



Peter Wadewitz | Chair |
Australian Organics Recycling Association Ltd
M: 0418 791 921 E: sasecretary@aora.org.au
W: www.aora.org.au
A: GPO Box 1601, Adelaide, SA, 5001

16 August 2018

Ms Tessa Cramond
Analyst, Adjudication, Mergers and Authorisation Review Division
Australian Competition and Consumer Commission
Level 17/2 Lonsdale Street
Melbourne VIC 3000

By email: adjudication@acc.gov.au
Cc: Tessa.cramond@acc.gov.au

Dear Ms Cramond,

**AORA Responses submissions in relation to:
Council Solutions application for authorisation AA1000419 (processing service streams) -
interested party consultation
And
Council Solutions' application for authorisation AA1000414, collection services – draft
determination**

The Australian Organics Recycling Association is the peak body for the organics recycling industry in Australia.

Our membership includes recycled organics processing operators, state and local government representatives and industry stakeholders including individual and student members and those representing associated industry organisations.

Around half of all material destined for landfill is organic. In Australia, this represents around 19 million tonnes annually. The recycled organics industry currently processes around 6 million tonnes annually and is seeking to increase this volume by diversion into beneficial reuse as soil conditioners, composts and mulches. Where policies, practices and technologies allow, every kilogram has potential for beneficial reuse, taking organic material back to agricultural and other soils where it is increasingly needed.

Joint procurement of waste and recycling services by local governments can provide an opportunity to for councils to procure for contracts relating to an organics processing facility, where a critical mass of tonnes is required, or perhaps collection, where, for example, a group of rural councils may need to aggregate household numbers to support even 1 truck. However, procurements of this nature can be poorly structured and can have the potential to undermine many strategies being taken by the industry to increase organic waste diversion and to reduce contamination levels.

In South Australia, all metropolitan Councils have a 3 bin system with food organics permissible in the green waste bin so the focus is on reducing contamination. Excellent results are being seen at present with contamination less than 1% for our member processors in Adelaide.

Following are the issues of concern that the Processing Members within the South Australian Branch of AORA have with the Council Solutions Application for Collection services and Application for Processing Service:

1. AORA's interest in the collection services are around the quality of garden organics and food waste presented for processing.
2. At present, material delivered to our members in South Australia is of a high quality with extremely low contamination.
3. Continuation of targeted and adaptable kerbside collection services through a 3-bin collection service are key to ensuring that contamination is kept low in the organics streams that AORA Processing Members Process.
4. Low contamination rates for a council translate to lower gate fees for that Council as material is easier to process.
5. The proposed conduct raises concerns around the following areas:
 - a. Education and contamination management will be generalised across Councils, rather than flexible and adaptable education to specific areas in each Council driven by contractors and Council officers who have a primary interest in reducing contamination for THEIR council contract;
 - b. Responsibility for collection of organics is usually with one contractor working with the Council waste management and waste education staff for that Council. This has historically been efficient and effective;
 - c. The proposed conduct will see different contractors collecting in the same street (660/1100 litre bulk bins vs standard 240 litre wheelie bins) and possibly even different contractors collecting from the same apartment blocks/multi-unit dwellings that have a mix of bulk bins and smaller wheelie bins. This we believe will confuse contamination management efforts;
 - d. Feedback and actions from collections regarding contamination management will need to be managed through a combination of council officers across four councils and Council Solutions officers. We have a concern that the involvement of more people responding to issues will make resolution of issues less immediate, more complex and ultimately less effective in reducing contamination;
 - e. The 4 councils cover different areas of Adelaide including CBD/inner city, coastal, inner suburban and outer suburban, all with different issues and material. For example, different garden types and food types. If the collection contractor has 4 councils to manage, our view is that it will be much more difficult for them to respond to niche contamination issues.

Hence, we have a concern that a broad contamination management program will be more difficult to manage and will be less responsive.

- f. We are unsure of Council Solutions' experience with regards to delivering waste education programs and unsure of their management's knowledge to direct and support effective kerbside contamination management programs;
6. General competition in the market in relation to our members' interactions with collection companies is favoured with individual council contracts.

Award of such a significant percentage of Adelaide metropolitan organics collection work will gravitate the interactions between collectors and processors towards a market with fewer participants and more market control by fewer parties.
7. AORA welcomes pre-decision conferences in relation to both Council Solutions Application for Collection services and Application for Processing Service, including more emphasis on evidence which we feel is lacking in both applications.

In summary, we are proud of our South Australian AORA Processing Member's genuine leadership in establishing and developing processes and circular economy driven markets for organics in our state. These include initiatives such as high quality and boutique soil conditioners, excellent relationships with South Australian agricultural sectors and councils, as well as research into products such as alternative fuels and biochar, both incorporating recycled organics.

South Australia boasts a metro wide 3-bin system for kerbside collection including green organics and foodwaste collection and this helps our members in driving a strong organics circular economy delivering significant economic benefits in and beyond our state. These benefits include increased water holding capacity, nutrient holding capacity and carbon sequestration in agricultural sectors as well as for domestic users of our products.

This resulting waste diversion of organic waste from landfill and beneficial organics recycling with a 3-bin kerbside collection system, including green organics and food waste, is not equalled anywhere else in Australia. SA AORA Processing Members have a strong view that appropriately sized lower risk contracts with a culture of innovation and efficient and agile interactions between council officers, contractors and Processing Members has underpinned successful strategies for management of contamination and for keeping gate fees as low as possible. Management of contamination is critical in maintaining and expanding a strong organics circular economy in South Australia.

If further information is required, please do not hesitate to contact me by email, Peterw@peatsoil.com.au or mobile 0418 791 921.

Yours Sincerely

Peter Wadewitz
Chair, AORA