



Dedicated to a better Brisbane

17 November 2014

Ms Christine Barron
Competition Policy Review Secretariat
The Treasury
Treasury Building
Langton Crescent
PARKES ACT 2600

Dear Ms Barron

Thank you for the opportunity to comment on the draft report "Competition Policy Review" (draft report).

The local government considerations outlined in the draft report are raised at a very general level, and, so far, there is very little to specifically comment on from Council's perspective. However, Council wishes to make the following comment on one specific point:

The draft report at page 78 notes that:

While exercising its duties, local government may face conflicting roles which may raise competitive neutrality concerns. In 2012, the Productivity Commission noted (Performance Benchmarking of Australian Business Regulation: The Role of Local Government as Regulator) specific examples including "local governments can be the providers of certain facilities, such as waste depots and caravan parks and regulate similar facilities, provided by the private sector." Since local government rules can affect competition in much the same way as legislation or regulation, they should be made transparently and subject to the same scrutiny and regulatory impact analysis as Commonwealth, state and territory laws.

Council maintains that the waste depot example is not reflective of the situation in Brisbane. Council does not believe that it faces conflicting roles that would raise competitive neutrality concerns.

Council operates a major land fill station at Rochedale and four transfer stations (rubbish tips).

Under the *City of Brisbane Act 2010* (s93), Council is empowered to levy rates and charges to ratepayers for a facility or service supplied by someone on behalf of the Council (including a garbage collection contractor for example). Under s94 of that Act, Council is empowered to set utility charges for waste management. These utility charges (and transfer station fees) are set as part of Council's annual budget process. However, private sector contractors are employed to collect rubbish and operate the transfer stations and the landfill.

Council employs a private sector contractor to collect household rubbish. The contractor was appointed under an eight year contract after a competitive tender. Council's transfer stations are operated by a private sector contractor for a 12 year period after a benchmarking exercise.

Further, Council competes with the private sector on the collection of commercial waste.

Council's waste management activities are managed by its Waste and Resource Recovery Services branch. In 1998, in accordance with the then *Queensland Local Government Act 1993* national competition policy (NCP) provisions, Council reviewed its waste activities and resolved to apply full cost pricing to those activities. Full cost pricing continues to be so applied although the NCP provisions are now set out in the *City of Brisbane Act 2010* and the *City of Brisbane Regulation 2012*.

Additionally Council has a statutory responsibility for waste as a public health risk under the provisions of the *Queensland Public Health Act 2005*.

If an outcome of the Competition Policy Review were to be to "open up" contestability for domestic waste collection, Council suggests that the results would have a significant impact on the city and could result in diminished waste management standards. Council admittedly acts as regulator and contractor in a (potentially) contestable market, but Council acts in a contestable manner. The resulting efficiencies militate in the public interest, not against it. Health considerations, such as ensuring a waste collector does not dump rubbish to avoid tip fees and reduce costs, as well as public amenity impacts of noise, congestion and nuisance from multiple source garbage trucks, provide another support for this public interest position as local government as the manager of domestic waste collection.

We would welcome the opportunity to discuss the role of local government further with you and if you require any further information, please contact Mr Ian Logan, Principal Accountant, Corporate Finance on (07) 3403 6255.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Colin Jensen', is written over a faint circular stamp.

Colin Jensen
CHIEF EXECUTIVE OFFICER