



seminar series

July 2015

creating better
partnerships in
waste management

seminar series summary

Thank you for joining us at SUEZ environnement seminar series on 10 July. Our series is designed to provide a platform to discuss the challenges and opportunities facing the waste and recycling industry today.

We are pleased to provide a summary of the discussion below and we look forward to seeing you at our next Seminar.



our panel

Fiona Stock	Manager Environmental Services, Hurstville City Council
Gavin Shapiro	Senior Associate, Henry Davis York
Brendan Lyon	Chief Executive, Infrastructure Partnerships Australia
Emmanuel Vivant	Executive Director Infrastructure, SUEZ environnement

More sustainable waste solutions require better partnerships

From a societal perspective there's an increasing expectation for sustainable solutions to waste management.

Yet the waste services sector could still be considered in some ways a cottage industry, without the size and scale to invest in the infrastructure that will deliver world-class solutions.

The latest SUEZ environnement seminar on 10 July explored how both councils and contractors can generate mutually beneficial waste management partnerships.

The panel of local government, legal and consulting experts defined what makes a good waste management partnership.

A novel partnership

Fiona Stock, Manager Environmental Services, Hurstville City Council was instrumental in facilitating a novel waste partnership between Kogarah, Rockdale and Hurstville councils with SUEZ environnement - a ten-year partnership for collection and disposal with service standards and cost cutting at the top of the agenda, as well as efficiency and environmental benefits.

"The collection contract itself with the three councils is worth about \$100 million ... we will save \$46 million over the ten years of the contract," Stock told attendees.

"Instead of producing three separate tender documents, we just produced one so we were saving in that way ... we could also see savings across the board with procurement of bins [and] also with education," said Stock.

The collection contract is also fulfilled over the course of one week which means that the fleet was used to maximum efficiency.

Communication and customer service was a key challenge and gauging expectations of residents, which needed to be reflected in the tender document.

Stock said the process began with a Memorandum of Understanding between the three Councils. "The MoU is the most important part because that will lock the councils into the process," she said.

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Infrastructure investment requires long-term partnerships

Emmanuel Vivant, Executive Director, Infrastructure at SUEZ environnement, noted that the long-term nature of the partnership enabled the waste contractor to put in place the necessary infrastructure in order to deliver the best service.

“Partnerships are key to the future of the waste industry,” he said. “The community wants to move to a circular economy”.

However the significant investment required for that transformation to occur, can happen only if it is underwritten by long-term contracts he says.

For Brendan Lyon, CEO, Infrastructure Partnerships Australia, the real challenge is how to most efficiently structure the waste services market like we have other infrastructure services markets.

“People are not going to make large investments in a two or three year contract term ... the longer you make the contract term the more you professionalise the structure and the more price competition and innovation you’re going to get,” he said.

Lyon believes the waste management industry needs to see “proper economic regulation” and a national focus on the outcomes the industry wants to achieve.

Partnerships are key to the future of the waste industry

- Emmanuel Vivant

Partnerships require clear and shared objectives

Gavin Shapiro, Senior Associate at law firm Henry Davis York said it was important to set measurable outcomes for any partnership from the outset.

He said projects and partnerships that were well executed were those where council’s sat down at the beginning, developed a strategy and developed the KPIs about what they actually wanted to achieve.

He noted a recent Southern Sydney Regional Council (SSROC) contract which was a longer-term contract with the eight councils. “It had sufficient size and scale to give the service provider certainty that they could procure new infrastructure.”

Contrasting that with some other matters that have come across his desk, Shapiro highlighted poorly drafted contracts, lacking detail on cost pass-through and risks, and instances of contractors under-quoting.

“I’ve ended up spending more time mediating and negotiating amongst the councils ... than with the actual service provider,” due to a lack of strategy and agreement between councils pursuing joint projects.

“The reality is there’s no such thing as a perfect contract, you can’t anticipate everything especially with a long-term contract and I guess the important thing for councils to manage their expectations is that the service provider is not in it to lose money.”

It’s a balance between risk and costs, says Shapiro, and it’s also where the need for a new paradigm in contracts comes into play

Flexibility to adapt is key

Vivant notes that long-term contracts must have flexibility, not a contract that “today will set how we operate for the next 20 years”.

“It’s where the partnership has to be given its true meaning.”

Waste streams, consumption patterns, technologies and regulations will all have an impact on contracts as they progress.

Stock said when the group of councils originally did the tender documents for the combined councils’ collection contract, the Carbon Pollution Reduction Scheme and the subsequent tax, was not “in the arena”.

“So we ... put in some clauses around change of law, quite standard clauses, and that assisted us to take that on.

“We also added a couple of clauses in about research and development ... we’ve been able to send some of our garbage to trial different things that SUEZ environnement has come up with over the years.

“Having the flexibility in partnership with SUEZ environnement ... that has worked in our favour,” she said.

Having the flexibility in partnership with SUEZ environnement ... that has worked in our favour

- Fiona Stock



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