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29 October 2018

Mr Gavin Jones
Director
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Jones,

Council Solutions Application AA1000419 (Processing) and AA1000420 (Ancillary Services) - Draft Determination Feedback

The City of Charles Sturt welcomes the ACCC's draft determination assessment on Council Solutions' applications for both the Processing and Ancillary Services, and we strongly agree that the public benefit will outweigh any perceived public detriment.

As previously outlined in earlier submissions, we believe there are many benefits that a joint procurement can bring to our respective communities. A range of these benefits have already accrued through the joint-tender process, but we also believe there is more to be gained through the post-tender and operational phases, particularly around improving diversion from landfill and reducing contamination.

We note that the industry has raised a number of perceived issues and misconceptions regarding the Council Solutions' applications, and we would like to take this opportunity to provide some clarification around a number of these issues.

Increased Bureaucracy

Industry has consistently argued that a joint procurement would add an additional layer of bureaucracy. This has certainly not been our experience and, in fact, reduced duplication is one of the key aims of our joint approach. Council Solutions has streamlined the tendering process and removed process duplication costs, resulting in direct savings for the participating councils. It has also freed up internal council resources allowing these resources to be directed to other important, operational functions. It also means industry can respond to a single tender rather than four, individual tenders.

In addition, our collaboration approach has proven to be beneficial in standardising the waste service specifications and reporting requirements, and it has certainly not added more time or complexity to the process as claimed by some in the industry. Later we will be able to jointly develop education programs that will have greater 'cut through' across communities due to increase consistency.



Financial Benefits

Industry also argues that collaborative procurement will not provide financial savings and, in their opinion, could come at a higher cost to Council. Again this has not been our experience as we have achieved significant financial benefits, as well as non-financial benefits through past collaborative approaches with Council Solutions.

Some specific examples include:

- Bituminous Road Works (annual spend of \$29.35m)
 - Significant savings on the contract rate compared to previous contracts.
 - Substantial carbon emissions savings - in 2017/18 a total of 720 tonnes Co2-e was saved, equating to 289 cars been taken of the road.
 - Innovation in the use of recyclable content in asphalt - through the scale of the contract, the contractor was willing to devote effort toward R&D initiatives that flowed from the arrangement with Council providing a suitable 'test bed'.
- Temporary Labour Hire (annual spend of \$14.94m)
 - Saving on the contract rate compared to previous.
 - Job role specific personal protection equipment supplied by contractor rather than Council, therefore reducing costs and duplication.
- Cleaning Contract
 - A significant reduction in contract rate compared to previous contract.
 - Introduction of innovative technologies for cleaning of public toilets and high-rise car parks.

All of these savings have had a direct impact on Council's budget, which has helped us to maintain sustainability in services while keeping rate rises as low as possible. In 2018/19 we were able to achieve an average rate raise of 1.4% (below CPI) and joint initiatives have contributed toward this outcome.

Uncertainty around ongoing benefits

Industry has also consistently questioned any ongoing benefits of the joint procurement approach would deliver. Again, this is something that we strongly disagree with as the joint procurement has facilitated resource sharing that will continue to be solidified as the tender process moves into the operational phases of contracts. With centralised contract management lead by Council Solutions we will see benefits derived from:

- Consistent community education messaging that target common issues. A consistent education message will achieve 'cut through' across council boundaries, reducing confusion and apathy among residents, helping us to reduce the amount of material we are sending to landfill providing both environmental and financial benefits.
- Improved reporting and better data collection, monitoring and analysis. This will provide improved transparency and a greater understanding of how material is been

processed to ensure we are meeting our communities expectations and diverting as much material from landfill as possible.

- Centralised management of contractual compliance and contractor performance. This will help to reduce duplication and inconsistencies between partner councils and better hold the contractor to their responsibilities under the contract.

In closing, I would like to highlight again that joint procurement of waste services is not uncommon for councils in South Australia or across the country. Local examples for the joint procurement of a range of waste services have been undertaken by the City of Charles Sturt and City of Tea Tree Gully, East Waste (7 constituent councils) and the NAWMA group of councils.

Once again I would like to take this opportunity to express our strong agreement with the ACCC's draft determination and I look forward to receiving the ACCC's final determination in the near future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Sutton', written in a cursive style.

Paul Sutton
Chief Executive Officer