

PUBLIC COPY

“National market for the provision of waste management services to multi-regional customers”

This paper forms part of the applications for clearance by Transpacific Industries Group (NZ) Limited in relation to the proposed acquisition of solid waste businesses of Enviro Waste Services Limited in Blenheim/Nelson, Timaru/Oamaru, Christchurch and Dunedin. Those applications for clearance are made (and this paper is provided) without prejudice to any argument or material which may be used in support of TPI's appeal against Decision 604.

“National Market For The Provision Of Waste Management Services To Multi-Regional Customers”

Introduction – the Commission’s market definition

- 1 In Decision 604, the Commission found there to be a separate product market with characteristics that differentiates it from other collection markets:

“That product market is related to the waste management services provided to multi-regional (national) customers. That is, business customers with collection points located in two or more distinctive collection geographic markets across the country.” [para 175]

- 2 At paragraph 176, the Commission outlined the components of this market:

“These customers demand a national waste management service, which includes much more than mere collection of waste. Additional services required by customers in this market include:

- the analysis and rationalisation of their waste and recyclables collection methods;
- the introduction of waste monitoring/minimization programmes including staff training;
- the introduction of recyclables monitoring/maximization programmes including staff training;
- offsetting of waste costs through the sale of recyclables;
- a single centralised point of contact with their waste management provider;
- amalgamation of invoices from multiple business sites;
- collation and presentation of waste and recyclables volume data from those sites;
- liability protection; and
- employee safety training.”

- 3 The Commission defined the market as follows:

“the national market for the provision of waste management services to multiregional customers (“*national multi-regional customers waste management market*”).” [para 222]

- 4 The Commission then concluded that:

“the elimination of Envirowaste is likely to result in a change from two competitors to one in this market and the removal of a vigorous and effective recent entrant. The Commission considers that will lead to a significant lessening of competition in this market.” [para 488]

- 5 Transpacific does not agree with this conclusion. TPI reserves its position on market definition – but rather than debate market definition, this paper addresses the Commission’s conclusion on competition for the provision of the various services that the Commission has included within its “national market for the provision of waste management services”.

Competition analysis

- 6 Based on the commentary in Decision 604, the Commission’s “national market for the provision of waste management services to multi-regional customers” includes the provision of:
- 6.1 services which are best described as ‘advisory’ in nature (analysis and rationalisation of waste and recyclables collection methods; introduction of waste and recyclables monitoring/minimization programmes; offsetting of waste costs through the sale of recyclables; advice on liability protection and employee safety training); and
 - 6.2 administrative components (single centralised point of contact; amalgamation of invoices; collation and presentation of waste and recyclables volume data); and
 - 6.3 physical waste collection services.
- 7 TPI’s observations about these components can be summarised as follows.

Advisory services

- 7.1 There are a range of providers of various advisory services that the Commission has included within its market definition. These include specialist waste consultancy firms and large environmental consultancy firms. A firm does not need to provide physical waste collection services or have a physical base in the same localities as its customer in order to provide these waste advisory services. Customers also have the ability to self-supply, assisted by a range of freely available materials and assistance from regulatory bodies.

Administrative components

- 7.2 While it is *convenient* for a multi-site customer to have a single point of contact in relation to its waste collection requirements and *convenient* to have aggregated invoices and aggregated waste data, the “reduced transaction costs” identified by the Commission in Decision 604 (at para 680) should not be overstated. ‘Convenience’ does not mean that self supply of these services would not be seen as a substitute in the event of an increase in the costs of the service.

Collection of waste

7.3 TPI believes that many of the savings reported by the “national customers” interviewed by the Commission will have been derived, not from using the same waste collector at multiple sites, but from waste minimisation or recycling initiatives which give rise to savings in the landfill disposal costs (which comprise a significant portion of the waste collection costs).

8 These matters are discussed in more detail below.

Advisory services

9 The services the Commission has included within its “national market for the provision of waste management services to multiregional customers” do not have to be, and in many instances are not, provided by a single provider. Many of the services can (and are) efficiently provided by parties other than Transpacific and ESL

Waste Not Consulting

10 Waste Not Consulting states on its website¹:

Since 1998, Waste Not has been at the forefront of waste minimisation in New Zealand. Originally operated by the Waste Not Auckland Trust, Waste Not Consulting is now employee-owned and is one of the few specialist solid waste consultancies in the country.

Waste Not Consulting provides innovative, practical solutions to resource and waste issues. We specialise in solid waste audits, research on waste reduction issues, waste management planning, designing and implementing waste reduction systems and solutions, and developing manuals and staff training packages.

....

Working with Waste Not Consulting will ensure the success of your waste minimisation programmes through the optimum design of initiatives and facilities, and a professional, structured delivery. We have the experience and expertise to advise on what works and what does not, and can save you time, effort, and money while delivering leading edge results.

Capabilities and Resources

Our range of services includes the following:

- Waste audits
- Recovery system and facility design
- Implementation of recovery systems
- Policy and strategy development
- Integrated waste management plans

¹ <http://www.wastenot.co.nz/>. See copy in Folder 2.

- Research
- Cleaner Production programmes
- Environmental management systems
- Design and delivery of education materials
- Design and management of trials
- Training and workshop delivery
- Monitoring and analysis
- Participation surveys.

Based in Auckland, Waste Not Consulting has engaged in projects throughout New Zealand. Our qualified professionals, assisted by our network of contacts and associates, are able to deliver services to any area of the country.

3R Group

- 11 3R Group Limited states on its website²:

“We are a uniquely focused and passionate advisory business. Our company personnel have a huge amount of experience in helping businesses and government to adopt more sustainable practices.

In particular, our knowledge of the waste management and recovered materials industries in New Zealand enables us to provide our clients with knowledgeable advice on a wide range of waste and recovery issues. We use our substantial industry knowledge, gained from years of working directly within the recycling industry, to design, implement and manage projects and programs with a bias towards sustainable resource recovery.

3R is a joining-the-dots type of business with a common thread of maximising sustainable resource use. We listen to the needs of our clients intently and provide practical advice and strategies to meet those needs.

Our clients are a mix of;

Central and local government
Waste management and recycling companies/ organisations
Corporate and private business sector.”

MWH

- 12 The website of MWH New Zealand Limited (the engineering, environment and management consultancy previously known as “Montgomery Watson”) states:

Minimising waste was traditionally a practice used only in ‘green’ companies. This is no longer the case. As organisations of all types recognise the wider benefits

² <http://www.3r.co.nz/about3R.htm>. See copy in Folder 2.

that can be gained from the responsible use and disposal of resources and waste, they have been quick to implement waste minimisation strategies. Across the public and private sector, in manufacturing and service businesses, and in small and large organisations, waste minimisation programmes are delivering environmental, social and financial benefits.

MWH's waste management team includes a number of skilled and experienced waste minimisation auditors who help organisations review their practices to identify practical ways to avoid or reduce the amount or toxicity of waste produced and use energy and resources more efficiently. Our objective is to prevent waste being generated in the first place, rather than looking for ways to safely dispose of it. This approach is consistent with the internationally recognised waste hierarchy of reduction, reuse, recovery and recycling.

Often waste minimisation solutions come from a simple walk through audit of the organisation and discussions with staff. In many cases we are able to identify simple 'good housekeeping' changes which can be easily implemented at no cost and result in immediate benefits. Other, more complex technical options may require more investigation and analysis but deliver significant financial savings.

Our involvement in waste minimisation extends from assistance with single organisations, through to district and regional initiatives. Recently, under the leadership of Jim Bradley, MWH was involved in the development of the Waste Management Institute of New Zealand's 'lifeafterwaste' initiative, which is being picked up by the Government.

We offer services in:

- Waste minimisation and cleaner production audits
- Composting
- Recycling
- Development of waste minimisation policies and strategies for solid waste management plans

URS

- 13 URS Corporation New Zealand, the New Zealand arm of a URS Corporation, a leading engineering and environmental consultancy also provides consultancy services in relation to waste management. Its website states³:

We work alongside clients to identify and manage environmental issues, to maximise efficiency and achieve compliance with national and international standards. Our quality field investigations and analyses form the basis for practical, cost effective and enduring solutions to a diverse range of environmental and compliance challenges. Our strength in engineering provides us with a further solid base from which to craft integrated solutions.

³ <http://www.urscorp.co.nz>. See copy in Folder 2.

Our expertise is also engaged by policy makers, drawing on years of experience to assist in standards and guidelines for a range of environmental issues.

SERVICES:



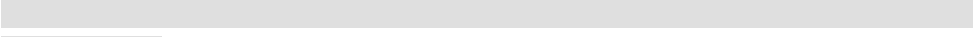
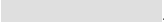
- Air quality services
- Environmental assessments, monitoring and due diligence
- Environmental policy and plan development
- Environmental Management Systems – design, implementation and verification
- Discharge assessments
- Consenting and regulatory compliance
- Cleaner production and waste minimisation
- **Solid waste management**, including biosolids
- Water and sediment quality
- Ecotoxicology
- Climate change impact assessment.

14 These large consultancies such as MWH and URS can provide advice on waste minimisation and recycling opportunities either as a stand alone service or part of wider audit of sustainable business practices.

15 The website for the Recyclers Organisation of New Zealand (RONZ) notes⁴:

The recycling industry in New Zealand is relatively young and even though it employs more than 4,000 people and diverts more than 1,000,000 tonnes per year from landfill into beneficial applications there is still a great deal to learn, many opportunities that producers and recyclers need specialist advice in planning, designing and operating. **The consultancy sector is vital to the success of the nations waste minimisation objectives.**

You can promote your business to RONZ members here. To find out how click here.

16 Examples of “national customers” that TPI is aware of which have used third party consultants for waste minimisation initiatives include [


] There are undoubtedly others.

Recyclables Operators

17 Firms specialising in recyclables are able to offer advisory services as well as arrange collection. For example, Carter Holt Harvey FullCircle collects significant volumes of paper and cardboard. Its website states:

⁴ <http://www.ronz.org.nz>. See copy in Folder 2

"Fullcircle analyses waste volumes and makes waste management recommendations that best suit an organisation. From paper collection trays on desks or office wheelie bins through to steel cages for flattened cardboard or shrinkwrap, a solution is tailored for each company."⁵

ESL

- 18 Clearly, waste advisory services are provided by other parties that do not have waste collection operations or a physical presence in the regions where "national customers" have operations.
- 19 TPI provides advisory services from its head office in Auckland. For example, TPI's National Account Manager traveled from Auckland to [REDACTED] sites throughout New Zealand conducting waste audits at all large plants and associated facilities. These were carried out two to four days per week over a ten week period. Other customers for which site visits from Auckland occur regularly include [REDACTED].
- 20 This demonstrates that ESL too can continue to provide the advisory services from, for example, its Auckland Head Office, even if it does not have operations in certain regions.

Self supply

- 21 Businesses are capable of setting up and carrying out waste minimisation processes themselves without the need for specialist advisory services. There is easy access to a variety of material for business waste minimisation purposes, as well as an increasing knowledge of waste minimisation procedures through residential recycling and waste options that can be applied to business use. Examples of the information available are:

21.1 the North Shore City Council website containing "easy steps for a business to reduce waste", including a do-it-yourself Waste Audit Manual prepared by Waste Not Consulting.⁶ Other councils also incorporate waste reduction resources for businesses;⁷

⁵ <http://www.fullcircle.org.nz>

⁶ http://www.nsc.govt.nz/our_environment/Waste_Minimisation/Business-care/easy-steps.htm
(See Folder 2)

⁷ For example, the Christchurch City Council (<http://www.ccc.govt.nz/Waste/WasteMinimisation/ReduceWasteAtWork.asp>) and Queenstown Lakes District Council (<http://www.qldc.govt.nz/portal.asp?categoryid=1929&sessionx=F1ECD853-F42D-4936-9B83-52FA36CD0B41>) (see Folder 2)

21.2 the Zero Waste Trust New Zealand website sets out comprehensive resources including practices for businesses, and also contains the Waste Not Waste Audit Manual;⁸

21.3 the Ministry for the Environment website⁹ has a number of advice papers (best practice guides, recycling contacts, general publications, sustainability initiatives and links to other sites) to assist businesses self manage their waste. See also the website for the New Zealand Business Council for Sustainable Development¹⁰.

New entry

22 From the marketing information of the many consulting firms mentioned above, it is clear there are a number of consulting firms willing and able to provide waste minimisation advice.

23 In addition, TPI believes the barriers to entry to this market are low and that new entry is likely.

24 As the Commission itself has noted at paragraph 461 of Decision 604:

Many large New Zealand companies now regard waste minimisation as a mark of good corporate citizenship.

25 Waste minimisation and recycling initiatives are not only the domain of large New Zealand corporates, but are being carried out by businesses of all sizes. Ninety percent of respondents to a *NZ Management/Shape NZ* business poll (made up of business managers, proprietors and self-employed) agreed that sustainability is required across the whole economy.¹¹

26 The Government announced new sustainability initiatives in February 2007 designed to assist businesses and other sectors in the community to reduce waste.¹²

27 Accordingly, there is increasing demand (and funding) for these advisory services - suggesting that the timing is opportune for new entry.

28 The key pre-requisite for entry into this business is the knowledge: knowledge of waste minimisation techniques, knowledge of recycling

⁸ www.zerowaste.co.nz

⁹ <http://www.mfe.govt.nz/issues/waste>

¹⁰ <http://www.nzbcscd.org.nz/zerowaste>

¹¹ "Poll Gives Green Light", *NZ Management*, February 2007, p43. and "New poll shows strong business support for Government's green push", New Zealand Business Council for Sustainable Development, Media release, 1 February 2007 (Folder 2)

¹² <http://www.beehive.govt.nz/ViewDocument.aspx?DocumentID=28366>

opportunities and options for resale of recyclables, and knowledge of systems for monitoring waste minimisation.

- 29 Given the range of consultants already operating in this sector, it would seem this knowledge is fairly readily available or able to be obtained. Other candidates for new entry into this advisory sector would be individuals with experience working within the waste industry in New Zealand or Australia – in local councils, recyclable recovery or the solid waste businesses.
- 30 There are courses available at various institutions relating specifically to waste minimisation:
- 30.1 the Zero Waste Academy was set up in 2002 by the Zero Waste New Zealand Trust. It currently offers an on-site course in Resource Recovery Centre Management, as well as a Zero Waste Business Programme.¹³
- 30.2 Canterbury University offers a Waste Engineering course as part of its Natural Resources Engineering Programme for the Bachelor of Civil Engineering degree.¹⁴

Summary of advisory services

- 31 In summary, to the extent that the Commission's "national market for the provision of waste management services to multi-regional customers" includes the provision of waste advisory services:
- 31.1 those services are available from a range of other providers;
- 31.2 none of the advisory services requires the service provider to have a physical presence in all (or indeed, any) of the locations where the customer has business activities. As with many types of advisory services that are purchased by business, (for example, legal, accounting, financial, health & safety auditing, advertising, public relations) the provider travels to customer sites. The business location of the service provider is not relevant. (Some may even argue that advice independent of the actual waste collector could be desirable to optimize waste minimisation and recycling initiatives);

¹³ <http://www.zerowaste.co.nz/default.758.sm>

¹⁴ [http://www.canterbury.ac.nz/courseinfo/GetCourseDetails.aspx?course=ENNR426&occurrence=07S2%20\(C\)&year=2007&source=encl](http://www.canterbury.ac.nz/courseinfo/GetCourseDetails.aspx?course=ENNR426&occurrence=07S2%20(C)&year=2007&source=encl).

The Christchurch City Council also offers a postgraduate scholarship to candidates in New Zealand undertaking research into waste minimisation. See <http://www.ccc.govt.nz/Waste/WasteMinimisation/PostgraduateScholarship.asp>

31.3 it is not a pre-requisite that the service provider also be in the business of physically collecting the waste.

Administrative components

32 The Commission has identified the following aspects of its “national market for the provision of waste management services to multi-regional customers” which can be categorised as “administrative”:

- single centralised point of contact with waste management provider;
- the amalgamation of invoices from multiple business sites;
- the collation and presentation of waste and recyclables volume data from those sites.

Centralised point of contact

33 TPI recognises that it can be helpful for a firm to have a centralised point of contact with a management provider but notes the following:

33.1 Many businesses obtain their waste advisory services from other consultancies. As noted above, it is not necessary, or necessarily more efficient, for a business to obtain their advisory services from the same party that collects their waste. If that were the case, the advisory service providers would either not have a business at all, or would be providing waste collection services.

33.2 At a practical level, there are only a few occasions when the centralised point of contact is relevant:

- at the point at which a contract is put out for tender;
- at the times specified for in the contract for performance reviews (if any); and
- occasionally, if there are problems with collection at a local level that have not been able to be remedied.

For the rest of the time, customer queries are practical in nature and most efficiently dealt with by the local branch.¹⁵

¹⁵ Of TPI's customers, the exception to this is [REDACTED], whose queries are all dealt with through TPI's Head Office in Auckland

Amalgamation of invoices

- 34 The amalgamation of invoices or the use of a centralised billing system, while providing some convenience for national customers, does not necessarily provide significant cost savings to the customers.
- 35 As previously advised to the Commission, many of TPI's 'national accounts' are arranged locally rather than on a centralised national basis by TPI. As previously advised to the Commission:
- 35.1 All billing (other than for [REDACTED]) is carried out individually by local TPI branches.
- 35.2 TPI centralises billing for [REDACTED] of the "national accounts" . [REDACTED] are provided with summaries covering all serviced branches.
- 35.3 There are various means by which this occurs:
- (a) individual invoices from each TPI branch and a single Head Office statement totalling those invoices; or
 - (b) one Head Office invoice subtalled by individual sites and a single Head Office statement; or
 - (c) individual invoices from each TPI branch and three or four 'regional' statements (grouped into the customer's wider geographic regions).
- Customers that receive these centralised invoices then prepare one payment for the total invoice value due.
- 35.4 Billing for [REDACTED] of the 'national accounts' is not centralised. Invoices and statements are issued by the local TPI branch and the customer's local branch arranges payment to the TPI branch.
- 36 In addition, TPI has a number of customers that have multiple sites across more than one region where the waste collection service is arranged and billed on a local basis. These customers are not described by TPI as 'national accounts'.
- 37 As TPI's own experience illustrates, not all customers require centralised billing. For those that do, TPI spends around [REDACTED] preparing aggregating invoices. Those customers will (in accordance with usual business practice) continue to have their own

administrative cost of ensuring that the costs are properly authorised by the branch physically receiving the service and are allocated to the cost centre (branch) that incurred them.

Reporting and aggregation of waste volumes

- 38 If the waste minimisation programme includes reporting of waste volumes on a site by site basis, there is no reason that this requirement cannot be included in the contract with a local collector.
- 39 As for aggregation of these volumes, it is hard to see why waste volumes *need* to be aggregated at a regional or national level (other than perhaps to measure performance against a regional or national target). To the extent this is required or is desirable, the costs for a business aggregating its own volumes would be minimal. It could, for instance, be included in the clerical duties of a receptionist or be carried out by one of the consultancies referred to above.

- 40 [[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
 - [REDACTED]
 - [REDACTED]
[REDACTED]
[REDACTED]
-]]

Summary of administrative components

- 41 TPI believes that, while it is *convenient* for a multi-site customer to have a single point of contact in relation to its waste collection requirements and *convenient* to have aggregated invoices and aggregated waste data, the “reduced transaction costs” identified by the Commission in Decision 604 (at para 680) should not be overstated. ‘Convenience’ does not mean that self supply of these services would not be seen as a substitute in the event of an increase in the costs of the service.

Collection of waste

- 42 In Decision 604, at paragraph 480, the Commission said:

“Nor does the Commission accept TPI’s argument that multiple small collection contractors collecting from each regional site are an adequate substitute for a national waste management service of the standard provided by TPI and EnviroWaste”.

- 43 The advisory and administrative components of the “national waste management service” have been addressed above. This section addresses the ability of other operators to provide the collection service.

Savings from “national” collection

- 44 In Decision 604 the Commission said:

“Multisite customers (see below) informed the Commission that they wish, for cost and convenience reasons, to be able to contract with preferably one (or in some cases both) of TPI and EnviroWaste for a waste collection service which covers all their national sites. By doing so they seek cost savings **by avoiding transactions with a multitude of waste collection contractors** at each of their sites throughout New Zealand. They **expect to receive a single waste management invoice which details waste volume, recyclable volumes and charges for each of their sites.**” [para 460]

“The evidence gathered by the Commission from The Warehouse, Goodman Fielder, Fonterra and Foodstuffs South Island shows that **national prices are substantially below prices available from a collection of local suppliers. The four major multi-site companies interviewed emphasised that they did not wish to lose these advantages by reverting to individual waste collectors for each of their sites.**” [para 481]

- 45 Although TPI has not seen the details of the cost savings claimed by The Warehouse, Fonterra, Foodstuffs South Island or Goodman Fielder, TPI believes that a significant proportion of the costs savings are not in fact attributable to the fact that TPI or ESL provides (or subcontracts for) the collection of waste – but to diversion of waste from the waste stream through waste minimisation or recycling.

- 46 For example, Fonterra’s own website notes¹⁶:

“Reduction of waste to landfill

We have set a New Zealand-wide target of reducing waste from our manufacturing sites to landfill by 90 per cent by June 2010. The quantity of waste we have deposited in landfill over the past two and a half years has already been cut by 60 per cent.

We started by reducing the use of paper and plastic materials in our manufacturing sites, bringing in smaller quantities of these products and implementing measures which cut back on waste. Recycling stations on site have

¹⁶ Fonterra’s strategies in respect of reduction of waste to landfill is outlined at <http://www.fonterra.com/wps/wcm/connect/fonterracom/fonterra.com/our+business/sustainability/environment/waste>

reduced the volume of waste sent to landfill and the installation of balers, which compact recyclable materials, has meant a reduction in transportation costs.

Our four main objectives are to: reduce waste to landfill, maximise recyclables, maximise transport efficiency, and use bins and equipment that are compliant with health and safety regulations.

We are also tracking our progress in achieving this target through more accurate recording practices.

A recent project has introduced new recyclable plastic vials to sample suppliers' milk. After use, the vials are crushed and recycled into polyester clothing. This has saved 75 tonnes of plastic being sent to landfill each year.

- 47 The diversion of waste from landfill through waste minimisation schemes or increased recycling gives rise to significantly lower waste collection costs – because the costs of landfill disposal (being a significant proportion of the waste collection charge at approximately 30% to 40%, depending on the type of waste) is avoided.

Subcontracting

- 48 At paragraph 465 of Decision 604, the Commission reports ESL as commenting that it will be difficult for ESL to provide a national contract service because customers with sites south of Taupo would have to be serviced by sub-contracts and there would be no margin in this for EnviroWaste. There two observations to be made here:

48.1 ESL will still be able to obtain a margin from providing services in the areas where it has branches, even if it chooses to make no margin in areas where it does not;

48.2 many of the regions that are covered by the clearance applications account for only a small percentage of the revenues from services provided to “national customers”. For example, [

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]] Refer Schedule 1.

National collective

- 49 As TPI advised in the context of its clearance application filed in December 2006, TPI believes there is an opportunity for the development of a national waste collection ‘banner group’ or network of local independently owned operators trading under a common brand and with a common co-ordinator for national contracts. TPI suggested that the group co-ordinator could

negotiate national contracts and sub-contract regional members to carry out the local collection function.

50 In Decision 604, the Commission concluded (at paragraph 472):

“...in the Commission’s view, if TPI wished to increase national waste management service prices in the factual, it would not be constrained by a [sic] amalgamation of local providers.”

51 TPI understands that since the clearance application for the ESL transaction was filed in December 2006, an independent waste collectors’ co-operative (the “*Independent Waste Operators Group*”) has been established. One of its objectives is to give smaller independent waste operators around the country the opportunity to pool together to bid for national and large regional contracts. While this organisation is in its initial stages, it clearly indicates that there is an appetite among local operators to take on companies such as TPI for the “national accounts”. (A contact reference for this group can be provided under separate cover.)

Other service providers

52 In addition to local waste collectors, there are a number of companies that are generally described as “facilities management” companies that operate throughout New Zealand and which provide waste management services. Where these companies do not have waste collection facilities of their own, they act essentially as brokers engaging sub-contractors to carry out work at a local level.

PAE

53 PAE, one of New Zealand’s leading facilities management and operations maintenance contractors offers a range of services, including waste management services. PAE offers to manage facilities as a total unit, or provide a combination of a variety of services. In relation to waste services, its website states: ¹⁷

PAE’s diversity of facilities maintenance contracts has provided the company with a considerable range of waste management experience. We are experienced at managing all types of waste generally encountered at contract sites - including green waste, hazardous waste, recyclables, and scrap metal.

Refuse Collection and Recycling In addition to site waste management functions we have a major waste management contract with South Taranaki District Council for the kerbside collection of residential waste and recyclables throughout their district. Several trucks are utilised for this contract and a large

¹⁷ <http://www.pae.co.nz/Our-Services/Waste-Management.asp> (See Folder 2)

number of experienced staff. Our Waiouru office also operates a service for a number of local businesses to collect and transport all refuse off their premises.

Landfill Management PAE has the expertise to operate landfill facilities, including the composting of green waste, and the management of recyclables, scrap, whiteware, etc.

Spotless

- 54 Spotless Group, a company listed on the Australian stock exchange and with extensive operations in New Zealand promotes itself as “leading the way as experts in the management and delivery of support services”.¹⁸ Included in the services it offers are waste management services.¹⁹

Services Offered:

Comprehensive Maintenance Services

General Estate Works (GEW) - Fixed Plant & Equipment Maintenance (FP&EM) - Call centre - Expert Estate Advice - Engineering Operations

Support Services

Hospitality and catering (including cafeteria) - Accommodation management - Laundry and dry cleaning - Cleaning - **Waste management** - Grounds management - Pest control - Sport and recreation services - Stores management

Transfield Services

- 55 Transfield Services is a leading international provider of operations, maintenance, asset management and project management services with activities across Australia, New Zealand, the United States, the United Arab Emirates, Qatar, South East Asia, India and Canada.²⁰ Transfield’s website states:

“We provide strategic facility and asset management services to clients, focusing on managing the improvement of a facility’s performance while reducing operational costs and risk through activities such as maintenance management, energy conservation, life-cycle costing and analysis as well as comprehensive facility and property portfolio management solutions. Our technical service includes the maintenance of airconditioning, electrical and building facilities. We also manage activities such as cleaning, catering, **waste removal**, grounds maintenance and security.

¹⁸ <http://www.spotless.co.nz/> (See Folder 2)

¹⁹ <http://www.spotless.co.nz/markets/defence.php> (See Folder 2)

²⁰ <http://www.transfieldservices.com/index.htm> (See Folder 2)

To ensure an immediate response to our clients, Transfield Services manages a solid network of subcontractors. The reliability and experience of our subcontractors is assured by providing ongoing support and training to ensure high standards of customer service and technical expertise. We continuously monitor our subcontractor relationships to ensure that we build strong, sustainable relationships for the benefit of our clients."²¹

Excell Corporation

- 56 Excell provides a comprehensive range of outdoor maintenance and facilities management services. These include waste management services of various kinds. Its clients include government institutions, local authorities and property owners.²²
- 57 With their experience in facilities management for large public and private institutions, each of the above companies is well placed to provide waste management services to multi-site customers.

Other comments

- 58 In rejecting the potential for "national customers" to purchase waste collection services from local operators, the Commission appears to be suggesting that that TPI could raise prices significantly before national customers would look at local market alternatives. TPI considers this to be incorrect. The fact these customers seek services on a national basis, not only for waste but for a range of services, indicates they are more focused and sensitive to costs than local customers. While the Commission states that it is often a "business's storeman rather than executive who is responsible for waste disposal and for entering into waste disposal contracts"²³, these national customers often have a manager or dedicated person responsible for these tasks and hence could be expected to be more alert to any price movements.
- 59 TPI restates the comments made in relation to "national customers" in the context of the December 2006 clearance application. Rather than repeat them here, TPI refers the Commission to the following documents:
- 59.1 the clearance application;
 - 59.2 letter from Chapman Tripp to the Commission dated 5 March 2007, and attached paper relating to national customers, responding to the Commission's letter of 20 February 2007;

²¹ http://www.transfieldservices.com/industry_sectors/facilities_management.htm (See Folder 2)

²² <http://www.excellcorp.co.nz/index.cfm?sector=6&content=23> (See Folder 2)

²³ Decision 604, paragraph 423.

59.3 letter from TPI to the Commission dated 5 March 2007, in response to the submission of Manawatu Waste Limited dated 2 February 2007; and

59.4 Letter from Chapman Tripp to the Commission dated 2 April 2007 in relation to National Accounts.

Schedule 1
Regional revenues from TPI national customers

[CONFIDENTIAL]

| TPI Area | Annual Costs | % of Total Spend on National Accounts |
|--------------------------|---------------------|--|
| Total TPI areas | [] | 100% |
| Taupo | [] | [] |
| Taranaki | [] | [] |
| Manawatu | [] | [] |
| Wanganui | [] | [] |
| Nelson | [] | [] |
| Blenheim (subcontracted) | [] | [] |
| Christchurch | [] | [] |
| Timaru | [] | [] |
| Oamaru (subcontracted) | [] | [] |
| Dunedin | [] | [] |