

## AA100019 and AA100020 Submissions

ACCC information request:

1. Council Solutions states on page 10 of the Ancillary Application *“for all three Ancillary Service Streams the Participating Councils may, in their collective discretion, elect to award a contract for collection services only, in the event that an optimal Value for Money and resource recovery outcome would be achieved by utilising the Participating Councils’ contract/s for Recyclables Processing, Organics Processing and/or Residual Processing”*.
  - a. We interpret this to mean that while the Ancillary Service Streams RFT will encompass collection and processing of Ancillary Service Streams, Council Solutions may elect to award contracts only for the collection of Ancillary Service Streams. The processing and disposal function would then be undertaken by the same tenders appointed to process and dispose of kerbside waste under the Processing Services Streams Application. Can you please confirm if this characterisation of the arrangement is accurate?

The characterisation is correct, the reasons for this approach are as follows:

- for many of the small to medium businesses, for whom the separation of these Ancillary Services from the main kerbside collections has been designed, access to disposal/processing arrangements may not be easily or cost effectively negotiated thus inhibiting their potential of submitting a competitive tender for their primary strength area of collection;
- to accommodate this situation where a small to medium sized tenderer is not in a position to offer a competitive price for processing or disposal, they will have the option to tender for either collection and processing or disposal (the complete service), or alternatively they may tender for collection only. The tender documentation makes it very clear that both tender options are valid. In the event that a collection only tender is deemed the preferred tender, then Council Solutions would opt to use the process or disposal tender secured through RFT2;
- through RFT 2, Council Solutions will secure contracts for the receipt and disposal/processing of mixed waste, recyclables and organics for the kerbside collected waste streams. These will be substantial contracts and quite likely secured on favourable terms relative to prevailing market conditions. Therefore, these disposal/processing arrangements may be preferred outcomes for the wastes collected under the Ancillary Services RFT3 than those which the Ancillary Services providers might achieve individually. Hence the option reserved to Council Solutions of accepting either a collect only or collect and dispose/process tender.

2. Council Solutions references the existence of ‘specialist service providers’ who may be interested in tendering for the hard waste and street/park litter services streams.
- a. Can you please provide further details of any hard waste specialist service providers currently operating, either in SA or any other state?
  - b. Are you aware of any street/park litter or bulk bin specialist service providers currently operating, either in SA or any other state?

Whilst common practice in most jurisdictions is to bundle Ancillary Services with kerbside collections, there are exceptions where small and/or specialist service providers have secured some of the services grouped under the Ancillary Services RFT in their own right. This common practice approach is often adopted as a convenience to the client councils – convenience from the perspectives of tendering and for contract management. Notwithstanding this common practice approach, in a number of instances the prime contractor sub-contracts some or all of the Ancillary Services work to smaller service providers who are often better equipped to carry out the services than the prime contractor.

This common practice approach denies small to medium sized service providers the opportunity to tender directly for the Ancillary Services in their own right and to deliver the services within their own cost structure and their own margin arrangements.

In an attempt to provide better equity in the market and to increase competition, Council Solutions has determined to tender the Ancillary Services as a separate RFT, following consultations with industry and discussions with a number of small to medium sized service providers.

***South Australian Waste Service Providers\****

*The table below lists organisations according to their likely waste service stream.*

<i>Potential Kerbside Collection Service Provider</i>	<i>Potential Processing Service Provider</i>	<i>Potential Ancillary Services Provider</i>	<i>Skips/Other/Industrial Service Providers</i>
<p><b><u>3-Bin Kerbside Collection</u></b>                      Solo                      Cleanaway                      JJ Richards                      Remondis                      Suez                      Veolia                      Integrated Waste Services (IWS)                      ResourceCo</p>	<p><b><u>Residual</u></b>                      Cleanaway                      Suez                      Veolia                      IWS                      ARR                      ResourceCo                      NAWMA                      SRWRA                      East Waste                      DeLorean Energy</p>	<p><b><u>Bulk Bins</u></b>                      Bettrans/Bettabins                      Ecobins                      Signal Waste                      Kartaway                      JJ Richards                      Remondis                      Solo                      Cleanaway                      Suez                      Veolia                      IWS                      ResourceCo</p>	<p><b><u>Skips</u></b>                      Budget Mini Skips                      Blue Bins                      City Skips                      Dial A Bin                      Fluro Skips                      Hop Skin N Dump                      Jim’s Skips                      Just Skips                      Mega Skips                      SA Skips                      Wasteaway                      Zoom Skips                      Zoom Trailer Trash</p>

	<p><b><u>Recyclables</u></b>                  Cleanaway                  Suez                  Veolia                  IWS                  SKM Recycling                  Visy                  ARR                  ResourceCo                  NAWMA                  DeLorean Energy</p>	<p><b><u>Street Litter</u></b>                  Ecobins                  Scouts Recycling                  Trevor Hatch Waste                  Western Refuse Services                  JJ Richards                  Remondis                  Solo                  Cleanaway                  Suez                  Veolia                  IWS                  ResourceCo</p>	<p><b><u>Other</u></b>                  Oz Bin Cleaning                  (cleaning)                  Steri-health (medical                  waste)                  Vacuum Waste</p>
	<p><b><u>FOGO</u></b>                  Peats                  Jefferies                  Cleanaway                  Suez                  Veolia                  IWS                  ARR                  ResourceCo                  NAWMA                  SRWA                  East Waste                  DeLorean Energy</p>	<p><b><u>Hard Waste</u></b>                  Ecobins                  FWS                  Orana                  JJ Richards                  Remondis                  Solo                  Cleanaway                  Suez                  Veolia                  IWS                  ResourceCo</p>	

Blue text indicates smaller organisations

\*List is not exhaustive, may be other organisations

**Waste Service Provider summary:**

**Solo** currently has 8 collection contracts with SA Metropolitan Councils including 3 of the Participating Councils and 4 outer metro/country contracts. It also provides Ancillary Services for the 3 Participating Councils either directly or via subcontractor.

**Cleanaway:** Kerbside Collection to 1 Participating Council and Processing Services (Residual Waste) to 2 Participating Councils and is capable of providing Ancillary Services.

**Integrated Waste Services (IWS):** Kerbside Collection, Processing and Hard Waste Collection Services. IWS services 1 Participating Council (Residual and FOGO processing) and has the capability to provide Ancillary Services.

**Jeffries:** Provides Processing of FOGO for 2 of the Participating Councils.

**SKM Recycling:** Provides Recyclables Processing services to 1 Participating Council.

**Visy:** Provides Recyclables Processing service to 3 Participating Councils (1 via subcontract arrangement).

**Trevor Hatch and Western Refuse** currently have subcontract arrangements for Street Litter Bin Collection with 2 Participating Councils.

**Bettabins and Signal Waste** may have the capability to undertake Bulk Bin Collection.

**Ecobins and Scout Recycling** may have capability to undertake Street Litter Bin Collection.

**JJ Richards and Remondis** have the capability to undertake Kerbside Collection Services and Ancillary Services as demonstrated by their interstate operations but their South Australian capacity is not known to Council Solutions.

**Suez:** Provide Kerbside Collection and Processing services interstate. Suez has large resource recovery facilities interstate but any plan for possible expansion in South Australia is not known, a large secure long-term contract may be inviting to support the investment needed. Suez also operates dedicated Community Education Centres interstate to increase community awareness of recycling, resource recovery and sustainable environment practices.

**Veolia:** Provides Kerbside Collection and Resource Recovery services and has capability to provide Ancillary Services. Veolia have acquired land in Gillman/Wingfield area from the State Government for a proposed waste to energy facility and has identified household waste as a potential feedstock source.

**Adelaide Resource Recovery (ARR):** provides comprehensive recycling of Construction & Demolition (C&D) materials and currently has Development Approval for anaerobic digester facility and may consider Municipal Processing Services to provide feedstock for its digester.

**ResourceCo:** Provides Resource Recovery services and has the capability to expand its services in the Municipal Waste sector, namely Kerbside Collection, Processing and Ancillary Services.

**Northern Area Waste Management Authority (NAWMA):** provides Collection and Processing Services to Councils and has capability to expand Processing Services to the Participating Councils.

**Southern Region Waste Resource Authority (SRWRA):** provides Processing Services to Councils and has capability to expand Processing Services to the Participating Councils.

**East Waste:** provides Collection, Processing and Ancillary Services to Councils and has capability to expand Collection and Processing Services to the Participating Councils.

**DeLorean Energy:** has State Government approval and funding to build an anaerobic digester in a northern metropolitan industrial park (to be operational within 12-18 months) and has expressed an interest in FOGO and potentially Residual and Recyclable Wastes as potential feedstock.

**Finding Workable Solutions (FWS):** a not-for-profit community organisation providing intervention and support to people with disabilities and disadvantage, including the processing component of the Hard Waste Collection service stream.

**Orana Inc:** provides people with disability the opportunity to live and work within their local community and provide 'at call' Hard Waste Collection service for one Regional Council in SA.

**Kartaway:** provides waste services for domestic, commercial and industrial use, including medium-high density properties. Kartaway may tender for Bulk Bin Collection, note they currently only provide skip bin services in Adelaide.

- 3.** Can you please confirm whether tenderers will be offered a discount if they submit tenders for multiple services? If so, can you please provide further details.

In response to your query, no tender will state that any discount is required if tendering for multiple services. However, this does not preclude a tenderer from offering a discount if awarded multiple services if they consider they may derive an operational benefit from undertaking multiple services rather than one service in isolation. An operational benefit may enable better utilisation of the tenderers resources, for example, to absorb vehicle and/or personnel spare capacity or to help fund additional investment expenditure.