

## **Submission – A91500 – Redland City Council and Brisbane City Council.**

*References are to the application lodged by RCC on behalf of RCC and BCC.*

### Form B – 2 (a), (b) and (c). Supporting Information 3.2 and 4.2

There is no benefit for the consumer via this joint tender process. Both local governments are individually large enough to solicit tender prices that benefit from economies of scale. Pricing obtained jointly or separately should be the same. If this is not the case then consumers in one local government area will be subsidising the cost to the other at their detriment. There are unique aspects of each individual LGA area. For example, RCC has services on Islands in Moreton Bay. BCC has inner city traffic challenges, high density housing and numerous one way streets. These different circumstances significantly impact service prices.

The scale of the works and the complexity of the joint tender process will potentially result in fewer tenders being submitted, notwithstanding the ability to tender for separable portions for each local government area. Some companies that participate in waste collection tenders for other SEQ local governments have not participated in a BCC waste collection tender process. Based on the many tenders throughout Australia each year, the number of tender responses received by a Council for a waste collection contract does not correlate to the size of the LGA. The price outcome is also impacted by a multitude of other factors.

### Form B – 2 (d). Supporting Information 3.5

A 16 year contract term will introduce considerable uncertainty and does not align with the economic life of collection vehicles and will result in higher tender prices which will disadvantage the consumer. The best price will be received for a minimum 8 year term and a maximum 12 year term which aligns with the economic life of collection vehicles.

The scale of either contract and the specialised design of collection vehicles mean that any tenderer would have to source the majority of its fleet as new at contract commencement. Over the proposed extended term, the contractor will need to renew the entire fleet. This introduces substantial risk as the projected cost of new vehicles must be included in tender prices. Over such a period, new Euro emission standards will be introduced and operating costs will change and it is impossible to accurately predict these. The tenderer will likely take a conservative view and this will inflate prices unnecessarily.

Excessively long contract terms will lead to less competition over time as it becomes difficult to break into the market. It will also stifle access to the benefits of new technology and innovation. These factors will lead to a long term increase in consumer costs.

### Supporting Information 4.1

While some documentation may be similar it is anticipated both individual Councils will still have input to all aspects of the tender process and will need to involve the same amount of internal and external resources to the process. There are unique service requirements for both Councils that will now have to be encompassed in one document. In addition to the meetings that would normally be held within each Council, there will need to be combined meetings to resolve issues. Therefore it is likely overall transaction costs will increase.

### Supporting Information 4.2

Joint tendering will not improve investment in SEQ. The larger the contracts and the longer the term, the less likely waste collection suppliers who do not have a contract will stay in the area or be attracted to the area. This would be further exacerbated if other local authorities in SEQ conducted joint tender/contract processes. This will disadvantage local business and the consumer generally.

#### Supporting Information 4.3

As previously stated there are no efficiencies and economies of scale to be gained through this process. Each Council is large enough in its own right to maximise this benefit. There will be no improvement in fleet maintenance programs as each area is large enough to maximise the benefit of economy of scale.

Contract administration will not be streamlined for any party as both RCC and BCC will still be responsible for their own LGA (or if one administers on behalf of the other this will be at an equivalent fee). The contractor will incur the same costs as it will still be responsible to both Council's with individual management, reporting and invoicing requirements.

#### Supporting Information 5

As stated earlier, it is unlikely the joint process will incur less costs for each Council

There will be no reduction in the cost for suppliers to tender.

#### Supporting Information 6

There are grave concerns for a reduction in competition and therefore an unfavourable impact on prices to consumers in relation to this joint tender proposal and the precedent it sets for other Councils to consider similar joint tenders/contracts.

Local governments in Queensland have the ability to monopolise waste collection services for all three waste types noted. This is currently the case in Sunshine Coast Council where Council levies a fee for waste services to domestic, commercial and industrial premises. Any other Council or group of Councils is currently able to do the same. The outcome has proven to result in higher costs, less flexibility of services and inability to access latest technology and innovation. This is all to the detriment of the consumer.

Local Government also has the ability through section 184(f) of the Local Government (Finance, Plans and Reporting) Regulation 2010 to enter into an agreement with another government body without first inviting tenders. This has occurred between two SEQ Councils. If a large Council group were to obtain work from other Councils without a tender process this would increase the service base of one contractor and substantially lower competition over time to the disadvantage of consumers. It is apparent BCC have approached other Councils in SEQ regarding this joint tender process.