

12 October 2018

General Manager, Adjudication Branch  
Australian Competition and Consumer Commission  
Attention: Jaime Martin

By email: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Dear Sir/Madam

**Application for Authorisation (AA1000428) - Campbelltown City Council and Ors (Public Version)**

Council refers to your recent correspondence seeking clarification on the economic benefit to ratepayers of current regional processing/disposal contractual arrangements, further explanation on the rationale for the requested 5-year extension option, information on the approximate cost of establishing waste processing infrastructure, and confirmation that the tender and contract will include pricing agreements with the private sector.

1. The economic benefit that flows to ratepayers i.e. each rateable property paying for a waste service, as a result of the current regional waste processing/disposal contract is in the order of \$100.00 per annum; there are approx. 130,000 residential premises serviced by the contract. The value of the savings varies between participating Council's due to differing local collection service arrangements and waste management administration overheads. Ratepayers receive a rate notice that shows the value of the Domestic Waste Management Charge separately from the General Rate in accordance with the Local Government 1993.
2. The purpose for seeking authorisation to enable a five-year extension option for waste processing contracts is to provide the successful contractor with the flexibility to take advantage of newly developed technology. Technology developments in the waste processing/resource recovery industry are continually evolving and we (the councils) are confident that during the term of the proposed contract that other new technologies and upgrades will become available to improve process efficiencies and output product quality. It is highly desirable that the processing contractor have flexibility to offer the councils the benefits of new technology to replace superseded processes, recognising that there would be a lead time to procure, build and commission the new equipment. A 5-year extension option to the 15 year contract term would enhance the ability of the councils to consider process efficiency improvements/upgrades and allow sufficient time for the processor to obtain a return on investment. Efficiency improvements could be negotiated with the processor on the basis that there is a clear benefit for the councils in terms of increased resource recovery performance (less to landfill) and/or economic benefits that would benefit the ratepayers.
3. The approximate cost of building a new AWT facility anticipated under the proposed collective tender arrangements could be in the order of \$80M to \$100M, costs are subject to the volumes of waste, type of processing undertaken, growth factors and scale of facility; some developments also incorporate ancillary structures/functions such as education centre, buy-back centre, composting and the like depending on the requirements of the client.

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Given that the NSW Government has published an Energy from Waste Policy Statement <https://www.epa.nsw.gov.au/your-environment/waste/waste-facilities/energy-recovery> there is a likelihood that EfW may form part of the technology mix to deal with residual fractions of waste, as an alternative to landfilling residuals. The councils are aware that EfW facilities can cost \$300M to \$400M based on the recent announcements at Ballarat and Ipswich councils respectively.

4. It will be a requirement of the tender invitation that a price agreement will be included as a compulsory component of the evaluation of submissions from respondents. There will be a separate schedule included within the tender documentation that will require proponents to provide pricing against each of the waste streams they nominate to be processed or disposed. Price agreements are a standard requirement across the industry in Request for Tender documents and an example of a typical pricing schedule from the original tender of the participating councils (A90886) is attached for your information.

Please do not hesitate to contact Council's primary contact officer, Mr Peter Rimmer, Domestic Waste Services Coordinator if you require further clarification in relation to this response. Peter can be reached by email [peter.rimmer@campbelltown.nsw.gov.au](mailto:peter.rimmer@campbelltown.nsw.gov.au), phone 02 4645 4689 or mobile 0409 386 377 any time.

Yours sincerely



Jim Baldwin  
**Director City Development**