

## Response to submission from interested party AA1000419 and AA1000414

### Opening Statement

The following submission is provided regarding the “*Australian Organics Recycling Association (AORA) submission in response to Council Solutions Application AA1000419 and AA1000414,*” dated 16 August 2018 and other interested party submissions for AA1000419.

*Council Solutions responds in this submission to the “issues of concern” put forward by AORA.*

**5a. Education and contamination management will be generalised across Councils, rather than flexible and adaptable education to specific areas in each Council driven by contractors and Council officers who have a primary interest in reducing contamination for THEIR council contract;**

The collaborative procurement being undertaken and described in Council Solutions Application AA1000419 (processing) and AA1000414 (collection) while providing transaction savings and process efficiencies in Waste Education will help deliver a consistent message to the Participating Councils residents, specifically designed to further reduce contamination and increase resource recovery.

Should specific areas of need be identified resources will be directed to ensure any issues are addressed whether they be related to residents, the kerbside collection contractor and/or the processing contractor.

The Education Program and Contamination Minimisation Strategy will continue to be driven by key council personnel and the contractors.

**5b. Responsibility for collection of organics is usually with one contractor working with the Council waste management and waste education staff for that Council. This has historically been efficient and effective;**

Under the collection conduct responsibility for kerbside collection of organic waste will be with one contractor and the processing of that organic waste under the processing conduct will be with one contractor for the Participating Council, and the contractor will continue to work with council waste education staff.

**5c. The proposed conduct will see different contractors collecting in the same street (660/1100 litre bulk bins vs standard 240 litre wheelie bins) and possibly even different contractors collecting from the same apartment blocks/multi-unit dwellings that have a mix of bulk bins and smaller wheelie bins. This we believe will confuse contamination management efforts;**

This assertion by AORA is incorrect. There will be one contractor for kerbside collection (RFT1 AA1000414) across all Participating Councils and there will be one contractor for Bulk Bin Collection (RFT3 Ancillary Services AA1000420) across all Participating Councils. While the same organisation could win both contracts it will require separate collection services as different types of collection trucks are required. Kerbside collection use side lifting equipment for 140L/240L kerbside mobile garbage bins (MGB) while 660L/1100L bulk bins require trucks with front lifting equipment. Currently these services are provided separately by all contractors in the market. This arrangement is no different whether a collaborative procurement contract or individual council contract.

**5d. Feedback and actions from collections regarding contamination management will need to be managed through a combination of council officers across four councils and Council Solutions officers. We have a concern that the involvement of more people responding to issues will make resolution of issues less immediate, more complex and ultimately less effective in reducing contamination;**

Contamination 'feedback and actions' on a day to day operational basis will continue to be managed by each Participating Council. Issues will be identified from data monitoring, analysis and reporting across all 4 councils and where consistent issues occur in one or more councils action will be escalated through contract performance management undertaken jointly by Council Solutions and the Participating Councils.

**5e. The 4 councils cover different areas of Adelaide including CBD/inner city, coastal, inner suburban and outer suburban, all with different issues and material. For example, different garden types and food types. If the collection contractor has 4 councils to manage, our view is that it will be much more difficult for them to respond to niche contamination issues. Hence, we have a concern that a broad contamination management program will be more difficult to manage and will be less responsive.**

This statement is incorrect, organic matter across the metropolitan area is not significantly different. Food and Organic Waste (FOGO) is managed/sorted as a consolidated mass where contamination materials (plastics, metals and glass etc) are removed but not by types of food or organic matter.

**5f. We are unsure of Council Solutions' experience with regards to delivering waste education programs and unsure of their management's knowledge to direct and support effective kerbside contamination management programs;**

Education programs and contamination minimisation strategies will continue to be established and managed by key council personnel and the contractor. Council Solutions will help facilitate a coordinated approach to education and contamination minimisation strategies and solicit input from expert advisers for sharing across all Participating Councils.

**6. General competition in the market in relation to our members' interactions with collection companies is favoured with individual council contracts.**

**Award of such a significant percentage of Adelaide metropolitan organics collection work will gravitate the interactions between collectors and processors towards a market with fewer participants and more market control by fewer parties.**

This is a confusing statement given the current concentration of metropolitan kerbside collection is done by only 4 companies across 19 councils with only 2 companies servicing the 4 Participating Councils. This will reduce to 1 company under the proposed kerbside collection conduct, not a significant change from the current situation where 1 company is already servicing 3 of the 4 Participating Councils.

*Council Solutions responds in this submission to the assertion put forward by Scout Recycling Centres South Australia.*

**My concern is that if the receivable contract was awarded to an interstate operator it has the potential to have an adverse effect on the Container Legislation in South Australia.**

This conduct AA1000419 will have no adverse impact in relation to Container Deposit Legislation (CDL) in South Australia. The Processing Contractor will claim the CDL refund when recycling the container relying on the CDL to facilitate the refund.

*Council Solutions responds in this submission to the assertion put forward by Corio Waste Management.*

**This trend (collaborative waste procurements) is prohibitive to smaller companies, like Corio Waste Management, looking to expand into new geographic regions.**

It is more likely that this conduct will be more beneficial to all companies (including interstate firms) looking to expand by providing the opportunity to secure a volume of processing tonnes to underwrite the investment needed to expand and/or relocate that a single council contract would not provide.

*Council Solutions responds in this submission to assertions put forward Jeffries Group.*

**Jeffries is a member of AORA and it will be noted that this submission largely addresses the same concerns that have been raised by our industry association.**

**It is Jeffries submission that:**

**.....The proposed joint tender will not result in any efficiencies in transport or processing due to the geographical spread of the participating councils.**

**.....add(ed) cost and complexity due to the combinations and permutations that must be considered.**

**.....additional costs being added by the extra layer of bureaucracy that Council Solutions represents.**

**The quality of organic material being received .....is likely to be compromised with the involvement of Council Solutions as contract manager.....(and) will frustrate the process dealing with contamination events.**

All these assertions made by Jeffries are mis-guided, and have been dismissed by the Participating Councils, the geographic spread of the councils does not preclude a Participating Council from gaining benefits from collaborative procurements (refer to previous Council Solution submissions and Councils letters to ACCC).

There are no added costs and complexity that will result in a multitude of pricing permutations. The tender requires a price for each volume band (annual tonne) for each waste stream (Residual, Co-mingled Recyclables, FOGO) per centroid for the combined annual volume of the Participating Councils.

The Participating Councils are in the best position to identify costs and benefits attributed to using Council Solutions and have unanimously rejected the assertion that Council Solutions adds a layer of bureaucracy and has separately acknowledged the savings derived from various Council Solution collaborative procurements.

Participating Councils will continue to provide their technical expertise in contamination minimisation and this will also be shared between the Participating Councils along with external Technical Advisers coordinated by Council Solutions as Chair of the Contract Performance Management Committee that will require the participation of the Processing Contractor(s) and Collection Contractor. Councils recognise the benefits to be gained from collaborating and sharing information and developing common targeted education programs for waste avoidance and contamination minimisation.