

## Memorandum

2 October 2017

<b>To:</b>	Strategic Procurement Committee members
<b>CC:</b>	Jazz Singh - General Manager Procurement Sue Tindal - Group Chief Financial Officer
<b>Subject:</b>	<b>Contracts for refuse collection services</b>
<b>From:</b>	Parul Sood - General Manager Waste Solutions Terry Coe - Waste Enterprises and Refuse Manager

### Purpose

1. To update the Strategic Procurement Committee on the extension of refuse collection contracts for all areas of Auckland.

### Summary

- *On 20 September 2016, the Tenders and Procurement Committee approved a recommendation to negotiate extensions to the refuse collection contracts for the legacy Auckland City, Manukau, Papakura, and Franklin areas to 30 June 2020 (resolution TEN/2016/42).*
- *The Tenders and Procurement Committee also approved a recommendation to negotiate provision of a refuse bin service for areas that currently have refuse bag collection services (resolution TEN/2016/42).*
- *Negotiations have been completed with the suppliers for the extension of these refuse collection contracts and provision of bin services for the legacy Manukau, Papakura, Waitākere and North Shore areas.*
- *Approvals to extend these refuse collection contracts to 5 July 2020, and the provision of bin services in Manukau, Papakura, Waitākere and North Shore, were granted by either the Strategic Procurement Committee or the council's delegated financial authority, based on the total value of the contracts, including contingency.*
- *All refuse collection contracts have now been extended to 5 July 2020, with an option to extend for a further two three-month periods.*
- *The information contained in this open memo was previously provided to the Strategic Procurement Committee under confidential reports and memos. This open memo has been prepared to provide transparency and release information that no longer needs to remain confidential.*

### Background

2. Auckland Council currently manages kerbside refuse collection services through eight contracts for different areas of Auckland. Refuse is collected either in bags or bins and collections are funded either through targeted rates or under a 'pay as you throw' (user pays) funding model.
3. In 2012, Auckland Council adopted its Waste Management and Minimisation Plan. The plan set various targets including:
  - an aspirational goal of zero waste to landfill by 2040, turning waste into resources
  - reducing per capita household rubbish by 30 per cent by 2018
  - reducing total waste per capita to landfill by 30 per cent by 2027.

4. Key mechanisms to achieve the targets stipulated in the plan are the introduction of:
  - a standardised, user-pays, refuse bin service throughout Auckland
  - a food waste collection service to divert from landfill up to 40 per cent of the organic material in household refuse.
5. To support implementation of the Waste Management and Minimisation Plan and to enable these changes the Tenders and Procurement Committee approved a full procurement plan for solid waste in September 2013 (resolution TP/2013/1). This set out the plan for procuring refuse collection services, among other waste collection services.
6. On 20 September 2016, the Tenders and Procurement Committee approved a recommendation to negotiate with existing suppliers to extend the term of existing refuse collection contracts for the legacy Auckland City, Manukau, Papakura, and Franklin areas to 30 June 2020, and, where necessary, negotiate terms for change from a kerbside waste collection service in bags to a kerbside waste collection service in bins (resolution TEN/2016/42).
7. These extensions were sought to maintain continuity of refuse collection services while the council implements the strategic changes needed to deliver on targets within the Waste Management and Minimisation Plan 2012. The extension of the contracts to 5 July 2020 will align the expiry date of refuse collection contracts for all areas.
8. The council will be introducing a region wide food waste collection service from 2020. Extending the refuse collection contracts to 5 July 2020 will allow council the option of procuring refuse and food waste collection services within a single market exercise.
9. As part of the standardisation of refuse bin services across Auckland, kerbside refuse collection from bins will replace the kerbside refuse bag collections in the legacy Manukau, Papakura Waitākere, and North Shore areas by 30 June 2018.
10. Bag collections are a known health and safety risk to collectors, due to sharp objects and the lifting required of the refuse bags. The introduction of a refuse bin service will eliminate these risks.
11. Approvals to extend these refuse collection contracts to 5 July 2020, were granted by either the Strategic Procurement Committee or the council's delegated financial authority, based on the total value of the contracts, including contingency. A summary of refuse collection contracts, together with approved expiry dates, approval details, and the local board areas covered by these contracts, is provided in Attachment A.
12. Provision for the introduction of bin services has been included in the contracts for the legacy Manukau, Papakura, Waitakere and North Shore areas.
13. The approved contract values are within the budget as approved in the Long-term Plan 2015-2025.
14. The details around the extension of the refuse collection contracts were initially provided to the committee under confidential reports and memos. This was to maintain confidentiality on the overall procurement strategy for the extension of these contracts. As negotiations for the extension for all refuse collection contracts have now been completed, confidentiality around the strategy to align the expiry date of all contracts to 30 June 2020 is no longer required. The commercial information in the previous confidential reports and memos remains confidential.
15. This open memo has been prepared to provide transparency and release the information within these confidential reports and memos that is no longer confidential.

### **Local board views and implications**

16. Local boards have been involved in consultation as part of the development of the first Waste Management and Minimisation Plan in 2012. Local boards will also be consulted on the review of the Waste Management and Minimisation Plan, which will be undertaken over 2017 and 2018.

17. Local boards have been supportive of upcoming changes to waste collection services in their areas and have provided input for the development the communications and engagement plans that supported the bin rollouts in Manukau, Papakura, Waitākere and North Shore.

### **Māori impact statement**

18. The collection, disposal and minimisation of waste to landfill is of interest to mana whenua in their role as kaitiaki of natural environments. As part of the overall implementation of the Waste Management and Minimisation Plan 2012, council is engaging with interested mana whenua and mātāwaka organisations on a number of projects related to waste minimisation and resource recovery.

### **Implementation**

19. The contract extensions noted in this memo will be implemented within existing council budgets as approved in the Long-term Plan 2015-2025.

### **Attachments**

Attachment A – Refuse collection contracts for the Auckland region.

## Attachment A: Current Auckland Council refuse collection contracts

Contract area	Contractor	Expiry date	Extension approvals received	Local board areas covered by contract
<b>Auckland East</b>	Waste Management NZ Limited	5 July 2020	Strategic Procurement Committee 10 May 2017 (STR/2017/20)	Maungakiekie-Tāmaki, Ōrākei, Waitematā
<b>Auckland West</b>	Waste Management NZ Limited	5 July 2020	Strategic Procurement Committee 10 May 2017 (STR/2017/20)	Albert-Eden, Puketāpapa, Waitematā, Whau
<b>Auckland Central</b>	City Parks Services	5 July 2020	Approved under the chief executive's delegation 22 June 2017	Waitematā
<b>Manukau</b>	Envirowaste Services Limited	5 July 2020	Strategic Procurement Committee 8 Feb 2017 (STR/2017/7)	Howick, Manurewa, Māngere-Ōtāhuhu, Ōtara-Papatoetoe
<b>Papakura</b>	Waste Management NZ Limited	5 July 2020	Approved under the delegation of the chief operating officer 22 August 2017	Franklin, Papakura
<b>Franklin</b>	Smart Environmental Limited	5 July 2020	Approved under the delegation of the director of Infrastructure and Environmental Services 20 June 2017	Franklin
<b>North Shore</b>	Veolia Environmental NZ Limited	5 July 2020	Strategic Procurement Committee 6 September 2017 (STR/2017/36)	Devonport-Takapuna, Kaipātiki, Hibiscus and Bays, Upper Harbour
<b>Waitākere</b>	Veolia Environmental NZ Limited	5 July 2020	Strategic Procurement Committee 6 September 2017 (STR/2017/36)	Henderson-Massey, Upper Harbour, Waitākere Ranges, Whau