholders to become the envy of and to inspire locations across Australia and the World.

Goal 2 - We will implement programs that reduce and offset our environmental footprint.

Operational Plan 2022-2023 Actions:

Legislative requirement.

Waste Reduction and Recycling Plan - Implementation of the Waste Reduction and Recycling Plan to reduce waste generation and increase resource recovery in Douglas.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Regulator	Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes based approach that balances the needs of the community with social and natural justice.
Service Provider	Council provides many services to the community from roads and waste services to libraries and recreational facilities. Services evolve over time and it is the Council's mission to ensure that these services are appropriate, delivered efficiently, and designed with the customer at the centre.

CONSULTATION

Internal: Resource Management Team
Councillor Workshop held 11 October 2022

External: FNQROC

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

1. FNQ031 Regional Collection And Removal Of Ferrous Metal Non Ferrous Metal [5.10.1 - 4 pages]

Package 1 & 2 Price Evaluation

Package	Tenderer	Price	%	Evaluation score
Package 1	Supplier 1	35.71	34.98%	7.00
	Supplier 3	45.76	44.82%	8.96
	Sims	102.10	100.00%	20.00
Package 2	Supplier 2	84.10	67.22%	20.16
	Supplier 3	45.76	36.57%	10.97
	Sims	125.12	100.00	30.00

Package 3 & 4 Price Evaluation

Price evaluation was deemed difficult to differentiate given the difference in the way pricing was proposed by Supplier 2 & Sims.

Sims offered various percentages against numerous non-ferrous metal types. Supplier 2 offered fixed percentages of less metal types.

Initial analysis from CRC suggests Supplier 2 pricing may be slightly more favourable when based on 21/22 data but this could vary significantly if metal received varies.

Also impacted by rise & fall of metal markets and exchange rates.

Given difficulty of allocating an accurate score decision made to award them both full 20% allowance for price.

CRC used their own final evaluation scores, so Package 4 not completed.

Package 5 Price Evaluation

Package	Tenderer	Price	%	Evaluation Score
Package 5	Supplier 2	\$345.70	83.55%	25.07
	Supplier 3	\$45.76	11.06%	3.32
	Sims	\$413.16	100.00%	30.00

Overall Evaluations

Package 1 – Ferrous Metal Baler Service

Weighting	Criteria	Supplier 1	Supplier 2	Sims
		Unweighted Average	Unweighted Average	Unweighted Average
10%	Local Business	3.83%	2.17%	4.50%
20%	Relevant Experience & Capability	10.67%	7.67%	9.33%
30%	Collection Schedule & Resources	16.50%	11.50%	14.00%
20%	Work Procedures & Methodology	9.67%	9.00%	10.00%
20%	Price	7.00%	8.96%	20.00%
100%	Overall Score	47.67%	39.39.29%	57.83%

Package 2 – Not applicable (CRC only)

Package 3 – Non-Ferrous Metal Collection Service

Weighting	Criteria	Supplier 2	Supplier 3	Sims Metal
		Unweighted Average	Unweighted Average	Unweighted Average
10%	Local Business	7.00%	2.60%	5.40%
20%	Relevant Experience & Capability	10.40%	6.80%	11.60%
30%	Collection Schedule & Resources	17.40%	8.40%	12.80%
20%	Work Procedures & Methodology	9.60%	7.60%	10.40%
20%	Price	20.00%		20.00%
100%	Overall Score	64.40%	25.40%	65.20%

Package 4 – Not applicable (CRC only)

		Supplier 2	Supplier 3	Sims Metal
Weighting	Criteria	Unweighted Average	Unweighted Average	Unweighted Average
10%	Local Business	7.33%	2.50%	5.83%
20%	Relevant Experience & Capability	8.60%	6.20%	9.80%
20%	Collection Schedule & Resources	9.20%	4.40%	8.40%
20%	Work Procedures & Methodology	8.60%	5.40%	9.00%
30%	Price	2.07%	3.32%	30.00%
100%	Overall Score	35.80%	21.82%	63.03%

Package 6 – Evaluation Panel did not consider any of the submissions to be suitable for this package.

Evaluation Summary

Non-Price Evaluation Scores					
Tenderer	Package 1 - Ferrous Baler	Package 2 - CRC Ferrous	Package 3 - N Ferrous	Package 4 – CRC N Ferrous	Package 5 - ULABs
Supplier 1	40.67				
Supplier 2		29.00	44.80	29.00	33.73
Supplier 3	30.33	NO SUBMISSION			
Sims	37.83	29.00	38.20	28.00	25.83

Price Evaluation Scores					
Tenderer	Package 1 - Ferrous Baler	Package 2 - CRC Ferrous	Package 3 - N Ferrous	Package 4 - CRC N Ferrous	Package 5 - ULABs
Supplier 1	7.00				
Supplier 2		20.16	20.00	CRC own evaluation	25.07
Supplier 3	8.96	NO SUBMISSION			
Sims	20.00	30.00	20.00	CRC own evaluation	30.00

Overall Evaluation Scores					
Tenderer	Package 1 - Ferrous Baler	Package 2 - CRC Ferrous	Package 3 - N Ferrous	Package 4 - CRC N Ferrous	Package 5 - ULABs
Supplier 1	47.67				
Supplier 2		49.16	64.40	CRC own evaluation	35.80
Supplier 3	39.29	NO SUBMISSION			
Sims	57.83	59.00	65.20	CRC own evaluation	63.03

