

Waste & Recycling Association of South Australia Inc.

11 September 2018

Submission by WRASA in response to submissions by Council Solutions post their initial Application

Dear Ms Cramond,

Re: Council Solutions Application AA1000414

WRASA submits further evidence in relation to claims made by Council Solutions in their submissions subsequent to their initial Application.

Council Solutions have submitted seven (7) documents following their application in response to questions from the ACCC and comments made by all interested parties, excluding the information on compostable bags. An analysis of the 68 pages contained in the seven (7) submissions reveals that only three (3) pieces of verifiable evidence are included and these, in our opinion, are misleading as evidenced below.

Other alleged evidence is redacted to the point it is not possible for any sort of objective analysis by experts such as WRASA members, or other waste management operators.

The remainder of the 68 pages are unsubstantiated claims and opinions. Much of the text is dedicated to addressing the comprehensive body of evidence submitted by interested parties rather than fulfilling their obligation to prove net public benefit with comprehensive evidence.

We note the following pieces of evidence submitted by Council Solutions:

Market Share and Diversion Rates

With regard to Council Solutions May 17, May 18 and June 29 submissions including references to "Greater Adelaide Region Diversion Rates" and market share, [REDACTED]

[REDACTED] The ACCC have confirmed that the relevant market should be the 'Adelaide Metropolitan Region' in their Draft Determination, as against the 'Greater Adelaide Region.'

[REDACTED]

To summarise, the correct market share of Council Solutions for the Adelaide Metropolitan Region is 32.7% [REDACTED]

[REDACTED]

With regard to waste diversion results, Council Solutions has erroneously included dissimilar rural Councils with fewer households and sparsely populated areas, greater travel distances

and incomparable bin systems to reduce the diversion results for smaller Councils. [REDACTED]

This demonstrates higher waste diversion for smaller to medium size Adelaide Metropolitan Councils.

Innovation Regarding CNG

May 18, page 24 – Council Solutions state that HDCNG was introduced into the NAWMA contract in 2016. We note that:

- (1) CNG is not a new concept in the waste industry. It has been thoroughly trialed and has proved to be problematical and expensive. There are some benefits with reductions in some emission types but is higher in others. One waste contractor has previously used dual fuel CNG vehicles in Unley Council with problematical results. LPG units have also been developed and trialed with similar problems.
- (2) The NAWMA CNG depot and infrastructure was already in place in the previous contract with the only change being to HDCNG by the incumbent contractor and was implemented as a necessity to decrease the time required to refuel the collection vehicles and also allow the collection vehicles to collect a full load without having to return to the depot prematurely to refuel. Refuelling takes approximately 6 hours each day to achieve a day's gas requirement for the trucks.
- (3) NAWMA has a single truck depot for the high capital cost gas refuelling infrastructure costing more than \$1M whereas Council Solutions would require 2 depots across its geographic spread.
- (4) CNG technology for waste collection has not been adopted by any other Councils in Adelaide or Australian to the best of our knowledge demonstrating that it is an experiment rather than innovation. True innovation is a device or system that, having been thoroughly tried and tested in a Council (usually small) contract, is then widely adopted by Industry and Councils over ensuing years.
- (5) An analysis of the CNG system from one of our members shows that it was 6.8% more expensive than traditional fuel and modern biodiesel systems and that CNG kerbside collection vehicles were only available from 1 truck supplier.

SGROC Example

Council Solutions' May 18 submission, page 17, states that the SGROC application to the ACCC (A91530) achieved a \$46 million saving. Council Solutions state, "Council Solutions acknowledges some of those savings may be attributable to other elements of the conduct, however it must be acknowledged it was due to collaboration."

WRASA note the following facts around this comparison:

- (1) The SGROC Council Application was for collection only; as opposed to all waste services and that the combined number of tenements for the three (3) Councils was 85,000.

[REDACTED]

[REDACTED]

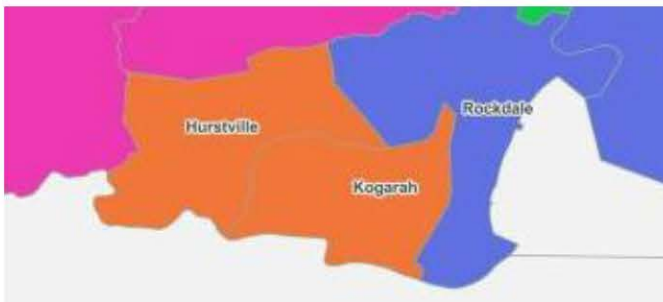
[REDACTED]

(4) The pricing comparison for the SGROC contract represents a cost reduction of approximately 70% for collection costs. It appears obvious that other factors have been disregarded when making this estimate, such as changes to bin types or changes to recycling arrangements or markets, or that there are other significant mitigating factors, if in fact the claim is true. It is incomprehensible that a combined tender of three (3) Councils totalling 85,000 tenements would be 70% less expensive than a tender for each individual Council or two (2) of the Councils.

[REDACTED]

[REDACTED]

[REDACTED] We note however that Council Solutions is a 180,000 household contract with unprecedented geographic spread and SGROC was approximately 85,000 households in a tight geographic cluster. Unlike Council Solutions proposal, the three (3) participating Councils are in the same region and all have extensive common boundaries (see map below). Efficiencies may be possible under the SGROC application from having a common depot and would be more like a tender involving Port Adelaide Enfield and Charles Sturt rather than all Council Solutions Councils, the latter of which will bring diseconomies of scale from its large size (180,000 tenements vs 85,000 for SGROC) and geographic spread requiring two (2) depots.



Yours sincerely

John Fitzpatrick
Public Officer