



Senator the Hon Matthew Canavan

Minister for Resources and Northern Australia

Mr Rod Sims
Chairman
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2061

Dear Mr Sims, *Rod,*

My office has recently meet with representatives of the Waste and Recycling Association of South Australia (WRASA) who have expressed their concerns regarding the draft determination issued by the ACCC to grant authorisation to Council Solutions & others to engage in conduct that might otherwise breach the Competition and Consumer Act 2010 (the Act).

This authorisation extends to allowing Council Solutions, on behalf of five Adelaide councils, to jointly tender, negotiate and contract for the supply of waste collection services, receiving and processing of recyclables, receiving and processing of organics and waste disposal services over the applicant council areas for a total period of 17 years.

This application relates to the provision of 20 separate waste management contracts with a value of approximately \$50 million a year. If approved, this application would effectively consolidate 37% of waste management contacts in the Adelaide municipal area into a single agreement for 17 years.

As I am sure you are aware, strong competition laws are extremely important to protect small businesses in Australia. Maintaining robust and effective laws was a driving force behind the government undertaking the Harper Review – the first root-and-branch review of competition policy in more than 20 years.

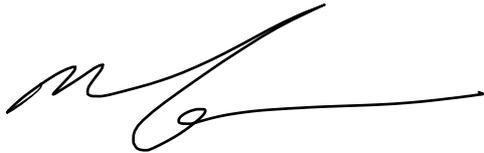
Decisions to grant an exemption to actions that otherwise would or might substantially lessen competition or to allow cartel-like behaviour must always be cautiously made. Decisions that may lock small business out of contracts also has an invisible cost to our economy. It can lead to less investment, less innovation and less dynamism in the Australian economy.

With 38% of metropolitan Adelaide tenders already controlled by two Councils, this draft decision will effectively consolidate around 75% of waste contracts into a handful of operators. Such a concentration of available contracts in a city the size of Adelaide can have a significant impact on jobs and local industry sustainability.

I also note that while contract terms for an exemption of this nature would typically be five to ten years, this proposal is an extraordinary seventeen years.

I understand that concern regarding the scale of this proposed contract and its impact on small business operators has also been expressed by Business SA, the Small Business Commissioner of South Australia and the Australian Small Business and Family Enterprise Ombudsman. I look forward to your response regarding the consideration of these matters.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Canavan', with a long horizontal flourish extending to the right.

MATTHEW CANAVAN

Cc: Waste and Recycling Association of South Australia (WRASA)