



Victorian
waste management association

Australian Competition and Consumer Commission
23 Marcus Clarke Street
CANBERRA ACT 2601

By email

4 September 2017

Dear Sirs

Application for Authorisation – Loddon Mallee Waste and Resource Recovery Group

The Victorian Waste Management Association is the waste division of the Victorian Transport Association, a not for profit industry association. The VWMA represents over 130 Victorian based waste and resource recovery companies and provides advice and services to member companies on a range of environmental, industrial and occupational health and safety issues. The Association also provides an industry voice in the sector's dealings with Government, the wider waste industry and the community.

The sector is diverse comprising large multinational companies, public and private national businesses and small localised operators as well as local governments running their own services either directly or through corporatized entities. This results in an efficient, competitive customer focused industry.

The Victorian State Government through its long term Waste Policy, the Statewide Waste and Resource Recovery Infrastructure Plan is seeking to provide policy stability to the sector by identifying key needs in resource recovery and landfill infrastructure. An element of the policy is aligning the regional needs of Victoria within the Statewide plan. This is being implemented through the Regional Waste and Resource Recovery Groups who are each responsible for coordinating the local governments within their region and assisting them to maximise the opportunities within the region.

The VWMA is of the view that joint procurement of waste services for a group of councils that comprise the Loddon Mallee Waste and Resource Recovery region will not deliver the perceived public benefits identified on page 4 of the public version which are outlined below:

Transaction and other cost savings for the participating councils

We believe savings will be limited as each council will still be required to have a separate agreement with the waste/recycling provider. Note councils have the option to be as involved or not in this joint procurement either for all streams (waste, recycling, green where provided) or individually, so in theory, they may have several contracts

Victorian Waste Management Association
PO Box 5, Sth Melbourne Vic 3205
Ph 9646 8590 Email andrew@vta.com.au

Enhanced competition for the provision of waste and resource recovery services in the Loddon Mallee region

We believe that joint procurement will not enhance competition but will in fact limit competition because it will preclude smaller operators who might be based at one end of the region from competing for work at their local council because of a region wide tender.

Waste services are very sensitive to transport costs and the Loddon Mallee region is several hundred kilometres long effectively following the Calder Highway. The Statewide Plan on page 31 states *“Consolidation is not always practical when tonnages are small and large transport distances affect economic viability, particularly in rural and regional areas. However, opportunities to activate local resource recovery to meet community expectations and incorporate local priorities should be encouraged wherever possible.”*

The VWMA is of the view that joint procurement will impact significantly on the ability of small scale operations and the loss of local choice. It does not agree with the assertion that potential inclusion of smaller Service Providers will be a benefit of the proposed joint tender.

The nature of the region, the volumes involved and the distances are naturally going to benefit larger businesses with a broader geographic footprint than localised small businesses which have serviced these small communities and then made their own arrangements as to the on-selling of waste and recycling products.

The application states that due to the nature of the region, ie remoteness, distances and volumes involved, there may be reluctance for smaller operators to participate so the councils may enter into joint procurement activities to encourage greater participation. The VWMA wonders what interest a council around Mildura would have under this authorisation in working on a tender for the Macedon Shire and what benefit that would bring them.

The VWMA contends that this is an unnecessary interference in a free market and is likely to lead to a lessening of competition as smaller businesses are either sold or closed down due to an inability to compete for contracts

Improved services for residents living in the municipalities of the Participating Councils and environmental and public health benefits arising from a more efficient collection and disposal of waste, and the diversion of organic materials from landfill.

It does not follow that agreeing to a joint procurement will automatically deliver improved services and environmental and public health benefits as claimed. It is an assumption only. All existing waste recycling services are required to be delivered according to the Local Government Act to certain standards.

Also, under the Local Government Act, councils can seek partnerships with other councils and there would be nothing to stop them from working together on the activities listed on page 13 of their submission without the need for this authorisation. Indeed the authorisation states that participation by Councils is voluntary and they may seek to continue to procure their own waste and recycling services and that participating councils may choose to reject the proposed recommendations by the Working Group and enter into their own arrangements.

The VWMA does not consider that the application for authorisation is warranted and that a case for it has not been established by the application. No evidence has been produced to warrant further interference in a highly regulated market that already works competitively and efficiently.

The public benefits used to justify the application are not backed by any evidence but rather adjectives such as “likely”, or “expected. This is insufficient grounds to agree to this proposal.

In summary, the VWMA does not believe the Lodden Mallee application meets the public benefit test, it is full of exemptions and escape clauses that negate any reasons advanced for the authorisation. Under the Local Government Act, Councils are already free to engage this joint activity if they so desire, the question must be asked, why don't they do it already. Granting this authorisation will in the view of the VWMA, impose an added layer of bureaucracy on what is already a cost effective service to ratepayers.

I can be contacted on 03 9646 8590

Yours Sincerely

Andrew Tytherleigh
Executive Officer