

20 August 2018

Ms Tessa Cramond
Analyst, Adjudication, Mergers and Authorisation Review Division
Australian Competition and Consumer Commission

By email: adjudication@acc.gov.au
Cc: Tessa.Cramond@acc.gov.au

Dear Ms Cramond

**Re: AA1000414 – Council Solutions – submission
ACCC draft determination**

We refer to the ACCC's draft determination of the Application for authorisation received from Council Solutions on behalf of the Cities of Adelaide, Charles Sturt, Marion and Port Adelaide Enfield (Participating Councils).

The Waste & Recycling Industry Association of South Australia (WRISA) is the peak body representing the waste, recycling and resource recovery industry in the state. It is funded by the industry, run by the industry for the industry, and its members are all businesses with an active investment in the industry.

The Association has canvassed the views of members and they are convinced that a tender of this size will significantly limit competition and create a distorted, uneven playing field in the Adelaide Metropolitan Area waste collections market.

Association members are extremely concerned at the ACCC's comments within the draft determination regarding cost savings and public benefit related to the "experiences" of other Council groups and service providers, and make the following points:

- There is no evidence that any of these claimed benefits have been specifically identified and substantiated in a tangible way.
- The cost savings claimed by Council Solutions are not supported by any financial modelling, nor is there detailed methodology of how they will be implemented.
- The Council Solutions Application is a business proposition with a multi-million dollar annual turnover for a minimum of ten years, yet it is not supported in any way by a credible cost-benefit analysis.
- There is no evidence of how the claimed benefits, either in the Application, or in previous examples of such collaborative tendering, have been passed through to council residents via reduced rates or service costs.

The ACCC has placed particular emphasis on the group of "Australia's large, long-standing collections service providers: Cleanaway, Veolia, Suez, JJ Richards, Remondis and Solo" and made

assumptions about how their business may respond to outcomes from this application. The following comments are the response of our members to these assumptions:

- Any expansion or relocation into another geographical area is not an overnight transition – such business development is a long-term challenge that may take many years to establish, and even then, may not be successful.
- The draft determination seems to ignore other than these six large companies – over time, market changes, service level variations and technology developments could encourage and allow existing but smaller participants to consider tendering for individual council contracts, only to find themselves effectively locked out of the market by large long-term contracts. The best outcome for the industry is a steady flow of smaller individual contracts.

In summary, we believe the ACCC has not fully considered the degree to which any potential detriments are outweighed by the purported benefits. WRISA members participate in this market every day. We understand every facet of the commercial and social imperatives that drive the market, and WRISA feels strongly that the application has failed to provide suitable evidence that the benefits would outweigh the significant impacts on competition in the Adelaide Metropolitan Area waste collections market.

If further information is required, please do not hesitate to contact me by email, chris@wrisa.com.au or mobile 0407 604330.

Yours Faithfully

Chris Brideson
Executive Officer