



The Commercial  
Advisory Partnership

# Cause Analysis and Recommendations Report

RFQ 12390

Independent External Review Waste Contract

March 2024

## Use and Status of Report

### Use of Report

This Cause Analysis and Recommendations Report (Report) has been prepared by The Commercial Advisory Partnership solely for the City of Port Phillip Council (the Council) in accordance with agreed terms of engagement. We disclaim any assumption of responsibility for any reliance on this report to any party other than Council or for any purpose other than which it was prepared.

This is an internal report produced for and on behalf of the Council. All data provided in preparing this Report was provided by the Council. The Council consents to the use of and references made to that data in this Report.

Verbal representations were provided by the Council and other relevant stakeholders, including Citywide.

### Limitations on Scope

The findings in this Report are based on documents and information provided by the Council and through stakeholder consultation, including with Citywide. Where possible, information provided in consultation has been corroborated against data and other records, although this has not always been possible.

While significant information has been provided, the Council informed us that some documents requested had not been produced. A list of key documents requested is included in Appendix B.

Citywide was consulted during a single meeting as part of this review.

## Context

Following a competitive procurement process, the Council appointed a new waste management contractor, Citywide Service Solutions Pty Ltd (Citywide). Citywide was appointed to provide kerbside collection services, cardboard removal services and Food Organics Garden Organics (FOGO) services with service delivery to commence on 1 July 2023. The Council's performance reporting showed that from services commencement the number of bins not collected materially increased with approximately 6,900 bins not collected in the first month compared with 394 bins not collected in the month immediately prior.

The Commercial Advisory Partnership (TCAP) was engaged by the Council to undertake a review of its waste management procurement and transition to the new service provider. This Report considers the potential causes of the issues associated with delivery of waste management services. We have made a series of recommendations for improvement in Council procurement and contract management processes for consideration in respect of future procurement activities.

TCAP engaged Salt3 as a subcontractor and acknowledges their contribution in the conduct of this review and contribution to this Report.

A separate Probity Audit Report has been developed by RSM Australia Pty Ltd, which considers the general probity requirements of the waste collection procurement.

## ES1. Executive Summary

### ES1.1 Overview

The Council appointed Citywide for kerbside waste collection services following a competitive procurement process, with services commencing on 1 July 2023. Citywide is owned by the City of Melbourne and provides waste collection services to City of Melbourne and other councils.

Immediately on the introduction of the new services the number of bins not collected materially increased. Based on monthly performance reports, the number of bins not collected increased to approximately 6,900 bins not collected in the first month, compared with 394 bins not collected in the month immediately prior.

The issues encountered at services commencement were not anticipated by either the Council or Citywide and an emergency response was jointly initiated to address the missed bins and improve services.

As part of the emergency response, the Council informed TCAP that:

- It supported service delivery using its own resources to undertake kerbside waste collection and worked with Citywide on data collection and services route mapping. The Council allocated significant resources to address the problem, without which the situation may not have been managed as quickly or resolved by the contractor alone
- Citywide responded by deploying additional resources (people and vehicles), including additional resources to improve data and route mapping processes, and working longer shifts and more days than planned.

These measures ultimately led to the stabilisation of services. At the time of writing this Report missed bins have fallen from over 1,800 per week (first week of contract), to 179 per week. While services have improved, missed bins remain higher than before-services commencement.

This independent review was commissioned to identify the potential causes of these issues.

### ES1.2 Characteristics of the Council's Waste Services

The Council's waste services are more complex than other council areas. In council areas with a higher proportion of houses and townhouses the number of bins to be collected and their locations can be more readily determined. The Council has a more complicated waste environment, characterised by:

- A high proportion of multi-unit developments with ad hoc collection requirements, including access codes, physical keys and unique onsite collection locations
- A large number of one-way streets, narrow streets, laneways (often used for bin collections) and overhanging trees
- Challenging access arrangements, such as the use of laneways, often at the rear of properties where space limitations restrict fully automated collection vehicles
- Properties with multiple collections days per week
- Extensive on-street parking.

The Council's tender documents described these complexities to ensure they were anticipated by tenderers and the new waste services contract included a clause that required the services provider to take account of these circumstances in planning for and delivering services.

It is noted that Citywide delivers waste services to the City of Melbourne, which while having a larger proportion of commercial properties, has some similar characteristics to those in City of Port Phillip Council. The Council considered this experience relevant in selecting Citywide to deliver its waste management services.

### ES1.3 Previous and New Waste Services

Four Seasons Waste (FSW) had provided kerbside waste collection services to the Council for approximately 25 years. As a result of the expiration of the FSW contract, and the Council's introduction of new waste management strategies, a competitive tender process was undertaken.

The competitive tender process resulted in three offers for the kerbside services. Citywide were appointed as the contractor for the following waste services:

- Residential kerbside waste collection
- Residential kerbside recycling collection
- Strip shopping centre cardboard collection
- Residential kerbside food and organics collection.

The new waste services contract has a duration of 7 years with a 3-year extension option.

### ES1.4 Nature of the Service Delivery Issues

The most significant service delivery issue, with the largest impact on Council residents, was the non-collection of bins. The Council informed TCAP that non-collection of bins occurred throughout the municipality, including:

- Large sections of main roads
- Entire residential streets
- Numerous laneways, often located at the rear of properties
- Multi-unit developments, with some sites not receiving collection for over 2 weeks.

Missed bin requests associated with multi-unit developments ranged from 4.9% to 22.9% (10% on average) of the weekly missed bin requests received in the period 2 July 2023 to 23 Jan 2024. The majority of weekly missed bin requests were attributable to non-multi-unit developments properties, although it is noted that each multi-unit development accommodates multiple residents and multiple bins, therefore this weekly figure is likely to under-represent the actual number customers that would have been impacted at multi-unit developments.

Missed bins from the front of properties equated to 60% on average of the weekly missed bin requests received in the period 2 July 2023 to 23 Jan 2024, with the remaining missed bins associated with collections from the side or rear of properties. The majority of missed bins were those that were placed out on the street front and not from properties that required special collection arrangements or rear laneway collections.

In the first two weeks of the service commencement (2 - 15 July 2023) 17-18% of missed bin requests were associated with entire streets. This dropped to 10% or less from week four of the service onwards.

In addition to the missed bins, the Council has informed TCAP of other areas it considers Citywide's performance does not meet the requirements of the new Waste Services Contract. These areas were: over-compaction of recycling; insufficient plant and equipment; the collection of strip shopping centre cardboard outside of designated hours; notifying the contract manager in the event of service disruptions; accommodating reasonable requests by the contract manager or

users of services with a positive and proactive attitude and the positioning of bins after they had been emptied. At the time of writing this report, these claims have not been substantiated nor accepted by Citywide.

## ES1.5 Impact and Cause Analysis Summary

The following table identifies the key findings and their contribution to the issues arising.

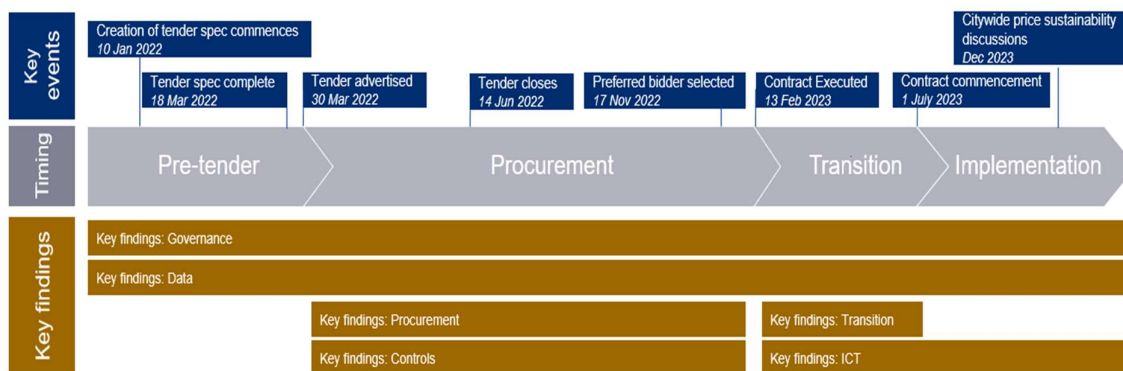
Area	Finding	Finding
Transition	<b>Critical</b>	<p>Transition was treated as a Business as Usual (BAU) activity without adequate governance oversight typically needed to manage a complex transition.</p> <p>Transition planning was not sufficient, including the handover from the Council's procurement team to the transition team. The plans and controls set out in the Council's project management framework were not used effectively.</p> <p>A critical control in the transition period was Citywide's contractual obligation to submit route maps for review six weeks prior to service commencement. This did not occur and was not escalated by either party. The Council first received the route maps after services had commenced and they were found to be materially deficient.</p> <p>Tenderers had been informed inspection of the service area would be necessary. Many missed bins related to areas with standard collection characteristics, it therefore appears that the transition stage investigations by Citywide, used to develop their collection methodology, was insufficient.</p> <p>Interactions between the outgoing and incoming service provider that could have supported effective transition, and might reasonably have been expected, did not take place.</p>
Resourcing	<b>Critical</b>	<p>The Waste Transformation Procurement Project that managed project delivery during the procurement phase did not continue into the transition phase and transition was treated as a Business-as-Usual activity.</p> <p>While resources were augmented to support the additional workload during the transitional period, we believe they were insufficient for a transition of this scale and complexity.</p>
Governance	<b>Significant</b>	<p>The Waste Transformation Project Control Group represented the broader waste transformation strategy, which included the procurement of the new kerbside collection service.</p> <p>While this structure was created to address the interdependencies between the procurement project and the broader waste program, more focused procurement project</p>

Area	Finding	Finding
		oversight was appropriate for a project of this scale and complexity.
Controls	<b>Significant</b>	While the Council has a project management assurance program in place, project controls, in particular planning, project management, risk management and reporting were not adequately utilised to support project delivery or governance needs.
Data	<b>Significant</b>	<p>Adequate data could not be secured from the outgoing service provider, including existing collection schedules and route maps. The Council requested additional data, and it is understood the outgoing contractor, did not collect, or maintain the requested data sets.</p> <p>Under the new contract, the council was responsible for maintaining a data set that related bins to properties. When this data set was requested by Citywide during transition, noting there is no requirement in the contract for Council to provide it, they were informed by Council that it did not exist and could not be provided. As a result, Citywide agreed to base collection schedules on property addresses and to rectify the data gap during the operating phase.</p> <p>Citywide did not raise the data gap as an issue that would impact service delivery and it appears from the number of missed bins, that Citywide’s alternative plans to develop collection schedules were not effective.</p> <p>Other data, most importantly the number of multi-unit developments with non-standard containers, was inaccurate. Inaccurate data may have impacted the ability of Citywide to effectively price and plan services. However, the inaccurate data was not the primary cause of the large number of missed bins from properties with standard collection arrangements.</p> <p>Neither party, including the Council during procurement planning, nor the Council or Citywide during the transitional phase, identified the potential risks associated with known data issues.</p>
Procurement	<b>Contributing</b>	<p>The high weighting to price meant that any issues in capability, experience or transition were masked in the overall tender score.</p> <p>The sustainability of pricing was not adequately considered in the evaluation process.</p>

Area	Finding	Finding
		Council was not provided with a breakdown of scoring for each tenderer to allow for differences against each evaluation criteria to be considered.
ICT	<b>Contributing</b>	The ICT integration was not appropriately managed its failure to be delivered at services commencement impacted the effectiveness of the response.

## ES1.6 Timeline of Key Events

The following provides a timeline of key events during the tender period.



## ES1.7 Summary Findings

The following sections provides a summary of findings.

### ES1.7.1 Readiness for Service

Citywide were not fully ready and prepared to perform the services at commencement as evidenced by the service issues experienced from day one of the contract.

Citywide believed they were ready to provide services and had not raised concerns with the Council that indicated otherwise.

Based on Citywide raising no concerns in relation to readiness for service, the Council did not have any actions or mitigations prepared in anticipation of the level of service failure that ultimately transpired.

This section sets out the key issues that contributed to the service delivery issues encountered.

### ES1.7.2 Transition - Waste Collection Schedules

A key activity in the transition period was the contractual requirement for Citywide to submit waste collection schedules, including route maps, six weeks in advance of services commencement. These schedules and maps are key service planning documents describing how services would be delivered and were intended to be provided with sufficient time to allow the Council to review and comment on the suitability of those plans.

We understand from the Council and Citywide that route maps were first generated on the morning of services commencement and received by the Council during the first week of service delivery. Given the importance of the route mapping to effective service planning, the late



generation of the route maps meant that there was likely little scope for optimisation, including opportunities for review, checking and driver familiarisation.

The Council informed TCAP that when it first received and reviewed the route maps, they had omissions, with entire streets and laneways missing. Had these documents been produced and reviewed six weeks prior to services commencement, it is possible some of the service delivery issues could have been mitigated or even prevented.

The Council does not appear to have requested the collection schedules and route maps when the initial delivery timeline was not met, and the transition team accepted verbal assurance from Citywide that route maps were being developed. The development of waste collection schedules and route maps were a key transition activity and Citywide not producing this information could have been identified by the Council as material risk and escalated through project governance.

It is unclear as to why the waste collection schedules and route maps were not produced. It is noted that collection schedules were not available from FSW, the previous provider, requiring new waste collection schedules and route maps to be developed; making the task more complicated and time consuming.

### ES1.7.3 Data Gaps

The availability of accurate and complete data would be instrumental in the ability of any provider to deliver the required services. Data that mapped the type of bin to a property was not provided by the Council. The new Waste Services Contract includes a provision that it is the Council's responsibility to maintain this data set for purposes of maintaining bins in service.

Citywide had requested from Council information, including the container and property data set, in December 2022. The Council first informed Citywide in February 2023 that this data set was not available.

The Council informed TCAP that it provided to Citywide all the data it had access to. However, the Council did not have access to, and could therefore not provide, data set that related containers to specific properties. While there was data on the total number of containers, the total number of properties, and the total volume of waste, information relating containers to property addresses was not available.

As a consequence of this data gap, in April 2023 the Council and Citywide agreed Citywide would use property data to generate route maps initially and collect container data over a 12-18 month period. Based on the correspondence reviewed, Citywide did not identify this alternative approach as an issue that would impact initial service delivery.

In the absence of any indication to the contrary, and with the data rectification plan in place, the Council did not consider the data gap to be an issue that required further management.

However, given the complexity of the Council's waste environment, the data gap was a risk to initial service delivery and made the task of service planning more difficult. It gave rise to the data rectification plan (noted above), which combined with other data issues (such as the Council not having FSW route maps) presented higher risks in the transition period. Neither party identified data as a key risk and therefore there was not a plan to address this.

While a more complete data set would have better supported transition planning, we are not aware of the adequacy of data being an issue raised in tendering. The pricing mechanism in the contract was based on unit rates applied on a per bin lift and collection basis, therefore the location of every bin was not essential for pricing.

#### ES1.7.4 Inaccurate Data

Citywide has stated that some of the data the Council provided in its RFT and included in contract documents was inaccurate and impacted service delivery. TCAP has been informed by the Council of the following differences:

- Additional tenements: The total tenements to be serviced was approximately 3.5% above that described in the Council's Request for Tender (RFT) documents
- Non-standard containers: The RFT identified 24 sites with non-standard containers requiring collection. As at January 2024, 63 sites have been identified by Citywide
- Multiple collections per week: The RFT Identified 50 sites requiring multiple collections per week. As at January 2024, 55 sites have been identified by Citywide.

This data would have been used to inform Citywide's resourcing proposal and pricing in developing their tender response and would have been considered in planning for the delivery of the new services.

Citywide has stated that the data inaccuracies, in particular in relation to non-standard containers, was material to the service delivery issues. Whilst the difference was only 39 sites, this equated to significantly more containers due to each multi-unit development requiring collection of multiple non-standard sized containers. The Council's reconciliation show that there were 864 non-standard containers, in addition to the information provided by the Council in the RFT. Citywide has suggested that the difference was equivalent to several thousand standard bins worth of collections.

Whilst the data inaccuracies may have contributed initially to the missed bin issues for non-standard container properties, the data cannot be attributed to the missed bins from entire streets, missed laneway collections and other missed collections from properties with standard collection arrangements.

Bins from multi-unit developments would have a disproportionate impact the number of customers affected and on the service delivery characteristics due to the nature of the waste collection receptacles at those locations - that is one oversized bin for multiple residents.

Tenderers had been informed of the many nuances of the Port Phillip service area and that inspection of the service area would be necessary. For so many missed bins to be related to areas with standard collection characteristics, it appears that the transition stage investigations by Citywide, used to develop their collection methodology was insufficient.

#### ES1.7.5 Transition - ICT Considerations

The Waste Services Contract required Citywide to utilise an ICT enabled waste management system. The system was intended to support route mapping, integrate with vehicles to allow drivers to effectively collect bins along planned routes, provide real time data on waste collection, and support improved contract management.

The Council nominated (but did not mandate) a preferred system called IntelliTrac which the Council had previously used for other services. Neither the Council nor Citywide had previously used IntelliTrac for waste collection services.

While Citywide is responsible under the Waste Services Contract for the implementation of IntelliTrac, the key data sets required needed to be sourced from the Council. We understand that the effective use of IntelliTrac is reliant on a data set linking bins to locations, as a result of this, its utility was impacted by the abovementioned data issues.

The implementation of IntelliTrac was delayed, with Citywide informing TCAP that maps were initially able to be generated on the first day of service delivery. Citywide informed TCAP that the

implementation was impacted by blurred lines of communications, with both Citywide and the Council dealing directly with IntelliTrac during the implementation phase.

The Council has stated that only a small proportion of trucks had IntelliTrac capability at services commencement (noting all vehicles required the capability) and has issued a non-conformance notice to Citywide on this matter. Citywide claim that all trucks were equipped with GPS and IntelliTrac at the commencement of the service, either through portable or mounted devices. Citywide claimed certain hardware was not permitted to be installed on interim vehicles that were leased<sup>1</sup>.

At services commencement IntelliTrac did not support effective route mapping as intended. The Council informed TCAP that, as a result of the issues with the digital maps, manual maps were used. These maps were updated on a daily basis as information was obtained based on resident complaints.

Integration of IntelliTrac with the Council's One Council customer service system was also understood to be necessary to enable customer service requests such as missed bins to be efficiently transferred to drivers and closed out once completed. These systems were not fully integrated at service commencement affecting the ability to quickly respond to and close out service requests related to missed bins.

It is evident IntelliTrac was not available as intended at service commencement. It may have benefited from more proactive management and problems in the period leading to service commencement could have been raised as key issues with appropriate remedial actions undertaken.

#### ES1.7.6 Transition - Handover between Services Providers

In the transition of complex services contracts, it is typical that transitional arrangements are established with the outgoing services provider, in this case FSW. It appears that the opportunity to use FSW experience was not used in an optimal way.

The Council did not secure adequate data and information from the outgoing contractor which could have alleviated some of the data gaps. The FSW contract, which was extended in 2022 included provisions for FSW to submit collection schedules prior to services commencement. The Council did not enforce this requirement. While the FSW contract was in flight, the Council had an opportunity to request and collect relevant data in support of the forthcoming procurement activity. As FSW collection schedules were not available for handover to Citywide, Citywide were required to develop completely new collection schedules and routes during transition.

There are conflicting views between Council and Citywide as to why Citywide did not ride in or behind FSW waste services trucks during transition to gain an understanding of the routes and positioning of bins. Citywide contends that they were requested by Council not to do so, whereas the Council contends that Citywide did not request this and informed them that it was not required. Neither view has been substantiated.

It is normal practice for an incoming contractor to drive and inspect the collection routes as part of the route planning process. The number of missed bins from standard collection properties, entire streets and laneways suggests that this aspect of route planning by Citywide was either not undertaken or ineffective.

Citywide asserted to TCAP it had pressed for a meeting with FSW during the transition period and that this meeting did not occur until about one week prior to services commencement, which it

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<sup>1</sup> Delays in appointing Citywide preferred bidder had led to delays in ordering and receiving new vehicles. The Council and Citywide agreed a 6-month extension for certain new vehicles requiring Citywide to lease vehicles.

considered too late to provide meaningful support in preparation for service delivery. Council had offered to facilitate a meeting with FSW by email to Citywide dated 8 May 2023, in which Council requested confirmation of preferred meeting time, meeting agenda, and requests to be put to FSW.

A better planned transition between the outgoing and incoming contractor could have materially alleviated the problems encountered at services commencement.

#### ES1.7.7 Procurement Process and Selection of Citywide

Pricing was a key factor in the Council's decision to appoint Citywide. Its overall pricing was assessed to be materially lower than the other tenders received. The level of due diligence conducted by the Council on pricing did not include consideration of whether the waste services could be delivered at the tendered price and whether the proposed unit rates were sustainable. Following the emergency response and stabilisation of services, Citywide has stated that current resourcing levels are above sustainable levels. Further testing of pricing may have been warranted to consider the initial tender's sustainability.

The Council's tender evaluation processes were largely compliant with internal policy including that pricing was weighted at 45% of the overall evaluation weighting. While compliant with Council policy, the high weighting to price potentially under-valued other aspects of the evaluation such as supplier experience and transitional planning. It also meant a tenderer with materially lower pricing would be more likely have the highest overall score.

A Tender Evaluation Report was developed by the Tender Evaluation Panel and provided to the Council with a recommendation to appoint Citywide for the kerbside waste collection services. The Council subsequently endorsed this recommendation. While the Tender Evaluation Report complied with Council policy, it did not provide details of certain aspects of the tenders that would have better supported the Council in making a fully informed decision. In particular, it did not present the full scoring against the individual evaluation criteria, so Council did not have line of sight over the relative scoring of price and the other evaluation criteria. We are not aware that the Council had any concerns about the level of information presented in the Tender Evaluation Report.

The Tender Evaluation Report did not present, with sufficient clarity, relevant feedback on Citywide's performance gathered through reference checking processes. Reference checking, while providing positive feedback on Citywide's performance, identified additional information that was noteworthy and may have benefited from follow up enquiries.

#### ES1.7.8 Contract Sustainability

Citywide has put to the Council that, while the services have improved substantially, that delivering the services at the current (improved) service level requires more people and vehicle resources than was anticipated in its tender and that continued delivery of the services at this level may be unsustainable.

Under the Waste Services Contract, Citywide is required to use Melbourne Regional Landfill (MRL) as the primary facility for designated disposal and reprocessing. As an interim measure the Council has permitted waste to be disposed at Citywide's Dynon Road facility prior to be bulk hauled to the MRL. On the expiration of this interim measure, Citywide's costs of service delivery are likely to increase above their current levels, due to the additional travel time required to the MRL. As Citywide are contractually obliged to use MRL, it would be expected that the original pricing reflected this obligation.

#### ES1.7.9 Governance and Accountability

Appropriate project governance controls and accountability are key overarching principles that should apply to any public sector procurement activity. While the project was appropriately structured and resourced, it reported through a Waste Transformation Project Control Group, which had broader responsibilities than the delivery of the procurement and a dedicated function would have been more appropriate for a project of this scale and complexity.

The Waste Transformation Procurement Project was formed to manage project delivery. This appeared to be an effective delivery structure until the transitions phase. The transition phase was treated as a BAU activity. While the transition team was allocated an additional resource to provide support for the additional work involved in managing the current contract and transition, this structure was not effective in managing a transition of this complexity.

Throughout the project, the Waste Transformation Procurement Project was impacted by internal resourcing capability and capacity constraints. It sought to address this issue through the use of specialist consultant appointments and through bringing in a waste operations specialist from the City of Melbourne Council.

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# 1 Background

## 1.1 Introduction

Kerbside waste and recycling collection services is one of the Council's highest value and highest risk contracts. The previous contractor, Four Seasons Waste Pty Ltd, held various kerbside collection contracts with the Council, including waste and recycling collection, for 25 years until the expiry of its contract in June 2023.

In accordance with the Local Government Act 2022 and the Council Procurement Policy, consideration was given to opportunities for a procurement involving collaboration involving other metropolitan councils. However, this approach did not proceed due to timing constraints. These considerations were not the subject of this review and are not considered further in this Report.

A tender for new kerbside collection contracts, to commence in July 2023 was endorsed through a project business case, completed in February 2022. The Four Seasons contract, which was originally expiring on 30 June 2022, was extended by an additional 12 months to 30 June 2023 to accommodate the procurement process and transition periods.

The new contracts sought to deliver Council's long term strategic goals, including the Don't Waste It! Strategy, which would reduce kerbside garbage collections and increase recycling and food organics and garden organics (FOGO) collections. The new contracts sought to contemporise customer services and provide a modernised, data-driven approach to service delivery.

## 1.2 Council Waste Characteristics

The Council's collection area is described in the tender specification as a high density, urban municipality with a mixture of single dwellings and multi-unit developments. The tender specification notes that the collection area is characterised by one-way streets, narrow streets, streets with on-street parking, laneways (often used for bin collections) and overhanging trees, all of which present challenges to waste collection.

### 1.2.1 Kerbside Waste Collection Services

The Council provides a kerbside waste collection service to residential ratepayers and some commercial customers within the municipality. The standard residential kerbside service includes a 120L general waste bin collected weekly, a 120L comingled recycling bin and, for those located within applicable areas, a 120L food and organics bin collected weekly. Commercial properties typically received only the 120L general waste bin service and, where applicable, cardboard collections.

Under the new contract the FOGO service will be expanded to include all single dwellings and multi-unit developments that meet a range of selection criteria.

According to data contained in the tender specification, the Council provides kerbside waste and recycling collection services to the following properties:

- 15,666 single dwellings
- 3,147 multi-unit developments (up to 50 tenements)
- 158 multi-unit developments (more than 50 tenements)



- 6,842 commercial tenements

Non-standard containers are supplied to certain properties that require alternative collection arrangements or larger bins. These properties include large developments with more than 50 dwellings and certain commercial tenements. Non-standard containers are either 660L or 1,100L bins. A total of 24 properties were listed in the tender specification as having non-standard containers.

Non-standard services also include properties that receive greater than one collection per week. According to the tender specification there are currently 50 buildings receiving more than one collection per week.

The Council also provides the following waste collection services:

- Hard and green waste booked collection
- Dumped rubbish collection
- Foreshore litter bin collection (seasonal)
- Public place waste and recycling bin collections
- Communal glass and food organics bin collections
- Strip Shopping Centre Cardboard collection

The new contract specified the implementation and integration of a Mobile Resource Management System with IntelliTrac being the council's preferred supplier. However, IntelliTrac was not a requirement and alternative systems could be proposed by tenderers.

### 1.3 Tender Process and Selection

A single-stage tender process was undertaken with tender documents released to market on 30 March 2022. Four tender responses were received, including three for kerbside services. Respondents were requested to provide offers for up to three contract options. Following tender assessment contracts were awarded as follows:

- Kerbside Services awarded to Citywide
- Hard Waste and Dumped Rubbish Services was awarded to Four Seasons

Table 1 sets out details of the structure of the waste services tender options (Option A, B and C respectively), tenders received and the successful tenderers.

*Table 1. Tender Response to Kerbside, Hard Waste and Dumped Rubbish Services*

	Option A: Kerbside Services Only	Option B: Hard Waste and Dumped Rubbish Services Only	Option C: All Services (Option A + B)
Tenderer 1 (Citywide)	Successful Offer Submitted		Offer Submitted
Tenderer 2	Offer Submitted	Offer Submitted	Offer Submitted
Tenderer 3	Offer Submitted	Successful Offer Submitted	Offer Submitted
Tenderer 4		Offer Submitted	





Citywide was selected as preferred bidder for kerbside services on 17 November 2022. The contract was executed on 13 February 2023, allowing five months to complete transition, for a service commencement on 1 July 2023. FSW was awarded the contract for hard waste and dumped rubbish services.

This Report is limited to considerations in respect of kerbside services awarded to Citywide only.

## 1.4 Timeline of Key Events

A timeline of all key events during the procurement, transition and implementation phase of the service renewal is outlined below in Figure 1.

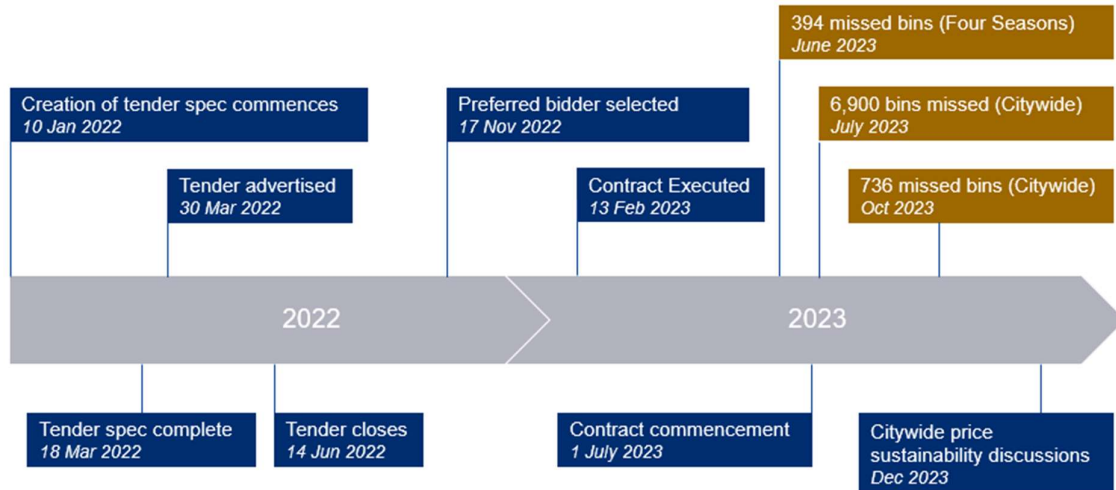


Figure 1. Key Milestones

## 1.5 Performance Issues

Based on performance reports, historically missed bin performance for kerbside collection services was in the region of 150 missed bins per month. This was considered by the Council to represent a good level of performance, with the complexity of services inevitably resulting in a level of missed bins. It is noted however, that in the six-month period leading up to the new contract commencing service levels had dropped, with missed bin numbers ranging from 156 to 394 per month.

On commencement of the new contract, Council performance reports indicate that missed bin performance materially deteriorated. Missed collections are the Council's key performance indicator for kerbside collection services and the deterioration in performance is shown in Figure 2<sup>2</sup>.

<sup>2</sup> Missed collections are combined reported missed garbage, recycling and food organics and garden organics (FOGO) bins.

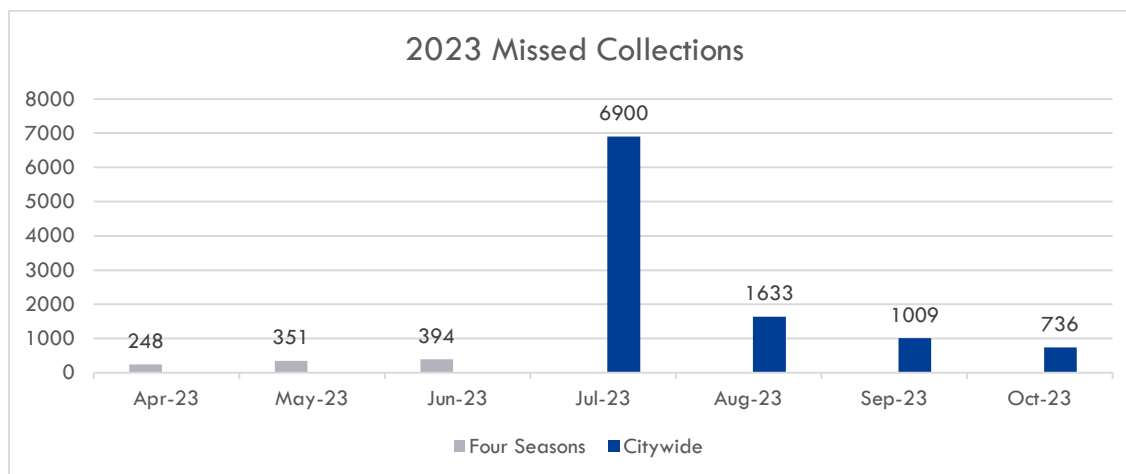


Figure 2. Summary of missed collections, total bins per month

On 4 December 2023 the Council issued a notice to Citywide outlining a number of contractual requirements it considers have not been met, including shortfalls in the cardboard collection service and service quality matters related to the placement of bins following their being emptied.

## 1.6 Response to Issues

The Council has instructed TCAP that:

- Service delivery issues arose immediately on contract commencement, with missed bins in the first week totalling over 1,800, the amount usually recorded per year. The quantity of missed bins was significantly in excess of business as usual and the Council and Citywide worked together in the period following service commencement to identify and respond to service delivery issues.
- An ‘emergency response’ approach was adopted which included daily stand-up meetings with Citywide from July to September 2023, transitioning to three meetings per week as services stabilised in October. The Council mobilised internal staff from the waste operations team and other departments to respond to missed bin collections using the Council’s own vehicles and at Council’s own cost. The Council permitted residents to drop off uncollected waste at the Resource Recovery Centre, free of charge.
- In response to the issues, Citywide operated collection trucks seven days per week with extended operating hours each day. It has stated that it is using additional trucks and additional resources compared to those which it expected to use and outlined in its tender submission.
- At services commencement it was expected that new services would be supported by a new waste management system to support digital route mapping. This system was not fully functioning at services commencement. Citywide therefore relied on paper-based route mapping and worked together with the Council to improve route mapping issues.

On 8 August 2023, the Council requested a Rapid Improvement Plan detailing how Citywide would address inherent challenges and mitigate risk of current and future service failures<sup>3</sup>.

Services have substantially improved, although missed bins remain higher than in the period before new services commenced.

<sup>3</sup> Council documentation and representations indicate this plan is still outstanding.

## 2 Scope and Approach

### 2.1 Scope

The Council commissioned this 'Independent External Review' to assess the "*effectiveness, efficiency, and integrity*" of the Kerbside Waste & Recycling Collection Contract arrangements. The scope of work has covered the entire lifecycle of the project from issue of the Request for Tender into ongoing operations with the stated goals of identifying any areas of improvement, process inefficiencies, systemic issues and accountabilities.

The scope specifically included the following<sup>4</sup>:

1. Preparation for the RFP and tender including development of the specification, selection criteria (adequacy of categories/weightings), quality of relevant available waste collection records, structure of the contract documentation, probity arrangements, establishment and suitability of the Tender Evaluation Panel.
2. Assessment of the RFP and tender evaluation process and compliance with procurement policy. Assessment of probity arrangements and compliance with probity policy.
3. Assessment of the tender selection recommendations and information provided to Councillors (including whether the large price differences in the contract submissions were reasonable and whether this large difference should have raised any red flags).
4. Examination of the implementation phase and mobilisation, analysing the transition from the previous contractor, relevant council records and mapping systems (including what processes took place to thoroughly test the routing of the mapping prior to implementing operation), communication protocols, and council's response.
5. Evaluation of the ongoing contract management, monitoring, and performance measurement mechanisms, including service level agreements, records, reporting, and compliance.

Following completion of the review, a cause analysis and recommendations report was requested as a deliverable.

### 2.2 Approach

The approach of the Independent External Review comprised of four elements, as outlined in Table 2 below.

Table 2. Independent External Review Approach

Approach Phase	Description
Project Planning	A project plan was developed which included: <ul style="list-style-type: none"><li>• An initial document information request; and</li><li>• Stakeholder consultation plan</li></ul>
Document Review	Documentation relating to the procurement, transition and implementation phases of the project was requested and reviewed. This included formal project documents, such as the Tender Evaluation Plan, as well as email correspondence.

<sup>4</sup> The scope items repeat the Council requirements set out in RFQ 12390.



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Approach Phase	Description
	A significant number of documents and data were provided. It was beyond the scope of this review to review every document provided, a list of primary documents reviewed is included in Appendix B.
Stakeholder Engagement	A key stakeholder list was agreed with the Council comprising of stakeholders with involvement across the procurement, transition and implementation phases of the project in key roles. Stakeholders included employees of the Council, consultants and representatives of Citywide.

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## 3 Key Findings

The following section presents the key findings from the review. Further detail is included in Appendix A of this Report which contains detailed observations. Findings arising from the probity review are separately documented in the Probity Audit Report, which has been developed by RSM Australia Pty Ltd.

### 3.1 Key Findings, Project Governance and Accountability

#### **Key Finding 1 | The project did not have a focused Project Control Group**

While the project had established a governance structure and accountability framework, the primary governance structure was the Waste Transformation Project Control Group. This was a control group established for the Waste Transformation Program, which included a series of projects, including the kerbside waste collection procurement.

A Project Control Group, focused only on the kerbside waste collection procurement, could have provided dedicated support for the project which would have been more appropriate given the project's scale, complexity and importance to the Council.

We understand the kerbside waste collection project was not rated as complex in accordance with the Council's guidance material for the formation of Project Control Groups. It considered the long-established nature of the services and their availability in the market as contributing to this rating. Had it been rated as complex, additional governance requirements would have been triggered.

The scale of the project for the Council, the long period of incumbency of the existing services provider and the acknowledged complexity of the Council's waste management environment could have given rise to consideration of a project rating of 'complex'.

#### **Key Finding 2 | Key delivery structures and governance were ended prematurely**

The Waste Transformation Procurement Project had provided resourcing continuity across all phases of the project. This structure was ended following the procurement activity and transition was treated as a BAU activity. Given the complexity and risk associated with this transition, and its critical role in preparation for service delivery, this decision was premature, and the transition process would have benefited from additional resourcing, support and oversight.

While the transition work-stream continued to report to the Waste Transformation Project Control Group, this period of the project lacked the normal governance oversight expected of a project of this scale and complexity.

### 3.2 Key Findings in the Procurement Phase

#### **Key Finding 3 | The project was complicated, and a longer tender response period may have been merited**

The tender response period was five weeks. In the light of data gaps, the period of time since the services were last tendered and the complexity of the services being tendered, a longer tender period may have been beneficial. At least one tenderer requested a longer tender period.

#### **Key Finding 4 | The evaluation process was strongly weighted to price**

While consistent with Council policy, weighting the price evaluation criteria at 45% meant it had the strongest bearing on overall score. In a complex project, with a difficult transition, weighting



price at this level could have overplayed its significance relative to services quality, experience and transition.

#### **Key Finding 5 | Lower pricing was not subject to sufficient due diligence**

While a review of tender pricing was performed, the lower pricing offered by Citywide did not give rise to specific consideration of the sustainability of that pricing. Citywide has subsequently indicated its service delivery may not be sustainable at current levels.

#### **Key Finding 6 | The Tender Evaluation Report did not clearly set out the basis for tenderer selection**

The Tender Evaluation Report, while compliant with Council policy, could have more clearly set out the attributes of each tenderer's response to allow the Council to identify and consider the differences between each tenderer. For example, it did not show comparatively how each bidder's non-priced evaluation criteria were scored.

#### **Key Finding 7 | Reference checking processes have scope for improvement**

The tender evaluation included a process of undertaking reference checks, which were appended to the Tender Evaluation Report. While reference checks provided positive feedback on the preferred tenderer, it included information that warranted further consideration. It was not clear whether these matters were considered as part of the overall evaluation process, nor whether the matters raised were taken forward into a transition risks management plan. The Tender Evaluation Report was finalised prior to completion of the reference checks for Citywide.

#### **Key Finding 8 | The information provided in the tender documents was largely sufficient for the purpose of tender pricing and evaluation**

While the project was impacted by the availability and accuracy of data, it was sufficient for the purposes of establishing a baseline for tendering. Tenderers provided unit pricing for the different types of collections, which was then applied to the number of types of bins in collected. This meant pricing was not fully reliant on the number of bins and their locations.

### **3.3 Key Findings in the Transition Phase**

#### **Key Finding 9 | The Council did not secure information from FSW to effectively support transition**

The Council did not secure adequate data and information from the outgoing contractor which could have alleviated the data gaps. The FSW contract, which was extended in 2022 included provisions for FSW to submit collection schedules prior to services commencement. The Council did not enforce this requirement. While the FSW contract was in flight, the Council had an opportunity to request and collect relevant data in support of the forthcoming procurement activity. As FSW collection schedules were not available for handover to Citywide, Citywide were required to develop completely new collection schedules and routes during transition.

#### **Key Finding 10 | There were deficiencies in the Council's data**

The Council had responsibility to maintain a database of containers attributed to tenements under both the previous FSW contract and new Citywide contract. Although the contract did not require this database to be provided to the contractor, Citywide requested this dataset during the transition phase but were informed 4 months prior to service commencement that it did not exist.

The Council has stated that an interim approach for the development of collections schedules was agreed, with container data to be developed over a 12-18 month period. Based on



correspondence reviewed, Citywide did not identify the data gap as an issue that would impact initial service delivery and did not appear to have been relying on the availability of this data in preparation for service delivery.

Data deficiencies relating to container information are not uncommon across local councils and can often be a legacy issue stemming from historically unsophisticated data collection processes, poor transfer of information between contractor and council, and upgrades to information management systems over time. In this case these issues were exacerbated by key staff leaving the Council.

#### **Key Finding 11 | Neither party effectively managed the risks associated with data deficiencies**

Given the complexity of the Council's waste environment, it is likely that the data gap was a risk to initial service delivery that required proactive management to reduce service delivery risks.

While Council and Citywide were aware of the data deficiencies, they did not appear to have fully understand their potential impacts nor introduced appropriate risk management procedures. Although it is noted that Citywide had not raised specific concerns in relation to initial services arising from the absence of this data.

Citywide was developing route maps on the basis of property address information. On its own this would not have captured the many nuances of the Council's collection environment, such as collections at the rear of properties, narrow laneways, and other complicating factors. Detailed inspections and familiarisation with the area was necessary.

It is evident that the risks to service delivery resulting from the data gaps would have benefited from more proactive management during transition.

#### **Key Finding 12 | Route mapping requirements were not met**

Citywide had a contractual obligation to provide collection schedules, including route maps six weeks prior to services commencement. Route maps describe how the services would be delivered and are integral to effective waste collection services. The route maps were not produced, and the Council was therefore unable to review their adequacy. Had these maps been produced during the transition period there may have been an opportunity to identify and rectify omissions and prevented bin collection issues associated with entire missed streets and laneways. The failure to provide these maps should have been raised as a fundamental risk to day one service delivery.

#### **Key Finding 13 | Citywide did not inform Council of any issues that would affect their ability to perform the service during the transition stage**

Council informed TCAP that Citywide did not indicate to Council during the transition phase that they were unprepared to commence the service, maintaining throughout that they were prepared and ready to go. Therefore, despite not receiving the collection schedules or evidence that they had them prepared, Council believed that Citywide had everything in place to start the service on 1 July. Based on the significant service issues experienced from day one of the contract, it is suggested that Citywide were not fully prepared to perform the service at expected service levels.

#### **Key finding 14 | Many of the missed bin streets and properties could have been avoided if appropriate inspection had been undertaken.**

Citywide's approach to developing collection schedules relied on IntelliTrac to generate routes. This approach is data driven and it is likely that there would have been a need for Citywide to also inspect the collection area and shadow FSW collections in order to ensure the system generated



maps were complete and effective. A review of the missed bin data showed that many of the missed bins were from properties where bin collections were required from rear laneways, cul-de-sacs and narrow streets. Tenderers had been informed of the many nuances of the Port Phillip service area and that inspection of the service area would be necessary. For so many missed bins to be related to these areas it appears that the transition stage investigations by Citywide, used to develop their collection methodology, did not adequately prepare Citywide for service commencement.

#### **Key Finding 15 | Citywide did not shadow or sit in Four Seasons trucks in planning their routes**

This is a typical activity that supports the ability of the services provider to better understand service delivery complexities. There are conflicting views between Council and Citywide as to why this did not occur. Neither view has been substantiated.

#### **Key Finding 16 | Inaccuracies in the data provided in the RFT may have caused initial issues with multi-unit development collections**

Citywide has stated that data inaccuracies were material to the service delivery issues. The most material inaccuracy in relation to non-standard containers with 24 sites identified in the RFT. Council has informed that as at January 2024, 63 sites have been identified by Citywide. Whilst the difference was only 39 sites, this equated to significantly more containers due to each multi-unit development requiring collection of multiple containers. The Council's reconciliation show that there were 864 non-standard containers, in addition to the information provided by the Council in the RFT. Citywide has suggested that the difference was equivalent to several thousand standard bins worth of collections.

However, the inaccuracies in data would not explain the missed bins from entire streets, missed laneway collections and missed collections from properties with standard collection arrangements. Reported missed bins data from August 2023 onwards indicates only a small percentage of missed bins related to multi-unit developments whereas a higher percentage of missed bins related to missed streets.

#### **Key Finding 17 | ICT integration was not delivered as intended**

Citywide was required to implement an in-vehicle waste services solution to track vehicles and monitor attributes of the waste service (such as missed bins). The Council's preferred system and the system selected by Citywide was IntelliTrac. Citywide was the only tenderer to propose IntelliTrac. While a version of the system was in place at the time of services commencement, it lacked planned functionality through a combination of data issues and hardware not being able to be installed on interim leased vehicles. It is evident that the implementation of IntelliTrac may have benefited from more proactive management and that problems in the period leading to service commencement could have been raised as key issues and appropriate remedial actions identified.

#### **Key Finding 18 | Delays between procurement and transition impacted vehicle procurement but this has not impacted service delivery**

A delay in contract execution meant Citywide could not place waste vehicle orders in sufficient time for services commencement and a delayed start date for the new vehicles was agreed. Citywide used an alternative fleet of leased and surplus vehicles to deliver services and instructed that vehicle configuration has not been a material issue in service delivery.

#### **Key Finding 19 | Transition phase project structure was not effective**

The Waste Transformation Procurement Project was formed to manage project delivery. This appeared to be an effective delivery structure up to the transition phase. The transition phase was treated as a BAU activity. While the transition team was allocated additional resources to support





the additional work involved in managing the current contract and transition, this structure was not effective in managing a transition of this complexity.

Furthermore, the Council's procurement team did not provide a structured handover from procurement into transition phase which may have impacted the effectiveness of planning for an effective transition.

The risks identified during the transition phase, including route mapping requirements not met, inability to fulfill data requests and ICT integration issues, were opportunities to escalate issues through governance. This escalation did not appear to take place.

#### **Key Finding 20 | Transition phase controls were not effective**

Normal project management controls were not established to support transition. Planning documents and risk management registers were established on a shared basis with Citywide. Better practice would have seen the Council establishing their own processes and controls, of which the shared delivery documents were a subset.

### **3.4 Key Findings in the Implementation Phase**

#### **Key Finding 21 | Data limitations and lack of ICT integration impacted the ability to effectively respond to emerging issues**

Integration of IntelliTrac with Council's customer service system, OneCouncil was understood to be necessary to enable customer service requests including missed bins to be communicated to drivers and closed out once completed. These systems were not fully integrated at service commencement affecting the ability to quickly respond to and close out of service requests. While the Council and Citywide responded positively to the emerging issues, the lack of integration impeded the ability to respond efficiently to reported missed bin collections.

#### **Key Finding 22 | An emergency response was ultimately effective in stabilising services**

The Council supplemented service delivery using its own resources to support kerbside waste collection and worked with Citywide on services route mapping. The Council allocated significant resources to address the problem, without which the situation may not have been managed as quickly or resolved by the contractor alone. Citywide responded by deploying additional resources (people and vehicles) and working longer shifts and more days than planned. These measures ultimately led to the stabilisation of services.

#### **Key finding 23 | Other service-related issues such as improper bin placement and property damage contributed to customer complaints**

Many of the customer complaints received during the first few weeks of the new contract related to bins being placed in wrong locations, tipped over bins and damaged property. Whilst incidents of knocked over bins and minor damage to property occur from time to time in the course of collecting bins, the extent of these issues in the early stage of contract delivery were at higher rates than those the Council typically experienced.

#### **Key finding 24 | Sustainability of the contract represents a risk to future services delivery**

Citywide has indicated to the Council that, while the services have improved substantially, that delivering them at the current performance levels requires more people and vehicle resources than was anticipated in its tender and that continued delivery of the services at this level may be unsustainable. This represents a risk to future services delivery the Council will need to consider and appropriately manage.



## 4 Recommendations

We note that there were many instances of good procurement practice and that the Council had generally followed internal procurement policy in the delivery of the project. There is, however, scope for improving processes for more complicated, higher risk projects, that require a differentiated approach from 'standard' or more commoditised procurement processes.

### 4.1 Governance, Accountability and Project Controls

**Recommendation 1: Major procurement activities should be overseen by a dedicated project steering committee to provide project oversight. PRIORITY 1 RECOMMENDATION.** High value and high-risk procurements should be oversighted by a dedicated steering committee to oversee project governance and support the delivery of the project. A steering committee would clarify project governance, provide strategic insight into delivery, and consider key delivery risks. The project steering committee should remain in place until services commencement. We note the Waste Transformation Project Control Group formed the senior governance forum for the project, but this lacked specific focus on the project through to commencement.

The Council should re-consider how project complexity is assessed and used to determine governance arrangements under Council policy. This could include consideration of, inter alia, project value; characteristics (such as whether it includes a material ICT transformation); for procurement activities, whether the Council has necessary data; and the complexity of transition.

**Recommendation 2: Project risk management processes and controls should be updated to ensure they better support project delivery. PRIORITY 1 RECOMMENDATION.** Existing policies and processes should be utilised on all high value, high risk projects with guidance and training used to support consistent application and use. Augmentations to these frameworks could be considered, including developing 'readiness for services' tests for complex service procurement projects.

**Recommendation 3: Audit and Risk Committee (ARCO) consider findings and support implementation of recommendations.** The Audit and Risk Committee plays an important role in monitoring risk management, business continuity planning and compliance and should ensure the adopted recommendations in this report are appropriately integrated into Council processes.

**Recommendation 4: Consider a 'Gateway Lite' type process to ensure appropriate control is in place at each key stage of the project.** The State government's gateway process provides a structured framework for ensuring projects are suitable to progress from one stage to the next. While formal adoption of gateway processes is a material undertaking for a Council, adopting core principles from the process for high value, high risk projects, would provide increased oversight and expert input for key projects.

### 4.2 Pre-tender Phase

**Recommendation 5: Ensure data maintenance and transition out requirements are sufficient and actively managed. PRIORITY 2 RECOMMENDATION.** Maintenance of accurate and complete data is important in supporting effective tendering of subsequent contracts (as well as contract management). Service contracts should include requirements for contractors to maintain complete and accurate data on an ongoing basis as well as requirements to hand over service data and develop a transition out plan as part of transition out responsibilities. This may be supported by a performance regime which enables actions and timelines for completion of



reports and data updates to be tracked and allows for compliance to be enforced through financial and/or non-financial levers.

**Recommendation 6: Tender and risk management processes should reflect data limitations and associated challenges.** Many tender processes are impacted by the quality of the data available. Where the data is deficient, specific management plans should be established. These can include pre-tender data rectification processes, post-tender data rectification processes and specific procedures within tender processes to ensure data quality matters are addressed.

### 4.3 Procurement Phase

**Recommendation 7A: Alternative approaches to tender evaluation should be considered to allow assessments that strike a better balance between price and quality as well as allowing for differences in risk to be considered.** For example, a value for money assessment is the approach typically used in State government. This approach does not require tender pricing to be a scored criteria but allows the Tender Evaluation Panel to recommend a higher cost tender if it is assessed to be affordable and offers sufficiently higher quality and lower risk to the purchaser for that additional cost. This requires a modified tender evaluation process in which quality and delivery are scored and price is assessed on a value for money basis. This could provide a better balance between price and quality.

**Recommendation 7B: As an alternative to a value for money assessment, for non-commodities procurement process, where quality and delivery are key drivers, a lower weighting for price should be considered.** Where services or products are highly commoditised, a higher weighting for price may be appropriate. Where services are complex and the experience and approach of the supplier are pivotal in delivery, it may be appropriate to reduce the weighting on pricing (if it is to be scored) in tender evaluation to allow quality and delivery to have additional influence on supplier selection. The scoring of price should be subject to assessment of sustainability and deliverability.

**Recommendation 8: A more comprehensive assessment of pricing could be considered, particularly for large, long-term contracts. PRIORITY 2 RECOMMENDATION.** A more comprehensive assessment of pricing could be conducted for high value - high risk contracts. This could include requesting more information in Request for Tender documents on the tenderers' underlying costs and margins. In large State government services contracts, detailed tender returnable schedules typically require individual cost elements to be disclosed to enable a thorough assessment of cost and quality.

These more detailed tender assessment processes would need to be supported by more comprehensive tender returnable requirements that elicit more transparent cost information from tenderers. This would allow the evaluation panel to assess whether pricing is aligned with the intended specification and payment mechanism as well as the approach to service delivery proposed in the tender.

**Recommendation 9: Procurement policy should permit self-referencing and other relevant information to be considered in assessment.** Procurement rules and procurement plans should provide the evaluation panel with the ability to consider any available information in their assessment, including a supplier's performance on other Council contracts and making use of references available outside of those nominated by the Tenderer.

**Recommendation 10: More comprehensive Tender Evaluation Panel reporting to Council. PRIORITY 1 RECOMMENDATION.** When the Council is required to decide on supplier selection it is reliant on the information provided in the Tender Evaluation Report. Tender Evaluation Reports



should therefore be structured to incorporate key information that supports their deliberations, including the strengths, weaknesses and risks of each tenderer and specific summarised details of the approaches and methodologies that underpin the solution together with the Tender Evaluation Panel's assessment of that solution. The Tender Evaluation Report should clearly show the breakdown of scoring between each of the weighted elements with appropriate information to support the relative scoring of suppliers.

**Recommendation 11: Contractor risk register should be developed.** Part of the tender assessment should include a risk assessment. In many complex services projects, there are residual risks and issues that require proactive management during the transition and operational phases of the project.

#### 4.4 Transition Phase

**Recommendation 12: Structured handover from procurement to transition. PRIORITY 2**

**RECOMMENDATION.** Complex procurement processes and contracts, with extensive transition requirements, benefit from the effective handover from the procurement team to the transition team. The procurement team have inherent and detailed knowledge of the risks associated with the Contractor's solution, its committed obligations, and the contract requirements. A structured handover process between the procurement team and the contract management team should be conducted, with the procurement team supporting the development of the detailed transition plan. This process is best enabled where a contractor risk register is maintained.

**Recommendation 13: Improved transition planning processes and resourcing. PRIORITY 1**

**RECOMMENDATION.** For projects with complex transition requirements a detailed transition plan should be used to identify key dates, obligations of each party including the principal, incoming contractor and outgoing contractor, activities, roles and responsibilities and risk management to allow effective tracking and management. For complex transitions, the Council may require dedicated transition resourcing to support effective management. Additionally, transition requirements may specify milestone dates where key activities would need to be completed by the Contractor, which would otherwise trigger a contractual breach. This would provide earlier opportunities for the Council to consider alternative courses of action in relation to material risks arising.

**Recommendation 14: Sufficient time should be provided for transition.** Procurement plans should provide sufficient time for transition activities to be completed. This should consider the long lead times for activities such as vehicle supply and rectification of data gaps and also allow for contingency in case contract execution is delayed.

**Recommendation 15: Increased focus on transition in tendering for complex services.** For complex services, transition is typically the phase with the highest risk and therefore could be assigned a greater weighting in evaluation (higher than the 5% allocated in the Tender Evaluation Plan). Detailed plans and case studies should be requested from Tenderers to enable assessment of their capability and experience, as well as the robustness of their plan to deliver services and manage transition risk.

**Recommendation 16: Readiness for service checks and thresholds. PRIORITY 1**

**RECOMMENDATION.** Where transition is complex the contract requirements could include thresholds which demonstrate a contractor's readiness for service. These should be clear requirements that need to be in place in order for the contract to commence. The Council may be able to waive them, if it considers services could be delivered in their absence, but such



thresholds should be included in contracts and then reflected in transition plans for management. Such thresholds, if appropriately timed, allow early intervention to address key issues.

**Recommendation 17: Fallback planning options.** The Council's risk management approach should consider fallback planning. This could include provisions that allow existing services to be extended where the incoming services provider is impeded in delivery or where it hasn't demonstrated readiness for service.

**Recommendation 18: Continuity of resourcing.** Ensure that there are one or more people with appropriate experience engaged throughout the entire contracting process, from pre-tender through to transition and implementation to ensure flow-through of knowledge and risks. This may require resources that are experienced (in this instance) in kerbside collection contract preparation and have operational knowledge.

## 4.5 Implementation Phase

**Recommendation 19: Sustainability of the services needs to be considered . PRIORITY 1 RECOMMENDATION.** The Council should establish procedures to monitor the ongoing sustainability of the service to ensure services continuity in all circumstances.

**Recommendation 20: The Council should review its handover and knowledge management processes.** Staff turnover has been a factor in the lack of service-related knowledge within the waste services team at the Council, as has a lack of consistency in staffing across the planning, procurement and transition phases of the contract changeover. With a high turnover of staff, it is easy for knowledge to be lost unless robust handover and knowledge-sharing processes are followed. This is particularly important for staff responsible for the management of large contracts and those with specific operational knowledge unique to their position.



## Appendix A: Detailed Findings and Observations

### Project Governance and Accountability

- A.1 While governance processes were established for the project; a dedicated project control group or steering committee is normal practice. A project of this scale and complexity would typically have a dedicated project steering committee of senior leadership for oversight and direction.
- A.2 The Project Control Group for the project, was formed and appeared to operate in accordance with Council's policies. However, a dedicated Project Control Group for the procurement project, could have served as a more focused forum for the consideration of project issues, risks and oversight, that was more difficult to achieve within a broader forum.
- A.3 The kerbside waste services procurement was not always on the agenda at meetings and when it was this was typically limited to a short (typically 5-minute) update; although we understand that all projects reporting to the PCG were required to produce project status reports which were reviewed by the Project Control Group.
- A.4 Project Control Group meetings were not held every month; with monthly meetings recommended under the Council's policy.
- A.5 The project delivery approach changed following contract signature, with transition treated as a Business-as-Usual activity as opposed to a subsequent stage of the project. A transition of this complexity and importance would have benefitted from more focus, control and better governance in the transition period and into initial services delivery.
- A.6 Typical project delivery support structures, controls and processes were not used. In similar scale procurements, a governance structure would typically be defined in a project management plan alongside a project management structure. This may include details of membership and terms of reference for each committee and structures for reporting and escalation of risks and issues. A more structured approach to governance and reporting would have supported the Council in providing it with sufficient information to make informed decisions on key matters.
- A.7 The Council attempted to staff the project with sufficiently qualified staff, recognising limitations in internal capability and seeking to augment that with external resources with relevant expertise and experience. It was recognised that the Council did not have sufficient experience in kerbside collection contract preparation and operational knowledge, and it brought in external resources to address these identified gaps.

### Pre-Tender Phase

#### Development of specification

- A.8 Through interviews with Council staff it is apparent that a number of long-serving staff members responsible for the kerbside waste service implementation and contract management had left the organisation prior to the tender stage. The loss of detailed knowledge of the service requirements, the existing contractor's collection methodology and details around the unique collection arrangements for certain properties could have had a beneficial impact on the ability for the Council to prepare appropriately for the procurement. It is understood that some draft specifications had been partly prepared by



the previous contract manager and an external consultant before they left the organisation, however these were stated to be only 30% complete and not suitable for use.

The task of developing the tender specifications was given to a newly employed member of the waste services team in 2022. Whilst this team member had prior experience in preparing service specifications for other organisations, they would not have held the prior knowledge specific to the Council's kerbside contract. Concerns regarding the lack of service-related data were raised during the development of the tender specification. Plans to address these gaps, such as pre-tender or post-tender data rectification could have been established at this point.

## Container & Property Data

- A.9 Tenderers are dependent on high quality data to understand the scale and complexity of the service requirement and to support efficient and sustainable service planning and pricing. Over a number of years, the quality of the Council's data had diminished so that at the time of tendering there were material data deficiencies.
- A.10 Section 5.1 of the specification stated that "The Council will maintain a database of all Designated Containers in service and all Designated Containers will have a serial number that identifies each Designated Container as issued to a specific tenement and property within the Collection Area.". While it was Council's responsibility to maintain a database of containers for each property, the contract did not require this data set to be handed over to the contractor for the purposes of developing collection schedules.
- A.11 Citywide referenced this database and the specification in their request for information during transition. This database did not exist at the time of tendering and was not provided.

## Incumbent Contractor

- A.12 FSW's contract was extended in 2022 and it included a requirement for FSW to submit its collections schedules prior to commencement. The Council appears not to have collected this information. As Council did not have FSW's collection schedules, this necessitated that the new contractor, Citywide, would need to develop completely new collection schedules and maps.

## FOGO Service Commencement Dates

- A.13 There was some uncertainty at the Council as to when the food organics garden organics (FOGO) collection service was to be implemented on a wider scale. The tender documents stated that the number of Food and Organics service tenements was indicative.  
  
"Note: numbers are indicative only and will be finalised after public consultation and Council approval of the Don't Waste It! Strategy".
- A.14 It is understood from consultation with Council staff that the Council's new waste management strategy "Don't Waste It!" had uncertain timing around the rollout of the FOGO service. This resulted in some ambiguity in the tender regarding when and to whom the service would be provided.



## Procurement Phase

### Response period

A.15 Tenderers were given five weeks to respond to the Request for Tender. At least one tenderer requested additional time; the Council did not extend the tender period. Given the complexity of the services, data gaps and the period of time since the services had last been tendered, a longer tender period may have been beneficial.

### Evaluation criteria and process

A.16 The Council established a Tender Evaluation Panel comprising of senior council staff members and external expertise which included a waste management specialist to provide expertise in waste collection service contracts.

A.17 The evaluation process generally followed the Council's procurement policies. However, the strong evaluation weighting to price (45%) and formulaic approach to scoring the price criterion, meant pricing was the overriding criterion and a bid with materially lower pricing would almost certainly have the highest score.

A.18 The weighting of transition in the tender evaluation was 5%. While this is not inconsistent with the Council's procurement policies, in the context of a service provided by the same contractor for 25 years, with known data deficiencies and complicated ICT integration requirements, a higher weighting may have been merited.

A.19 While the Probity/Tender Evaluation Plan noted that Tender Evaluation Panel would review all risks associated with the preferred tenderers before proceeding with their final recommendation, risk was not a consideration in the evaluation itself in determining the preferred tenderer. The winning bidder submitted a number of departures to the Council's preferred contract terms, as part of their offer, including some that may have had cost implications for the Council. The number and materiality of departures resulted in extended negotiations with the preferred tenderer and this reduced the time for transition.

A.20 Due to probity concerns, members of the Tender Evaluation Panel were unable to use information from other Council contracts for self-referencing purposes. The evaluation process was not set up to allow such self-referencing information or any information not provided in the tender submissions to be considered.

A.21 The tender evaluation included a process of undertaking reference checks, which were appended to the Tender Evaluation Report. While reference checks provided positive feedback on the preferred tenderer, it included information that warranted further consideration. It was not clear whether these matters were considered as part of the overall evaluation process, nor whether the matters raised were taken forward into a transition risks management plan. The Tender Evaluation Report was finalised prior to completion of the reference checks for Citywide.

A.22 The Tender Evaluation Report presented to, and approved by Council, while presenting overall findings in accordance with the Tender Evaluation Plan, did not present to Council the individual break-down of tenderer scoring or provide commentary on the comparative strengths and weaknesses of each tender observed in the evaluation. This could have highlighted for consideration, how the preferred tenderer's score was highest overall, but had been scored lower on other criteria by the Tender Evaluation Panel.





## Evaluation of pricing

- A.23 Tender pricing was reviewed by a specialist resource from within the Council. The financial review focused on estimating the price of the offers by multiplying the unit rates tendered with Council information on container volumes. Some consideration was also given to normalising information between tenderers where differences were known. The scope of that review did not include consideration of the price sustainability of the offer nor give specific consideration of the lower pricing offered by Citywide. The Tender Evaluation Panel were required to bring together pricing and quality aspects of tenderer proposals into an overall assessment. However, there was no evidence that the panel considered the underlying reasons for the lower pricing offered by Citywide or whether it was capable of delivering the services for the pricing offered.
- A.24 Elements of pricing offered by Citywide was sufficiently lower than other bidders to give rise to further consideration of pricing sustainability, that is, the ability of the tenderer to deliver the services for the quoted price.
- A.25 The Tender Evaluation Panel were reliant on the tenderers interpreting the specification and pricing requirement consistently. Tenderers were not required to provide their pricing assumptions as part of their tender responses. This would have made it difficult to assess the underlying drivers of pricing differences between tenderers. There were material price differences between tenderers across all rates, but when volumes were applied, most of the overall price differences reflected in the evaluation could be attributed to a small number of the rates. As underlying pricing assumptions were not requested or provided, the reasons for these discrepancies could not be tested. For services of this level of complexity, interrogation and detailed review of these variances would typically be undertaken.
- A.26 Tenderers voluntarily provided their scope assumptions for some services. Some were found by the Tender Evaluation Panel to be inconsistent with the Council's intended basis for pricing:
- Citywide priced their residential kerbside waste collection based on weekly collection whereas the Council required fortnightly collection from year 2 onwards
  - Another bidder based their FOGO pricing on the basis of a trial service rather than a service covering the entire council area.

These inconsistencies resulted in requests from the Council for updated pricing that was aligned with the Council's intended scope. While the work to investigate identified scoping issues was carried out, the level of information requested in the Request for Tender did not support a more detailed scope assessment across all areas of the tender.

## Transition Phase

### Transition duration

- A.27 The period between the appointment of preferred bidder and the execution of the contract was around three months. The procurement plan did not originally include time for negotiation. There was no evidence to suggest that there was a material erosion of the terms on which the preferred bidder was appointed, but the additional time for negotiation reduced the time available for transition and impacted Citywide ordering new fleet in time. However, this was mitigated through the use of interim vehicles and does not appear to have materially impacted service delivery.



A.28 The Contract was signed on 13 February 2023 and the first transition meeting held between the Council and Citywide occurred 10 days later. This gave Citywide around five months to prepare for service commencement. However, this was less time than Citywide had originally planned for in their transition plan, which had activities commencing in October 2022. The reduced transition time does not appear to have been raised as a concern by Citywide.

## Transition plan

A.29 The contract required the contractor to submit a detailed Transition Plan no later than one month after requested by the Council. This was expected to be a more detailed update to the Schedule 8 Transition Plan contained in the returnable tender schedules.

A.30 An updated Transition Plan and Transition Delivery Schedule (an update to the RFT response relating to transition) were provided to the Council on 8 March 2023. The updates to the Transition Plan included revised timings and status of actions; however, it did not include further detail on the transition methodology or tasks involved, particularly regarding inspection of collection areas and identifying unique service requirements.

A.31 The updated Transition Delivery Schedule provided a list of tasks and dates that included:

- Review Service Methodology
- Route assessment- Inspect collection areas
- Fleet utilisation & efficiency assessment; and
- Route Training.

All tasks were scheduled to be undertaken before 30 June 2023. A subsequent transition plan (not dated) which included project tracking, suggested that other than the fleet utilisation & efficiency assessment, these tasks were either completed or substantially progressed. However, the issues encountered at service commencement suggest that they may not have been conducted to the extent required to understand the unique collection arrangements of certain streets, laneways and multi-unit developments.

## Route maps

A.32 Under the contract, collection schedules, including route maps were required to be supplied to Council by Citywide six weeks prior to the contract start date. It is understood that no maps were provided during the transition period.

A.33 To support its approach to developing collection schedules, Citywide had requested from Council information, including data linking containers to specific tenements, in December 2022. The Council informed Citywide in February 2023 that this data was not available. This was 4 months prior to services commencement on 1 July 2023.

A.34 As a result of this data gap, it was agreed between Council and Citywide, that Citywide would use property data to generate route maps initially and collect container data over a 12-18 month period. Based on the correspondence reviewed, Citywide did not identify the incomplete data as an issue that would impact initial service delivery.

A.35 In reviewing the missed bin data, many of the missed bin collections were from properties located in narrow or dead-end streets and laneways where prior inspection would have been essential to determine the appropriate collection methodology. The tender



specification made it clear that the contractor would be required to 'make its own investigation of all the difficulties in servicing the Collection Area and the most suitable work systems and Plant for the services'. Whilst the tender did not specify the individual properties or streets where this would apply, the contractor would have been aware that prior investigations would be necessary.

- A.36 Therefore, regardless of the data issues, there would have been a need for Citywide to inspect the collection area and/or shadow FSW collections in order to ensure the system generated maps were complete and effective.
- A.37 The Council informed TCAP that when it first received and reviewed the route maps the maps had streets and laneways missing. During the initial weeks of service delivery, the Council worked with Citywide to improve the maps to better support service delivery. Had these maps been reviewed by Council during the transitional period there may have been an opportunity to identify and rectify omissions and may have prevented bin collection issues associated with entire missed streets and laneways.

### ICT considerations

- A.38 Attachment F to the Specification titled 'Use of Council's Software Systems' states that:

*"The Service Provider will also be required to work with Council on the implementation and integration of Council's preferred Mobile Resource Management System (Currently provided by IntelliTrac P/L)."*

- A.39 IntelliTrac is understood to be used by the Council on other services, albeit in a different format and function. While it was Council's preferred system, it was not a requirement of the contract and tenderers could propose alternatives. Citywide was the only Tenderer to propose Intellitrac.
- A.40 IntelliTrac and other similar systems are intended to enable real-time data recording and service monitoring throughout service delivery. Integration of IntelliTrac with the Council's OneCouncil customer service system was also understood to be necessary to enable customer service requests such as missed bins to be efficiently transferred to drivers and closed out once completed, also by the drivers.
- A.41 Whilst IntelliTrac was the Council's preferred system, it had not been used previously by FSW on the kerbside waste collection service and therefore assumed to have been untested for this purpose by the Council and its contractor. Setting up IntelliTrac to full functionality and effectiveness would require a dataset of containers for collection and their location. This dataset was not available as stated above.
- A.42 The supplied correspondence between the Council, IntelliTrac and Citywide during the transition period indicates that there were some difficulties in setting up IntelliTrac with the necessary information to enable maps to be prepared. This issue would have been an indicator that service delivery preparedness would be compromised. No specific risk management actions appear to have been put in place to mitigate associated risks.
- A.43 It is noted that requirement to establish IntelliTrac was a contractual obligation, noting IntelliTrac is a subcontractor of Citywide. Citywide stated that communications processes were unclear with Council separately engaging with IntelliTrac, which may have blurred lines of communication and complicated delivery of this key system.



- A.44 Citywide claim that all trucks were equipped with GPS and IntelliTrac at the commencement of the service. Council has stated that only a small proportion of trucks had IntelliTrac capability. Whatever the case, it was clear that IntelliTrac was not being used effectively and there were significant issues with insufficient data and transferring of property data between Council, Citywide and IntelliTrac both during the transition and contract commencement phases.
- A.45 In the absence of an adequate mapping system it was agreed on 13 July between the Council and Citywide that as an interim measure, Council would update Citywide's collection maps on a daily basis by marking up known missing locations sourced from missed bin data and customer feedback. On the same day it was confirmed that the Council teams had established an automated mechanism for updated missed bin data to be provided to Citywide, and a way for Citywide to provide information on completion back to Council for bulk closure.
- A.46 Citywide's vehicles were also required to be equipped with a GPS unit, RFID sensor, isolated sensor to record key operational movements on the vehicle, external cameras and in-cabin tablet or monitor as stipulated in Attachment F - Section 11 of the tender specifications. This would have allowed missed bins to be checked against logged vehicle data which the Council informed TCAP, didn't occur.
- A.47 The link between OneCouncil and IntelliTrac appears to have not been configured prior to the service commencement. As a result, the process of sending through service requests such as missed bins from Council to Citywide was inefficient, requiring daily lists of missed bins to be provided to Citywide. Similarly, the ability for service requests to be closed out in real time was compromised.

### Handover from outgoing contractor

- A.48 The previous FSW contract provide a general requirement for them to participate in a transition process and allow the new contractor reasonable access to operational information.
- A.49 It is understood that one transition-stage meeting was held between Four Seasons and Citywide representatives in June 2023. This meeting was stated by Council to have been brief and high-level in nature with most of the discussion revolving around which collection days were the busiest. Based on this description, the duration, timing and content of this meeting would be insufficient in the context of services of the complexity of the Council's waste services.
- A.50 Citywide claim that they requested permission to follow Four Seasons trucks but that Council refused the request. Council has instructed that the request was never made or was offered to Citywide and declined. Neither of these statements has been substantiated. Shadowing the incumbent contractor would have been extremely useful, and possibly necessary, for understanding the collection methodology and developing effective route maps.

### Inaccurate data

- A.51 Citywide has stated that some of the data the Council provided in its RFT and included in contract documents was inaccurate. Following the commencement of services, the following differences have been informed by Council, based on current data:



- Additional tenements: The total tenements to be serviced was approximately 3.5% above that described in the Council's Request for Tender (RFT) documents
- Non-standard containers: The RFT identified 24 sites with non-standard containers requiring collection. As at January 2024, 63 sites have been identified by Citywide
- Multiple collections per week: The RFT Identified 50 sites requiring multiple collections per week. As at January 2024, 55 sites have been identified by Citywide.

A.52 This data would have been used to inform Citywide's resourcing proposal and pricing in developing their tender response and would have been considered in planning for the delivery of the new services.

A.53 Citywide has stated that the data inaccuracies, in particular in relation to non-standard containers, was material to the service delivery issues. Citywide has suggested that the difference was equivalent to in the order of several thousand bins given the number of bins at each site.

A.54 Whilst the data inaccuracies would have contributed initially to the missed bin issues relating to the multi-unit developments, the missing data cannot be attributed to the other issues, including numerous missed bins from entire streets, missed laneway collections and other missed collections from properties with standard collection arrangements. Based on reported missed bins data from the period of July 2023 onwards, on average only around 10% of missed collections per week are attributed to multi-unit developments. On average over 60% of missed collections per week are attributed to properties where bins are positioned at the front of properties. This data suggests that the majority of missed bins were those that were placed out on the street front and not from properties that required special collection arrangements or rear laneway collections. As this data relies on number of reports to council by residents of missed bins, it should be considered indicative only.

## Resourcing

A.55 The Council has instructed that very few drivers transitioned from the incumbent to the incoming Contractor. For a contract of this scale and complexity, usually some staff would be carried through to the new contract to ensure continuity and retention of critical information.

A.56 The Contractor was delayed in ordering its fleet of new vehicles and used a mix of leased vehicles and surplus vehicles. It was stated by Citywide that the vehicle configuration was the same mix of rear and side loading vehicles as set out in its tender and fleet availability has not been an issue.

## Transition phase oversight

A.57 There does not appear to be a Council transition planning document to direct transition activities, specify the responsibilities of the incoming Contractor, the Council and the outgoing Contractor.

A.58 The Council contract management team were responsible for managing the transition in of Citywide. The number of missed bins during the last 6 months of the previous waste contract increased, averaging 238 missed garbage and recycling bins per month, compared to an average of 144 in the 6 months prior. This was understood to be partially due to a transitioning out of staff to contracts in other municipalities and shortages of drivers across the industry. Although an additional resource was provided, the Council's contract management team may not have had the capacity to effectively manage the



performance of the incumbent, whilst concurrently managing the transition requirements of the incoming Contractor.

Table 3 - FSW: Summary of missed bins by type

Month	Garbage Bins	Recycling Bins
Jul-22	76	28
Aug-22	137	49
Sep-22	91	32
Oct-22	95	60
Nov-22	85	58
Dec-22	94	61
Jan-23	92	64
Feb-23	124	77
Mar-23	102	106
Apr-23	104	101
May-23	183	120
Jun-23	197	160

- A.59 There did not appear to be a structured handover between the Council's procurement team and the contract management team. This meant that issues identified and key contractual terms relevant to the transition period were not adequately captured in transitional planning processes, including issues and risk management registers.
- A.60 The Council has instructed TCAP that Citywide did not indicate to the Council during the transition phase that they were unprepared to commence the service, maintaining throughout that they were prepared and ready to go. As a result, the Council believed that Citywide had everything in place to start the service on 1 July.
- A.61 The culmination of issues with data, route mapping and ICT meant that there was likely a high risk of services issues at commencement. Based on documentation reviewed and representations made by the Council and Citywide, it appears that no party understood the magnitude of the problems prior to services commencement and did not proactively manage them.

## Implementation Phase

### Contractor performance

- A.62 The Council informed TCAP that non-collection of bins occurred all throughout the municipality, including:
- Large sections of main roads
  - Entire residential streets
  - Numerous laneways, often located at the rear of properties
  - Multiunit developments, with some sites not receiving collection for over 2 weeks



A.63 A default notice was issued to Citywide and refers to failures to comply with the requirements for Replacement of Designated Containers after collection and failures to comply with the time requirement for strip shopping centre cardboard collections<sup>55</sup>. While these are clearly attributable to the Contractor, who are responsible for employee training and scheduling cardboard collections, they may be indicative of them needing to undertake more work than allowed for in their resourcing, e.g. rushed bin collections.

## Resourcing

- A.64 Citywide maintain that they had adequate numbers of drivers and vehicles at the commencement of the service.
- A.65 It is understood that at the time of the contract transition there was a shortage of skilled waste collection truck drivers. Anecdotally, this could have led to service quality challenges.
- A.66 The issue of over-compaction of comingled recycling is likely to be a result of Citywide attempting to fit as much material in a truck as possible due to limited time. (Note: 267 over-compaction alerts were received between July - December 2023).

## Emergency response

- A.67 The emergency response which included daily stand-up meetings, daily map reviews and additional resourcing implemented by both the Council and Citywide and Citywide visiting individual multi-unit developments to reconcile data gaps appears to have been effective with a reduction in missed bins between the first and second month of over 75% and each subsequent month also seeing a reduction in the number of missed bins.
- A.68 This type of response may have prevented the issues experienced in the first week of services to some extent had it commenced during the transition phase, when it was known that there were data gaps and other issues that would impact Citywide's ability to deliver services effectively. In particular, had site inspections, detailed route planning and map reviews occurred during transition instead of after commencement, this would likely have had a significant impact in avoiding the issues with missed bin collections.

## Contract management

- A.69 The contract included the requirement for the establishment of the Performance Monitoring Committee at service commencement to establish KPIs. Principles for the establishment of the KPIs were set out in the contract, however, it was required that the Contract Manager and the Contractor jointly develop and agree on a set of KPIs and associated targets at the first Performance Monitoring Committee meeting.
- A.70 The specification contains a list of KPIs which includes Missed bins and bin placement with specified financial abatements when they are failed and bonuses for good performance.
- A.71 While monthly performance reports have been provided, we have not sighted evidence that the Performance Monitoring Committee has been formed, whether all of the KPIs in the specification are being measured or whether the financial incentive regime is being applied.

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<sup>55</sup> While the Council has issued a default notice, this is not evidence of the issues and does not infer that Citywide accept the matters in dispute.



## Sustainability of services

- A.72 While waste collections have materially improved, the Contractor stated the complexity of the Council's waste management services, in particular, the volume of waste, frequency of collection, multi-unit development quantities and access arrangements means that it is currently operating longer than planned shifts, with more vehicles than planned and the contract is not profitable.
- A.73 The Council has permitted the Contractor to use the Dynon Rd, West Melbourne refuse site as a transfer station as an interim measure. The contract requires the Melbourne Regional Landfill (Ravenhall) to be used as the Primary Facility for designated disposal and reprocessing. The additional distance involved in the transfer of waste to Melbourne Regional Landfill may exacerbate contract sustainability issues.





## Appendix B: Data Request

Table 4 outlines the data requested from the Council for the Independent External Review.

Table 4. Requested documents and status

Document Category	Document Description	Status
<b>Four Seasons Information</b>	Four Seasons contract with PPC	Received
	Contract management and performance documents	Received
	Details of costs for previous 12 months	Received
<b>Tender and Process Information</b>	Council procurement, contract and compliance reporting	Received
	Relevant Council Procurement Policy	Received
	Tender Evaluation Plan	Received
	Probity Plan	Received
	Strategic Procurement Plan	Received
	Risk Management Plan	Received (Risk Management Plan from Business Case provided)
	Request for Tender (RFT), including services specification	Received
	RFT Responses	Received
	Addenda, tenderer clarification questions and responses	Received
	Probity auditor/advisor report	Received
	Minutes of relevant meetings	Received
	Specification development updates (meeting minutes/documentation)	Received (meeting minutes not provided)
Council staff handover notes	Received	



Document Category	Document Description	Status
PCG Documents	Waste Transformation PCG Monthly meeting minutes	Received
Tender evaluation	RFT Evaluation Report(s)	Received
	Minutes of relevant meetings (such as tender evaluation meetings)	Received
	Detailed evaluation scoring matrix from, including commentary for each score (pre and post interviews).	Received (Commentary not included)
	Detailed pricing analysis	Received
	Supporting evaluation documents	Received
	Minutes of relevant meetings (such as tender evaluation meetings)	Received
Transition	Citywide implementation/transition plan	Received
	PPC transition plan	Received
	Four Seasons transition out plan	N/A (Not Required under FSW contract)
	Transition meeting documents and correspondence	Received (Meeting minutes not provided)
Delivery	Citywide performance reports	Received
	PPC Contract Management reports	Received
	Any notices issued and responses	Received
	Multi-unit development dataset, including access information	Received
	Approval of the Evaluation Report	Received
Probity	Internal approval of positive COI Declarations	Not received



Document Category	Document Description	Status
	The Council's Procurement Policy in place at the time the tender was released.	Received
	Any probity advice provided and evidence that the Project implemented any actions recommended by the Probity Advisor.	Received
	Any clearance letters or emails/documents providing endorsement of key project documents by the Probity Advisor (excluding the final probity advisor report).	Partially Received
	Evidence that project documents, including evaluation materials were stored in a secure location, with restrictions in place to only authorised project / evaluation team members.	Partially Received
	Evidence the RFT Document was reviewed by all relevant Project team members, e.g. legal advisors, probity advisors or any other relevant stakeholders prior to release, including approval/endorsement by governing bodies/individuals	Partially Received
	Evidence that all Proponents received access to the RFT documents at the same approximate time, e.g. if documents were uploaded to an online platform, copies of reports identifying documents uploaded and who had access to these documents	Received
	Confirmation whether any meetings or discussions were held with Proponents while the RFT was out to market. If so, copies of any presentations delivered, meeting minutes or notes from discussions (including confirmation/evidence of attendees).	Received
	Confirmation whether a probity briefing was delivered to those involved in the evaluation process, including evidence of who attended.	Received
	Copies of all clarifications raised by the Evaluation team, following receipt of tender responses.	Received

