

Speaking Notes for ACCC Pre-Decision Conference – AA1000414 For Information

		DATE:	27 August 2018
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By way of background, the City of Adelaide’s Strategic Plan 2016-2020 has four key pillars - Smart; Green; Liveable; and Creative. This project assists to deliver on three of these pillars including:

Smart

Transform our services and business processes to improve our effectiveness and efficiency.

Bring together business, university, education and entrepreneurial sectors to promote unique opportunities for business growth.

Green

Develop and implement a waste, recycling and reuse approach for the City that reflects world’s best practice and the use of smart technology.

By 2025, working with City waste collectors, all City serviced premises will have their landfill, recycling and green waste collection measured and reported to City, with the data to be available online to the premises' occupant. Supporting our community by reporting directly to our customers their measurable efforts to divert away from landfill and support of resource recovery.

By 2020, the City’s New Year’s Event will minimise waste to landfill and by 2018, clear guidelines will be developed for event organisers of larger community events on City-operated areas to achieve zero-waste and carbon neutrality.



Liveable

Deliver the City's core services efficiently and with brilliant customer service for a growing and increasingly diverse and multicultural community Matching services that support activation of the public realm with high density living, removing bins from footpaths supporting accessibility for all.

The City of Adelaide strongly agrees with the ACCC Draft Determination assessment, being that more public benefit will result from this collaborative procurement. In particular, the City agrees with the five public benefits outlined in the determination.

Firstly, transaction cost savings will be reduced namely around Council administration, technical, legal and probity costs, removing duplication of efforts across Councils, standardising specifications, KPI setting and monitoring and contract management, aided by improved data capture and reporting. The resourcing that would go into a Waste tender, should the City undertake it itself, is significantly higher than its current resourcing for the Council Solutions combined project, resourcing we do not currently have at a procurement or operational level. This also allows our procurement department to manage other strategic procurements that are not suitable for collaborate procurement and other opportunities for savings for our rate payers. The argument submitted by WRISA that resourcing is merely being transferred to Council Solutions is not factual, as a manager of these resources, I can advise that the resourcing being used by this project for the City of Adelaide is significantly lower than had we needed to undertake the procurement ourselves and if you multiply this by the Council's participating in comparison to the resourcing at Council Solutions, the number of hours is less.

Secondly, there will be improved efficiencies through combined contract management. Whilst we will continue to have a day to day involvement in the operational aspects of the contract the support we receive from Council Solutions on other collaborative procurements has driven efficiencies and allowed us to focus on the operational rather than the administrative and performance management issues. It is also easier to demonstrate performance issues where multiple clients are having the same issues. It will also provide us with stronger data to deliver on our Strategic Plan.

Thirdly, improved efficiencies in the provision of the services. The optimisation of collection routes will be pivotal here, and the waste industry will need to think innovatively around how they can deliver on this rather than just stating it won't work. WRASA submits that the 'sweet-spot' size of households is 20,000-50,000 and that this procurement is 180,000. Interestingly WRASA represents Solo who currently hold the contract for 3 of the 4 participating councils with over 118,000 rateable properties and hold a 68% share of the Greater Adelaide region. This demonstrates that a contract of this size is in fact achievable



and one would argue that it is more advantageous for it be one contract with one specification, freedom of route development and other benefits as outlined in Council Solutions submission.

Fourthly, the improved environmental outcomes are extremely important in our world today. The City of Adelaide has a vision to be one of the world's first carbon neutral cities and a global leader in sustainability and responding to environmental change. This project will, as submitted by the SA Environmental Protection Agency and Green Industries SA, 'offer significant environmental benefits'. In particular the project is focused on delivering for the circular economy with drivers to include the life cycle of waste materials for reuse or recovered for repurpose. WRASA's submissions that large contracts are less effective at diverting waste from landfill is peculiar. One would have thought, the bigger the contract the more incentive to be innovative in sustainable operations.

Finally, stimulation of competition in a market where one provider currently holds a 68% market share. Competition will allow us to deliver best possible value for money for our ratepayers, which is a key requirement of all participating councils under the Local Government Act. The information collected show that there will be a healthy competition of at least 6 providers. We also look forward to this project delivering innovative solutions that have been lacking in municipal waste collection to date, and this will help deliver on our fourth strategic pillar of creativity.

In closing, the City of Adelaide strongly urges the ACCC to uphold its draft determination. We do not believe the arguments presented by WRASA and WRISA, and other parties on their, behalf have demonstrated that the public detriment outweighs the public benefit. In fact, it is arguable that the concern is more that their current market share, at less than competitive rates and with a lack of innovation, will be threatened by collaborative procurements. The real concern here is an increase in competition in the South Australian market, demonstrated by approaches to Councils by individual market players to enter into direct negotiations for future contracts, flying in the face of an open, transparent competitive market.

In the event of a positive final determination by the ACCC, we strongly encourage the organisations represented by WRASA and WRISA to respond with a competitive and innovative solution to the Council Solutions tender. We look forward to working with the successful proponent to deliver efficiencies, improved environmental benefits and innovation in waste collection.

