



12 September 2018

Australian Competition & Consumer Commission

By email: [adjudication@acc.gov.au](mailto:adjudication@acc.gov.au)

Dear Sir/Madam

**Council Solutions application for authorisation AA100014, AA 000419 and AA1000420**

I refer to the above waste services applications to the ACCC by Council Solutions.

This submission is supplementary to our oral submission to the ACCC during a Pre Decision Conference held in Adelaide on 27 August 2018.

JR Richards & Sons (**JRR**) is a specialist waste contracting business with more than half a century of experience in the waste industry, employing in excess of 400 staff, servicing over 25 councils and thousands of commercial customers.

The ability for our business to grow into new areas is always a priority. Our submission is provided on the basis of becoming a potential future participant in the Adelaide waste market, and also on the grounds of concern for the operation of the broader industry.

We understand the proposed kerbside collection and bin supply tender by 'Council Solutions' is on behalf of four Councils (the Cities of Port Adelaide, Charles Sturt, Adelaide and Marion) comprising 180,000 tenements.

We understand not all Councils share common boundaries. This negates purported collection efficiencies and will likely attract higher costs by comparison to smaller, clustered collection areas.

If approved, the resulting tender will substantially exceed common industry scale and will be one of the largest waste tenders in Australia. A tender of this size will involve significant plant and equipment requirements and capital outlays. Consequently, based on our experience, the resulting risk may well prohibit several qualified, and otherwise capable, waste contractors from tendering, or having to tender at a price that will not be competitive on this basis of addressing the risks involved.

As a potential future participant in the Adelaide waste industry, we see the proposed tender as prohibiting future aspirations we may have.

In our experience, better outcomes can be achieved for all parties including: residents, councils and contractors, when waste tenders are of a more manageable scale, i.e. typically reflecting contracts involving individual councils.

From a broader perspective, if Council Solutions application is successful, four tendering opportunities will effectively be reduced to a single opportunity.

Maximising tendering opportunities leads to more industry participants resulting in more competition. The Australian waste industry arguably leads the world in innovation, efficiency and cost due to the efficient scale and management of most council contracts.

Put simply, "bigger is not always better". In our experience, "bigger" is often counterproductive attracting fewer bidders, higher risk, more difficult to manage with less personalised service, industrial disputes and higher pricing to cover the risks.

Several other factors relating to Council Solutions proposals have also been brought to our attention in relation to timing and the period between tender close and contract commencement.

We understand the proposed collection tender, if approved by the ACCC, will close later this year and commence June 2020 for some Councils and 2021 for others. This is an extremely long time between tender close and contract commencement but it is probably a function of the size of the proposed contract, the vast amount of plant and equipment required and the amount of lead time required to build plant and equipment, establish depots, train staff etc

In our experience, the longer the lead time between tender close and contract commencement the higher the risk, and therefore price, due to the various uncertainties that may arise during this period. Further, conventional contract 'rise and fall' provisions generally fail to adequately address these risks.

It is our understanding the collection tender for waste, recycling and organics is proposed to be called without knowing the actual destination of the landfill, recycling and organics facilities and that collection prices are to be based on transporting the materials to up to two centroids. Once again, in our experience, this is likely to create uncertainty and potentially a multitude of pricing options increasing complexity, risk and therefore price.

Having certainty as to the exact location of proposed disposal and processing facilities, their specifications with regards to acceptable materials, compaction rates and contamination requirements makes more sense and is likely to result in a better outcome for the councils.

For the reasons outlined in our submission, we believe the proposed tender is likely to reduce opportunity, competition and service levels and lead to higher risk and costs therefore we object to Council Solutions applications to the ACCC.

We confirm our consent for this submission to be placed on the ACCC's website.

Yours sincerely

A handwritten signature in black ink that reads "P. Welch". The signature is written in a cursive, slightly slanted style.

Paul Welch  
General Manager