

10 September 2018



Commissioner Sarah Court
Australian Competition and Consumer Commission
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Dear Commissioner Court

Council Solutions Application for Authorisation AA1000414 – Pre-Decision Conference

Thank you for the opportunity to make a submission to the ACCC at the Pre-Decision Conference on Monday 27 August 2018.

In accordance with the notification we received from the ACCC on 23 August 2018 I provide you with the City of Marion's final submission for your consideration of the final determination to be made by the 22 October 2018.

As stated at the conference we strongly agree with the ACCC Draft Determination that there will be net public benefit resulting from this collaborative procurement.

At Marion our number one focus is ensuring the most cost effective use of our community's funds, based on driving efficiencies and reducing the cost of the services we deliver. Our procurement policy requires us to seek the best value for money via open and transparent competition for services to ensure optimal outcomes for our residents and fair and equitable treatment of suppliers.

I would like to reiterate the benefits that would be achieved from the Kerbside Waste Collection collaborative procurement.

Benefits of the proposed conduct

As the CEO of the City of Marion I have a responsibility under the Local Government Act to ensure that Council decisions are implemented and that the Council acts within the law. This includes, but not limited to:

- Ensuring that the Council maintains a sustainable long-term financial performance and position; and
- participate with other Councils, State and National Governments to achieve regional (local), state and national objectives.

The City of Marion acknowledges it is part of Kaurna land and recognises the Kaurna people as the traditional and continuing custodians of the land.

The participation in this activity has been subject to Council reports and is an endorsed position of the City of Marion.

At the pre-decision conference some of the industry presenters stated that the optimal tenement size required to maximise a competitive market process was in the order of 80,000 to 100,000 tenements. The City of Marion last went out to market for our waste services in collaboration with the City of West Torrens with a joint tenement number of around 80,000. Given the statements made you would expect this to create significant market competition, however only two organisations submitted tenders for our collections and a further two for our processing.

The proposed conduct has been developed to positively stimulate competition and innovation.

Financial Benefits

The City of Marion is committed to working in close collaboration with other Councils, the State Government and businesses to deliver better and more cost effective services for our community.

One of the arguments put forward by the industry was that collaborative procurement does not provide any financial benefit and, in their minds, comes at a higher cost to the Councils. This has not been our experience and it should be noted there has been significant financial savings and non-financial benefits achieved through our collaborative approach.

Some examples of the larger contracts with Council Solutions are:

- Bituminous Road Works annual expenditure \$29,350,000
 - Significant savings achieved
- Temporary Labour Hire annual expenditure \$14,940,00
 - Significant savings achieved
- Legal Services annual expenditure \$3,380,000
 - Reduced hourly rates
 - Volume discount is realised as a collective group
- Cleaning Contract
 - Significant savings achieved

Total annual savings in the order of \$1 million was achieved from the previous collaborative market approach with West Torrens for waste services and significant ongoing savings continue to be achieved from our involvement in the Southern Region Waste Resource Authority (SRWRA) with the cities of Holdfast Bay and Onkaparinga.

All these savings have a direct impact in assisting Council maintain sustainability and low rates increases. In the past four years the City of Marion's average rate increase has decreased each year and is one of the lowest of all the metropolitan councils. It

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has decreased significantly from 4.1% in 2014/15 to only 1.8% for 2018/19, the lowest in over 15 years and 0.9% below the 30 June 2018 Adelaide CPI of 2.7%. Despite this Council has been able to deliver more than ever for our community, with a large number of major community projects being funded, delivered or in progress throughout this time.

This could not be possible without the savings achieved through our collaborative arrangements being passed onto our community.

We unreservedly support the Council Solutions submission for waste services and strongly believe that there will be net public benefit resulting from this collaborative procurement.

Yours faithfully



Adrian Skull
Chief Executive Officer