

## 3 Presentation of officer reports

### 3.1 Recycling

#### Abstract

This report seeks Council endorsement for the variation of Contract No. 2015/124, Recyclables Collection and Processing Services. The contract involves the kerbside collection of recyclables in Boroondara, and (via sub-contract) the processing and disposal of the collected recyclables.

Changes in the global market for recyclable materials resulted in impacts on the recycling processing industry in early 2018. Arising from this, Council resolved to enter into a Deed of Variation with respect to Contract No. 2015/124, Recyclables Collection and Processing Services by Council resolution on 25 June 2018.

In February 2019 the EPA issued a “Minor Works Pollution Abatement Notice” to SKM’s processing facilities at Coolaroo and Laverton for stockpiling unacceptable amounts of recyclable material. This resulted in recycling material being sent to landfill for a period of several weeks.

In recent times, SKM has continued to experience issues in maintaining compliance with EPA requirements, and has flagged growing financial pressures in the present climate. This culminated in SKM Recycling announcing it was closing effective immediately on the evening of 25 July 2019 until further notice.

This report tables contractual arrangements relevant to this matter and provides an opportunity for Council to vary, or authorise variations, to achieve the best possible outcome for the processing of Boroondara’s kerbside recycling material.

Confidential information is contained in **Attachment 1**, as separately circulated, in accordance with Section 89(2) of the *Local Government Act 1989*, as the information relates to contractual matters, and premature disclosure of the information could be prejudicial to the interests of Council or other persons. This item has been included in the public agenda to facilitate transparency and accountability in Council’s decision making.

If discussion of the confidential information in the attachment to this report is required in order for Council to make a decision, Council will need to resolve to close the meeting to the public in accordance with the *Local Government Act 1989*.

#### Officers' recommendation

That Council resolve to:

1. Vary Contract No. 2015/124, Recyclables collection and Processing Services, as per the Key Terms outlined in the confidential attachment to this report.
2. Authorise the Chief Executive Officer, or such other person that the Chief Executive Officer selects for the purpose of giving effect to this resolution, to finalise negotiations on this matter in accordance with the Key Terms outlined in the confidential attachment to this report, and take all steps necessary to finalise and execute the contract variation for the above contract.

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**Responsible director: Carolyn Terry**  
**Acting Director Environment and Infrastructure**

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## 1. Purpose

The purpose of this report is for Council to give consideration to the variation of Contract No. 2015/124, Recyclables Collection and Processing Services.

## 2. Policy implications and relevance to community plan and council plan

This contract variation is aligned with the Boroondara Community Plan priority theme "The Environment". Strategy 3.2 of the Revised Council Plan 2017-21 articulates a commitment to "Reduce the amount of waste generated and disposed in landfill through initiatives to prevent, reduce, recycle and reuse waste".

## 3. Background

Changes in the global market for recyclable materials resulted in impacts on the recycling processing industry in early 2018. Arising from this, Council resolved to enter into Deed of Variation with respect to Contract No. 2015/124, Recyclables Collection and Processing Services by Council resolution on 25 June 2018.

In February 2019 the EPA issued a "Minor Works Pollution Abatement Notice" to SKM's processing facilities at Coolaroo and Laverton for stockpiling unacceptable amounts of recyclable material. This resulted in recycling material being sent to landfill for a period of several weeks.

In recent times, SKM has continued to have issues in maintaining compliance with EPA requirements, and has flagged growing financial pressures in the present climate. The culminated in SKM Recycling announcing it was closing effective immediately on the evening of 25 July 2019 for an indefinite period.

## 4. Outline of key issues/options

The City of Boroondara has a contract with Cleanaway for the collection and processing of recyclables. The contract commenced on 2 November 2015 for an initial term of 5 years, plus a 2 year extension option. The contract comprises two parts, the collection of kerbside recycling bins, and the receiving and processing of recyclable material (which Cleanaway sub-contracts to its chosen provider, SKM Recycling). The processing sub-contractor undertakes the sorting, baling and on-sale of recyclable materials to markets in Australia and overseas.

Cleanaway has been in discussions with officers in recent weeks regarding arrangements to maintain continuity of service for the processing of the City's recyclable material. Cleanaway has tabled a Deed of Variation for Council's consideration in response to the present situation, the details of which are provided in **Confidential Attachment 1**, as circulated separately.

**5. Consultation/communication**

Due diligence into the legal and commercial risks of the alternative proposed arrangements have been undertaken through the appropriate channels.

**6. Financial and resource implications**

An outline of the Financial and Resource implications is provided in Confidential Attachment 1, as circulated separately.

**7. Governance issues**

Due diligence into the legal and commercial risks of the alternative proposed arrangements have been undertaken through the appropriate channels.

**8. Social and environmental issues**

This contract is Council's current primary mechanism for diverting waste from landfill.

**9. Conclusion**

This report tables contractual arrangements relevant to the current recycling processing issues impacting local councils in Victoria, and provides options for Council's consideration as to how these impacts can be resolved or mitigated.

**Manager:** Andrew Mackinnon, Group Manager Parks & Infrastructure

**Report officer:** Andrew Mackinnon, Group Manager Parks and Infrastructure