

**Waste Management Association of Australia  
Queensland Branch**

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3 Gregory Terrace  
Spring Hill Q 4064

9 May 2008

Australian Competition & Consumer Commission  
GPO Box 3131  
**CANBERRA ACT 2601**

**ATTENTION: Ms Susan Philip**

Dear Susan

**CENTRAL QUEENSLAND LOCAL GOVERNMENT ASSOCIATION  
APPLICATION - A91087 - RESPONSE TO QUESTIONS**

In regards to your letter dated 18 April 2008 we herewith enclose a compilation of submissions coordinated by Mr Scott McDonald the Queensland Vice-President of the Waste Management Association of Australia.

Please find below a list of Respondents:

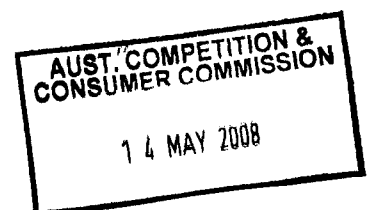
1. Theiss Services - has no comment on the application.
2. SITA Environmental Services - have prepared a response.
3. David Moy - Response attached.
4. Ian Kuhl - New Townsville City - Response attached

We note that we also have Rockhampton City Council and Troy Uren as member, both of whom have a conflict of interest with this response and have therefore declined to have any input to its preparation.

Sincerely

**Scott McDonald**  
Vice President  
WMAA Queensland Branch

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Established in 1991, the Waste Management Association of Australia (WMAA) is Australia's peak association for waste management professionals.

With over 1,000 members & representing more than 3,000 individuals in the waste & resource recovery industry, we have a network of State Branches, National Divisions & Special Interest Groups that provide the opportunity for networking, communication & involvement in projects aimed to encourage sustainable waste management.

WMAA's Queensland branch provides this feedback to the ACCC's interested party consultation on behalf of its members.

Our members come from across the state & include individuals & organisations involved in the waste industry. This includes but is not limited to policy makers, waste collectors, landfill operators, recycling processors & consultants.

WMAA provides our submission by responding to the four (4) questions.

In the short time frame available for comment WMAA has not had the opportunity to consult with all of its members. We have therefore have called for comments from our branch executive that is a representative group of our membership. Individual comments from each respondent are therefore included in our response below.

Please direct any queries regarding WMAA's submission to:

**Scott McDonald**

**WMAA Queensland Vice-President**

**c/o 3 Gregory Terrace, Spring Hill, 4000**

**Email: [scottmc@sheehy.com.au](mailto:scottmc@sheehy.com.au)**

**Phone: 07 3839 3644**



**General Discussion**

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Scott McDonald

In general I would not expect that any of our members would have significant issues or concerns with the proposed collective tendering arrangement particularly since there is an option to tender for separable portions and the intention is to contract with each Council separately. Hence the proposed arrangement, in principal, appears to offer the best opportunity for both small and large organisations alike to submit for the tender. The issues will occur once further detail is known about the specific criteria for assessing tenders and their relative weightings.



Specific response on requested issues

Question	WMAA Response
<p>The likely situation that would occur in the Central Queensland local government region if the proposed arrangement is not authorised.</p>	<p><b>David Moy</b></p> <p>Failure to allow preparation and trial of collective tender process may:</p> <ul style="list-style-type: none"> <li>• Impact direction and approach provided within the former CQLGA's Waste and Resource Recovery Strategy which supports such collective activities to achieve:               <ul style="list-style-type: none"> <li>○ Potential economies of scale;</li> <li>○ Enhanced supply of recoverable materials and energy to meet potential supply requirements (security, timeliness and quantity / quality) demands of new and existing regional resource recovery industries ;</li> <li>○ Reduction in environmental impacts through greater resource recovery and improved transport efficiency.</li> </ul> </li> <li>• Prevent clarification and assessment of actual situation relating to the benefits and costs and commercial viability of such collective tendering approaches in regional Queensland and elsewhere.</li> </ul> <p>This interim order is a critical tool in allowing data to be collected and alternatives explored prior to decisions on the most 'sustainable' option.</p> <p><b>Ian Kuhl - New Townsville City</b></p> <ul style="list-style-type: none"> <li>• If the proposal was not authorised it would require each individual Council to manage the tender process, this would unnecessarily incur 4 times the cost and effort and some Councils would have to outsource the tender preparation probably to the same firm;</li> </ul>

**The impact of the proposed arrangements on competition, in particular the potential for new entry and/or investment in the provision of waste and recyclables collection and processing services.**

**David Moy**

There is a strong possibility that the number of contractors in the region with the capacity and interest to service the region will be reduced just as some new contractors have been attempting to expand into the region. The lack of available competitive tenders appears to have been a problem in parts of the region in recent years. There are instances where this may have resulted in higher service costs for some communities. This may partly have been an outcome of having to take out interim contracts with those service providers left in the area.

A regional approach should allow a more cost-effective service provision with improved infrastructure and facilities including vehicle maintenance and servicing and provision of back-up service provision.

However, investment in a single entity in the region may reduce competition because of these same establishment costs where entry of new providers is possibly dependent on obtaining major contracts.

Currently, supply issues restrict value-adding resource recovery and new industry. A single contract may allow the relevant supply criteria to be met to allow development of local industry.

However, there is an alternative view that suggests such greater collection will simply allow an overall reduction in transport costs and support the export of recoverable materials from the region. Industry expansion could then be restricted to that occurring through the service contract. (hopefully an interim approval will allow collection of relevant data and assist a real cost / benefits analysis as a precursor to the 'best' overall decision being reached.

**Ian Kuhl - New Townsville City**

I feel there is no impact on competition as any contractor can tender for any part of the contract and these parts are based on individual Councils. The only thing which could be considered is to stipulate in the specifications measures which will provide the required outcome of the community - local content etc

**The potential for the proposed arrangement to result in cost savings in the provision of waste services**

**David Moy**

Future contracts could prove significantly more expensive due to the establishment costs – even allowing for buy-out of the initial contractor – and overall reduction local service infrastructure with a possible reduction in service providers.

Consideration needs to be given to the impact on adjacent regions as currently, service providers service more than one council. The nature of this is somewhat dependent on how newly formed councils adopt regionalisation in their own areas.

**Ian Kuhl - New Townsville City**

The option of joint tenders can lead to solutions which will provide economical, social and environmental benefits, particularly in the area of recycling and waste minimisation.

**The public benefits that are likely to result from the proposed arrangements.**

**David Moy**

Some councils currently use 'day labour' for provision of some services. The costs and benefits of a shift to contractor service provision in terms of the labour market and the number of local jobs need to be assessed. However, **current** problems with competition between councils and mines for labour may be reduced with a single service provider able to compete better in terms of conditions they can offer in competition with the mines.

Allocation of services to a single contractor may reduce opportunities for individual councils and the regional group to investigate and trial new technologies, initiatives and options for collection, reuse and remanufacture of recovered materials. In contrast, a single collection may allow the supply conditions for sustainable new business to be achieved as previously discussed.

**Ian Kuhl - New Townsville City**

The public benefits by the proposed arrangements would include access to more effective technology.