

MASTEC®

The Leading Edge in Waste Management...

MASTEC Australia Pty Ltd

ABN 93 352 948 438



20th August 2018

Attention: ACCC Adjudication

Subject: Council Solutions Proposal for Combined Council Waste Contracts

Over a period of more than 15 years, Mastec has become recognised as one of the largest and most reliable suppliers and manufacturers of Mobile Garbage Bins (MGB's) into the Australasian market. Mastec specialises in the supply of MGB's for council contracts such as contract start up's plus ongoing bin maintenance and supply. Mastec uses its unique MAStrac assembly, distribution and data capture system which has been developed by Mastec here in Adelaide.

Mastec has recently invested in a brand new State of the Art manufacturing facility based in Adelaide and is the only Australian in house manufacturer and supplier of the full range of MGB's, producing 80, 120, 140 240, 360, 660 and 1100 litre capacities and both vented and non-vented Kitchen Tidy Organics bins.

Mastec would like to communicate to the Commission that the preferred tender size for direct supply or supply on behalf of a collection contractor are medium sized contracts to enable suitable planning for production. Medium sized contracts not only enable a supply of bins to the Council or Contractor in the time frame between the awarding of the tender and the contract start up, but additionally allow for the handling of multiple contracts at once as well as the day to day requests from Councils and the waste industry for bin parts and accessories. In summary, the reduction of contracts and contractors to supply MGB's is a reduction in competition.

Bin manufacturers and suppliers do not have a relationship with all waste collection contractors in the market. Put quite simply, Mastec are dependent on as many waste contractors as possible being able to tender for as many contracts as possible to enable the best chance of consistent production flows. Therefore, the greater the number of contract opportunities spread over time is far more efficient and risk averse to only one or two major opportunities. An example of the above point is Perth, which has predominately only two main contractors servicing the extended Perth metro area and beyond. This situation not only has the potential to shut a company out of an entire populous region of state but continues to exacerbate the problem as neighbouring regions come under pressure from market monopolies.

Mastec would also like to point out to the Commission that scaling up for a one off large production of an amalgamated group of metro Councils of the size proposed by Council Solutions would place untoward pressure on resources, time frames and the supply to other Councils and the industry. This escalation of production would not only come with significant risk, it would additionally require the successful tenderer to immediately scale down on completion of the contract. This in our view is highly inefficient and potentially costly.

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In summary we hope the Commission will note the following in their consideration:

- The dual problem of less contractors bidding for a contract due to the size of the contract combined with extended contract periods that reduce the amount times the contract is available for tendering is harmful to the bin manufacture and supply industry
- The reduction of contracts and contractors to supply MGB's is a reduction in competition in the view of Mastec.

We thank the Commission for the consideration of our letter.

Regards,

Michael Brixton

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