

15 January 2020

Mr David Jones  
General Manager  
Competition and Exemptions Branch  
Australian Competition and Consumer Commission  
23 Marcus Clarke Street  
CANBERRA ACT 2601  
By email [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

**Partner** Dan Pearce

**Direct Line** [REDACTED]

**Email** [REDACTED]

**Our Ref** 19350058

Dear Mr Jones

**Gippsland Waste and Resource Recovery Group – Application for Authorisation – Organic Processing**

We act on behalf of Gippsland Waste and Resource Recovery Group (**GWRRG**), a regional waste and resource recovery body established under section 49C of the *Environment Protection Act 1970* (Vic).

GWRRG is responsible for planning, coordinating and facilitating the delivery of waste management and resource recovery across Gippsland. In this capacity, GWRRG works with six councils across the Gippsland region (**Participating Councils**) to minimise waste, maximise resource recovery and reduce reliance on landfill.

GWRRG is working with the Participating Councils to collaboratively identify and potentially source joint procurement of organic waste and resource recovery services.

On behalf of itself and the Participating Councils, which are listed in the Application, GWRRG is applying for authorisation under subsection 88(1) of the *Competition and Consumer Act 2010* (Cth) (**Act**) in respect of conduct which may otherwise attract the provisions of the Act relating to:

- (a) cartel conduct (Division 1 of Part IV of the Act);
- (b) contracts, arrangements or understanding that restrict dealings or affect competition (section 45(1)(a) and (b) of the Act); and
- (c) concerted practices (section 45(1)(c) of the Act).

In support of this application, we enclose and refer you to:

1. public and confidential versions of GWRRG's Application for Authorisation (**the Application**);
2. a signed declaration on behalf of GWRRG (included in the Application);
3. Memorandum of Understanding between GWRRG and the Participating Councils (included in the Application); and

4. confirmation of the electronic funds transfer made on 13 January 2021 for payment of the application fee, being an amount reduced to \$2,500 in accordance with the approval from the ACCC dated 6 January 2021.

#### **Request to exclude confidential information from the public register**

We request the details of suppliers that are likely to have an interest in developing products derived from organics (on page 11) be excluded from the public register. We make this request on the basis that the information with respect to these suppliers is commercially sensitive information and may affect the position of the Applicant in the market. This information may also adversely affect any present and future commercial dealings with other potential suppliers.

We request that the form of the Memorandum of Understanding (on page 17 at Annexure B) be excluded from the public register as it contains confidential information, some of which is not directly related to the Application and all of which is commercially sensitive.

In accordance with the 'Guide for Excluding Confidential Information from the Public Register for Authorisation (Merger and Non-Merger) and Notification Processes', the words 'Restriction of Publication Claimed' appears in red at the top of the documents over which a restriction of publication is requested. The confidential sections have also been highlighted on the relevant pages.

#### **Interim Authorisation**

GWRRG seeks Interim Authorisation in order to progress the tender process, with a view to then identifying appropriate suppliers and commencing the process of preparing contractual documentation. No formal request for tender documentation would be made public before an Interim Authorisation was in place.

This request is made due to the time that is likely to be required to progress the overall tender process. GWRRG considers it necessary to commence the procurement process as soon as possible in order to avoid any delays that may compromise the procurement being undertaken in a timely manner. In these circumstances, Interim Authorisation is important to ensure sufficient time to proceed to subsequent stages of the procurement and not disrupt the continuous provision of waste services to the Participating Councils' residents.

No supplier will be selected, or contract entered into, until a formal determination is provided by the Commission, and the request for Interim Authorisation is only to allow the tender process to progress in accordance with the planned timeframes for the overall project.

If you require further information with respect to this application, please contact Dan Pearce on [REDACTED]

Yours faithfully

[REDACTED]

**Holding Redlich**

January 2021

**Gippsland Waste and Resource Recovery Group**

**Application for Authorisation – Collaborative  
Procurement of Organic Processing Services**

PUBLIC VERSION

**Declaration by Applicant**

The undersigned declares that, to the best of his knowledge and belief, the information given in this Application is correct and complete, that complete copies of documents required have been supplied, that all estimates are identified as such and are his best estimates of the underlying facts, and that all the opinions expressed are sincere.

The undersigned undertakes to advise the Australian Competition and Consumer Commission immediately of any material change in circumstances relating to this Application.

The undersigned is aware of the provisions of section 137.1 and 149.1 of the *Criminal Code* (Cth).



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**Matthew Duncan Peake**

**Executive Officer, Gippsland Waste and Resource Recovery Group**

This 14 day of January 2021

## 1. Applicant

### 1.1 Name of the Applicant

This application is made by Gippsland Waste and Resource Recovery Group (**GWRRG**) on behalf of itself and the following councils:

- (a) **Bass Coast Shire Council**  
76 McBride Avenue  
Wonthaggi, Victoria 3995
- (b) **Baw Baw Shire Council**  
33 Young Street,  
Drouin, Victoria 3818
- (c) **East Gippsland Shire Council**  
273 Main Street  
Bairnsdale, Victoria 3875
- (d) **Latrobe City Council**  
141 Commercial Road  
Morwell, Victoria 3840
- (e) **South Gippsland Shire Council**  
9 Smith Street  
Leongatha, Victoria 3953
- (f) **Wellington Shire Council**  
18 Desailly Street  
Sale, Victoria 3850

(collectively, the **Councils**).

### 1.2 Address in Australia for service of documents on the Applicant

Holding Redlich  
Level 8, 555 Bourke Street  
Melbourne, Victoria 3000

Attention: Dan Pearce

Tel: [REDACTED]  
[REDACTED]

## 2. Proposed Conduct

### 2.1 Description

It is proposed that the Councils will investigate and potentially jointly procure the provision of organic waste processing services (the **Services**).

The purpose of the Services is to enhance the recovery of resources from, and to decrease the quantity of, waste that would otherwise be sent to landfill. Due to the increasing population in the Gippsland region, and the substantial projected increase in associated waste, GWRRG and the Councils will seek to implement measures to recover resources from waste, and preserve the use of existing landfills for managing waste that cannot be recycled or otherwise captured.

There is also significant opportunity to utilise an increased supply of processed organic material as an energy source, for landscaping, and to improve agricultural productivity in the Gippsland region and beyond.

In particular, GWRRG and the Councils seek authorisation for:

- (a) GWRRG, on behalf of the Councils, to conduct a collaborative competitive tender process for the Services, to evaluate the responses in collaboration with the Councils and to negotiate the contractual framework on behalf of the Councils;
- (b) the Councils to enter into contract(s) with the successful supplier(s);
- (c) ongoing administration and management of the resultant contract(s) to be undertaken by the Councils,

(the **Proposed Conduct**).

## 2.2 Relevant provisions of the Act

Authorisation is sought to:

- (a) make a contract or arrangement, or arrive at an understanding, a provision of which would be, or might be, a cartel provision within the meaning of Division 1 of Part IV of the *Competition and Consumer Act 2010* (Cth) (the **Act**);
- (b) give effect to a provision of a contract, arrangement or understanding that is, or may be, a cartel provision within the meaning of Division 1 of Part IV of the Act;
- (c) make a contract or arrangement, or arrive at an understanding, where a provision of the proposed contract, arrangement or understanding would or might restrict dealings or affect competition within the meaning of section 45(1)(a) and (b) of the Act;
- (d) give effect to a provision of a contract, arrangement or understanding where the provision would or might restrict dealings or affect competition within the meaning of section 45 of the Act; and
- (e) engage in concerted practices which would or might restrict dealings or affect competition within the meaning of section 45(1)(c) of the Act.

## 2.3 Term of Authorisation

GWRRG seeks authorisation for:

- (a) the period to 1 July 2022 to complete the initial joint procurement process (including the Invitation to Tender process, selection of invitees to proceed to tender and Council approval to proceed) with South Gippsland Shire Council, Latrobe City Council, Wellington Shire Council and Baw Baw Shire Council (**Initial Procurement**);
- (b) twenty years from the conclusion of the Initial Procurement for the provision of the Services. The Services are to be provided to the 4 Councils participating in the Initial Procurement, and in due course to the East Gippsland Shire Council and the Bass Coast Shire Council at such time as they negotiate and execute contracts to also become customers of the Services.

The term of Authorisation sought above is based on scheduling for completion of 4 of the Council's current major waste contracts.

The rationale for the time period proposed above (specifically the contract term) with respect to the Services is to promote competitive tender submissions that allow service providers to realise a return on any capital investments undertaken with respect to the Services. GWRRG and the Councils expect that service providers will make capital investments in the form of processing infrastructure, and may upgrade existing resource recovery facilities and/or construct new facilities.

### 3. Confidentiality

The public version of this document excludes information provided to the Australian Competition and Consumer Commission (**ACCC or Commission**) on a confidential basis. Confidential information has been removed and replaced with the word '**CONFIDENTIAL**'. GWRRG consents to disclosure of confidential information to the ACCC's external advisors on a confidential basis or otherwise in accordance with section 155AAA of the Act.

### 4. Background

This submission is made by GWRRG on behalf of itself and the Councils. The broader context for the proposed approach is discussed in more detail below, but reflects the increased importance of addressing waste quantities in an area with a growing population, against the backdrop of rising community expectations for the treatment of organic waste.

#### 4.1 GWRRG

GWRRG is a regional waste and resource recovery body established under section 49C of the *Environment Protection Act 1970* (Vic) (the **EP Act**).

GWRRG is responsible for planning, coordinating and facilitating the delivery of waste management and resource recovery across the Gippsland region. In this capacity, GWRRG works with the Councils to minimise waste, maximise resource recovery and reduce litter.

More specifically, GWRRG's objectives are set out in section 49G of the EP Act, and include:

- (a) facilitating efficient procurement of waste and resource recovery infrastructure and services through collective procurement;
- (b) undertaking waste and resource recovery infrastructure planning;
- (c) integrating regional and local knowledge into State-wide waste and resource recovery market development strategies;
- (d) educating businesses and communities to reduce waste going to landfill by using waste and resource recovery infrastructure and services efficiently; and
- (e) ensuring that the regional waste and resource recovery implementation plans required to be prepared under section 50B of the EP Act, are informed by local government, business and community, and are used to inform State-wide waste and resource recovery planning and programs.

In 2020, the Victorian Government released the "Waste and recycling legislation and governance options paper" (**Options Paper**). The Options Paper outlines the Victorian Government's proposal to introduce a new Waste Act and a new waste authority that is intended to perform the functions of the seven existing Waste and Resource Recovery Groups (**WRRGs**) throughout Victoria. Nonetheless, the Options Paper makes clear that existing local connections and

partnerships with councils, which are currently facilitated by the WRRGs, are to be maintained by the proposed new waste authority. Therefore, it is requested that any authorisation of the collaborative procurement referred to in this application be granted so as to extend to any new waste authority or other successor entity of GWRRG.

## 4.2 The Councils

The Councils are responsible for providing community services and facilities, and making and enforcing local rules and regulations.

The Councils have responsibility for management of waste in their respective local government areas and have a general commitment to minimising disposal of waste to landfill. The Councils wish to explore solutions for the processing of organic waste which may benefit their communities.

The below table shows the estimated annual weight of organic waste that would be available from each of the Councils.

Estimated weight of material in tonnes			
Council	Low Estimate	Medium Estimate	High Estimate
Bass Coast Shire Council	8,200	9,710	11,700
Baw Baw Shire Council	6,700	7,990	9,100
East Gippsland Shire Council	6,500	7,560	9,200
Latrobe City Council	10,600	12,500	15,100
South Gippsland Shire Council	3,900	4,560	5,400
Wellington Shire Council	5,700	6,780	8,100
<b>Total:</b>	<b>41,600</b>	<b>49,100</b>	<b>59,200</b>

## 4.3 Rationale

### 1. Increased waste and changing markets

By way of background, by 2031, the population of Gippsland is expected to increase from 270,000 people to 330,000 people. With this, the amount of municipal waste is also expected to increase from 450,000 tonnes of waste per annum to 550,000 tonnes of waste per annum, which will result in additional waste going to landfill each year unless alternative solutions are developed, including in relation to the processing of food organic and garden organic waste (**FOGO**).

If alternatives are not pursued, it is likely that the demand for landfills will increase, resulting in an increase in the overall number or size of landfills, and an increase in the cost of landfills based on



access becoming increasingly difficult. Further, negative environmental and social impacts will also follow, including the generation of greenhouse gas emissions and liquid waste water, odour and litter pollution creation, and traffic congestion.

There is also growing community recognition of the need to more effectively deal with FOGO, and in particular to decrease the quantities of such waste going into landfill.

## 2. Government response

The National Waste Policy (**National Policy**) was established in light of challenges in the waste sector and focusses on, amongst other things, waste avoidance, including by encouraging avoidance of generating FOGO waste and diverting it from landfill.

The Victorian Government has established a coordinated State-wide strategy for tackling the issue of increasing waste quantities and the need to decrease reliance on landfills, the Statewide Waste and Resource Recovery Infrastructure Plan (the **Statewide Plan**). The purpose of the Statewide Plan is to develop a coordinated approach to waste and resource recovery infrastructure that (amongst other things):

- (a) manages the expected mix and volumes of waste;
- (b) protects the community and the environment;
- (c) supports a viable resource recovery industry;
- (d) reduces the amount of valuable materials going to landfill; and
- (e) minimises long term costs to households, the industry and the government.

To facilitate this coordinated approach to waste and resource recovery, GWRRG has been tasked with leading, on behalf of the Councils, the investigation, development and implementation of waste and resource recovery infrastructure within the Gippsland region.

In accordance with its obligations outlined above, the GWRRG established the Gippsland Waste and Resource Recovery Implementation Plan (the **Gippsland Plan**), which identifies the needs, challenges and opportunities for waste and resource recovery services over the next ten years.

The Gippsland Plan identifies as a priority the wider introduction of FOGO processing within the region to address the significant negative impacts of landfilling food waste, and to build on the region's existing capability as an organics processor.

The Victorian Organics Resource Recovery Strategy (**VORRS**) focuses on improving the recovery of organic resources in Victoria to:

- (a) deliver a vibrant, functioning market for organic waste and resource recovery that will ensure that the environmental, human and animal health and amenity impacts of organic waste are eliminated; and
- (b) ensure organic resources contribute to climate change adaptation and mitigation by improving the productivity of our soils and provide an energy source to local infrastructure.

The Victorian Government recently released the *Recycling Victoria - a new economy policy* (**RV**) which has as one of its four targets to halve the volume of organic material going to landfill between 2020 and 2030. This target has an interim goal of a 20 per cent reduction by 2025. The RV also seeks to give all Victorian households access to a separate food and organics recovery service or provide for local organics composting by 2030. The RV also outlines the Victorian

Government's Recycling Markets Acceleration Package which looks to focus on the increase of production of recovered organic products in Victoria such as bio fuels and compost.

### **3. Collaborative procurement to assist in meeting these issues**

Collaborative procurement has been the primary mechanism used (including within Victoria and interstate) to move away from landfill as a means of encouraging innovation in processing. On its own, a single regional council is substantially reliant on landfill for waste disposal, as the volumes of waste generated are not great enough to encourage investment in more advanced solutions. However, when several councils aggregate kerbside waste volumes, economies of scale are improved, and avenues for innovation and capital investment are opened up, attracting greater interest from industry.

The joint procurement arrangements are intended to encourage resource sharing and efficiencies, and to support the "overarching governance principles" for the Councils set out in section 9 of the *Local Government Act 2020 (Vic) (LG Act)*. In accordance with the overarching governance principles in the LG Act, the Councils must (amongst other things) pursue innovation and continuous improvement, promote the economic, social and environmental sustainability of the municipal district (including mitigation and planning for climate change risks) and, in order to do so, collaboration with other Councils and Governments and statutory bodies is to be sought. Collaborative procurement of the Services will allow the Councils to comply with these obligations, including through the sharing of costs and respective experience and expertise in waste and resource recovery in the Gippsland region.

The focus of the joint procurement is to explore options aimed at delivering triple bottom line benefits for the Gippsland and broader community. The introduction of food organic processing services into the Bass Coast Shire Council has resulted in an increased recovery rate of organic material from 53 per cent to 75 per cent. It has also reduced the amount of material sent to landfill by 35%.

#### **4.4 The Services**

GWRRG and the Councils propose to collaboratively investigate and potentially procure the provision of the Services.

The collaborative procurement of the Services will ensure that a sufficient quantity of organic waste is aggregated to support the investment required from the private sector. Commercial viability for expansion is currently limited under the traditional contract models used by the Councils.

Organic waste includes domestic food organic waste and domestic garden waste that is collected through kerbside collection services and material aggregated at drop off points such as transfer stations. This waste is either sent to landfill or reprocessed at a reprocessing facility. Currently domestic garden waste is reprocessed in the Gippsland region, and a small amount of domestic food organic waste is reprocessed in the region. Organic waste that is reprocessed can be recovered for reusable products such as mulch, potting mixture, compost products or fertilisers, or energy sources.

## **5. Proposed Conduct**

### **5.1 Tender process**

The Councils and GWRRG have documented some preliminary plans in a Memorandum of Understanding (see **Error! Reference source not found.**) to jointly investigate and explore the

procurement of the Services and engagement with prospective service providers (amongst some other, distinct, goals which may be pursued separately or even be overtaken by other events given recent policy developments).

The Councils and GWRRG propose to collaborate in respect of certain aspects of the procurement process and encourage proposals from a broad variety of service providers.

Activities that are proposed to be conducted jointly between the Councils and GWRRG include the following:

- (a) development of an Invitation to Tender and advertising for the Services;
- (b) evaluation of proposals submitted by prospective service providers, and the preparation of recommendations to assist in evaluating proposals received;
- (c) evaluation of, and contribution to, the costs of conducting the joint procurement;
- (d) joint negotiations, including joint arrangements between the Councils; and
- (e) forming groups or committees between the Councils for the ongoing management of agreements with respect to the Services.

To facilitate these joint activities, a group of representatives from each of the Councils, as well as GWRRG, will be established (the **Panel**). The Panel will prepare and publish an Invitation to Tender with input from the Councils, who will have separately determined their own service requirements. The GWRRG will employ a project lead and supporting personnel, who will co-ordinate certain aspects of the procurement process (including the preparation of tender documentation), and act as the primary contact for administrative aspects of the joint procurement process.

The Panel will then be responsible for receiving and evaluating proposals submitted by service providers in response to the Invitation to Tender. The Panel's consideration of these proposals will be documented in a report (**Joint Report**), to be circulated amongst the Councils that have opted into the joint process. The Joint Report may contain the recommendations of the Panel regarding preferred bidders (based on the criteria in the tender) and will be used by the Councils in determining each Council's decision to proceed to formal contract with the service provider(s).

GWRRG will facilitate a collaborative procurement process for the Councils, including through the following:

- (a) co-ordinating and leading meetings between representatives of the Councils and/or any potential service providers;
- (b) developing and advertising the Invitation to Tender, as well as legal, peer review and probity services as needed by the Councils;
- (c) applying for funding to defray the costs incurred by the Councils in the joint procurement process;
- (d) assisting the Councils in the evaluation of proposals received from prospective service providers;
- (e) preparing a draft Joint Report for use by the Councils in decision making; and
- (f) assisting the Councils to develop a management model for contracts.

Once the proposals received under the Invitation to Tender are evaluated, and the Joint Report (including any relevant recommendations) has been submitted to the relevant Councils, should the Councils wish to proceed to formal contract, GWRRG may assume the role of contract negotiator in collaboration with the relevant Council representative.

The proposed joint arrangements will be voluntary for each of the Councils. A Council that does not opt-in to the Proposed Conduct may choose to proceed independently and continue to individually procure its own waste and resource recovery services.

Councils that opt-in to the joint procurement arrangements will not be required to accept the proposals recommended by the Panel in the Joint Report, or to enter into any arrangements with service providers that submit bids in the joint process. Such Councils will also be free to withdraw from the joint procurement arrangements at any time following consideration of the Joint Report.

It is also proposed that service providers in the bidding process may bid for:

- (a) the provision of services to each participating Council; and
- (b) the provision of services to a cluster of the participating Councils (more than 2) determined by geographic proximity, volume or any other relevant factors.

If proposals are received for the provision of services to multiple participating Councils, those Councils may choose to jointly evaluate those proposals, with the assistance of GWRRG, and to jointly negotiate with the relevant service providers with a view to entering joint arrangements between them for the services.

Following the joint tender process, it is proposed that each participating Council will enter into an arrangement with the successful service provider(s). Those Councils will be responsible for managing arrangements with contracted service providers on an ongoing basis. It is expected that such management will be undertaken by each Council independently, although it would be helpful if the possibility of Councils co-ordinating their activities in managing contractual matters of common concern could also be authorised. GWRRG will not play a role in the ongoing administration or management of waste and resource recovery contracts on behalf of the participating Councils, however, it may assist in facilitating contract management meetings to ensure best outcomes for the services procured.

## 5.2 Parties potentially impacted

The proposed joint procurement may affect existing providers of organics processing services to the Councils, but these service providers will not be precluded from participating in the joint procurement. A list of the current service providers is set out in Annexure A. As discussed in more detail below, it is in fact hoped that the proposed procurement will provide opportunities for the local businesses currently providing services to find increased opportunities in an environment of aggregated waste quantities, either directly or in partnership with other suppliers. Preliminary market research also indicates that businesses such as **CONFIDENTIAL** are likely to have an interest in developing products derived from processing of organics.

## 6. Market

The identification of the market here benefits from consideration of developments in the broader Victorian market for waste services. Whilst this project involves councils in the Gippsland area, there are important initiatives occurring more broadly in Victoria and indeed Australia. In

particular, the Victorian Government and other groups of councils have recognised the need to increase the volume of organic waste captured before disposal to landfill.

Accordingly, there are a range of initiatives taking place in Victoria which involve the aggregation of volumes of municipal waste in order to attract investment in new facilities. Without such aggregation, it is likely that existing landfills will have to cope with increasing volumes of material.

Potential suppliers are therefore likely to approach the Gippsland initiative in light of the broader environment, and so be drawn from beyond the Gippsland geographic area.

That said, there should still be scope for local suppliers to participate in the procurement. Those suppliers, including incumbent providers, can tender to service any number of the Councils, and given the geography involved may be naturally competitive for a particular sub-region.

Further, it is likely that local providers of processing services will be well placed to partner with other providers where an existing presence “on the ground” will frequently be required to support an aggregated offering at a later stage in the waste cycle.. An advantage of a collaborative procurement where there is transparency of available volumes is that it can facilitate the establishment of such partnerships, where all parties can develop their business plans on the basis of a larger opportunity being available at a point in time (rather than seeking to cobble together economic efficiencies as individual councils offer up their waste in an ad hoc manner).

In summary, the aggregation of waste volumes should attract new entrants, and additional sources of private investment, whilst the transparent process should allow for local and regional suppliers to identify opportunities as part of a larger picture, and potentially with new partners.

There is also scope for expansion of the existing market for organic processing given its reputation for high quality product for which there is current demand which is unmet. If quality can be maintained, and volume increased by virtue of the procurement proposed, it is expected that the demand for the product will continue to grow.

Importantly, the larger markets for **commercial and industrial waste, recyclable materials, residual waste, and bulk haulage** remain unaffected by the proposed procurement, as do the markets for organic waste from other regional areas of Victoria, the metropolitan area of Melbourne, and other states. Any initiatives that the Councils may later seek to pursue in respect of such other markets would be conducted as separate and discrete activities; the procurement here is focused on the suppliers for organics processing only, and it is believed that such an approach is likely to engender the greatest number of responses from prospective service providers.

## 7. Counterfactual

If the proposed form of procurement does not proceed, the most likely counterfactual is that the Councils could individually develop their own tenders and negotiate for the supply of the Services.

Such an approach would likely diminish the substantial public benefits sought by the collaborative procurement. Indeed, the waste sector is at a critical juncture, with existing infrastructure and systems straining to cope with increasing volumes of waste, and significantly changed markets. If the Gippsland region ends up with a “business as usual” outcome, there is a real likelihood of substantial disruption to existing waste services as organisations become unviable. Collaborative procurement, and aggregation of waste volumes, has been shown to assist in responding to these challenges.

More specifically, GWRRG considers that the alternate approach, of not proceeding with the Proposed Conduct, would result in:

- (a) higher transaction costs, as each Council would have to evaluate and negotiate large parts of the proposals by service providers themselves, which would result in these costs ultimately being borne by residents and rate-payers of the communities in each municipality;
- (b) fewer service providers responding to tenders for the relevant services, given the reduced certainty of obtaining contracts for multiple councils;
- (c) reduced economic efficiencies through the smaller scale of potential contracts;
- (d) reduced opportunities to obtain expertise in evaluating and negotiating such tenders through the collaboration of GWRRG and the various Councils;
- (e) decreased investment in facilities and equipment which would be capable of enhanced processing of waste and recovery of resources, and an associated increase in the volume of waste going to landfill.

## 8. Public Benefit

Carrying out the joint procurement is expected to allow for an enhanced procurement and result in various public benefits, including as follows.

### 8.1 Procurement process benefits

- (a) **Long-term certainty for the Councils with respect to organic processing services**– the Councils gain long term certainty of the Services and will have a choice in how they manage and recover resources from such waste. The alternative, of increasing reliance on landfill, will face increasing challenges given constraints on new landfill options and the increasing cost of this option.
- (b) **Standardisation of documents and services and cost benefits in conducting collaborative procurement** – the costs that would otherwise be incurred by each party in the procurement of the Services would be reduced significantly by conducting collaborative procurement, as each party would otherwise be solely responsible for the costs associated with the tender process, negotiating contracts and management of the service delivery. Efficiencies across all Councils would also be increased by reducing the replication of work through the alignment of service requirements and streamlining each Council's interests through a single tender process. For instance, instead of each Council preparing its own tender documents, GWRRG will undertake this task on behalf of all participating Councils.
- (c) **Expertise of GWRRG** - the opportunity for GWRRG's involvement allows for its considerable expertise on technical issues associated with organic waste management and procurement of solutions to be enjoyed by each Council, rather than individual Councils seeking such expertise elsewhere.

### 8.2 Environmental benefits

- (a) **A healthier environment and enhanced liveability** – sending less organic waste to landfill will reduce greenhouse gases and associated odour, be less attractive to vermin, produce less contaminated water and reduce local traffic movements and congestion.

- (b) **Recovery of resources** – the recovery of resources from waste would result in less pressure on existing (and new) landfills, which could predominately be used to manage waste that cannot be avoided or recycled.
- (c) **Landfill**– concentration of waste into selected landfills will provide opportunities to cost effectively recover landfill gasses for energy production.
- (d) **FOGO recovery** – the increase in recovery of FOGO waste will:
  - (i) create quality compost and related products; and
  - (ii) reduce landfill gas production.
- (e) **Increased efficiencies in waste processing and disposal** – aggregating organic waste processing across participating Councils will assist suppliers in maintaining efficiencies. This will also incentivise investment in new organic waste processing technology and facilities, which will lead to further environmental benefits.

### 8.3 Increase in competition

The joint procurement process will enhance competition for organic waste processing services in the Gippsland region, as the combination of volumes by the Councils will incentivise additional service providers to bid and compete to provide the Services. An individual council on its own can only provide smaller waste quantities which would not attract the same level and type of service providers.

### 8.4 Community

- (a) **Service delivery improvements** – the joint procurement is likely to facilitate improvements to organic waste processing services in the region through increased investment in services and facilities. This is also likely to provide innovations to services, as private service providers are better equipped to introduce technological improvements than some of the Councils.
- (b) **Development of local infrastructure** – the construction of new infrastructure, or upgrading of existing facilities, in the region is expected to attract additional organic waste from councils in the South East of Metropolitan Melbourne, particularly given the relative proximity and lessened traffic issues. This should allow for further investment locally and creation of associated local jobs.
- (c) **Improved waste management and recovery rates** – this will benefit the environment and public health in the affected communities by reducing the amount of organic waste that is sent to landfill, and increasing the rates of recovery for recoverable waste.
- (d) **Creation of jobs** – the joint procurement will maintain existing, and lead to new, local employment opportunities, including employment opportunities for disadvantaged sectors of the community, which will also lead to improved social outcomes. The likely move to more processing in the region should create jobs at the facilities that may be constructed or expanded, both during construction and when operating. Gippsland is a leader in FOGO processing (as mentioned below), and there may also be the opportunity for additional jobs that would come with being a centre for such activities and building on an existing reputation for high quality products.



## 8.5 Achievement of government objectives

- (a) **Emissions reduction target** – reduction of greenhouse gases will contribute to the Victorian Government’s emissions reduction target.
- (b) **Viable resource recovery industry** – waste avoidance and increased use of resources will assist in achieving the goals set by the State and Federal Governments for a viable resource recovery industry in accordance with the, the National Policy and the Statewide Plan, and GWRRG’s objectives under the EP Act.
- (c) **Gippsland Plan** – increased use of resources will assist in improving the waste and resource recovery system in Gippsland, build on the region’s position as a leader in organic processing and reduce dependence on landfills in accordance with the Gippsland Plan.
- (d) **VORRS and RV** – improving the market for organic waste through the increased recovery of organic resources from waste streams, better quality feedstock and products being available to the market and diversified market solutions will assist in complying with the VORRS and the *Recycling Victoria - a new economy policy*. Gippsland is particularly well placed to lead organics processing, given the high quality facilities and expertise already in the region in light of its existing agricultural and forestry activities.

## 9. Public Detriment

GWRRG submits that the Proposed Conduct will not result in any discernible public detriments for the reasons set out below, and in any event, any potential detriment would nevertheless be outweighed by the benefit to the public set out above.

A potential perceived detriment of the proposed collaborative procurement may be a decrease in competition as suppliers which may have offered services to each Council individually would be restricted to supplying the Councils in an aggregated manner.

However, the tender process here will still allow for suppliers to submit for smaller areas, so there will remain scope for smaller suppliers to secure certain work for a particular area, and to also ensure that larger suppliers must remain competitive in their pricing.

The tender process will also be competitive and conducted in accordance with best practice probity standards, including transparency and audit requirements. Selected suppliers will not be in any way restricted from offering services to other Councils. The Panel will have regard to objective criteria in evaluating proposals by service providers. GWRRG has engaged an independent probity auditor in this regard to oversee the joint procurement process. The probity auditor will also be tasked with reporting to the Panel regarding compliance with certain protocols that are designed to support the objective evaluation of service provider proposals.

Service providers will remain free to compete for other waste and resource recovery services to customers other than the Councils. The Proposed Conduct only affects a maximum of six local councils in Victoria out of a total of 79, and it is possible that not all of the Gippsland Councils will opt-in to the joint procurement process. In addition, service providers will be able to bid for separate Councils.

Finally, the participation of each Council is voluntary. The Councils may choose to not opt-in to the joint procurement process following the conclusion of the initial tender process. Councils may, after consideration of the Joint Report, or other issues arising from the joint procurement process, elect to determine their own arrangements with service providers separately.



## **10. Conclusion**

For the reasons set out above, GWRRG submits that the substantial public benefit of the joint procurement significantly outweighs any public detriment, and that its application for authorisation should therefore be granted.

**Annexure A Current Service Providers**

Council	Contract	Service	Contractor	Sub Contractor
Bass Coast SC	Waste Collection Services	FOGO processing	Wonthaggi Recyclers	Cleanaway SOEF and Gippsland Water SORF
Baw Baw SC	Kerbside collection and disposal	Organics processing	Pinegro	N/A
East Gippsland SC	Kerbside collections	Organics processing	Green Care	N/A
Latrobe City	Acceptance & Processing of Organic Waste	Organics processing	Pinegro	N/A
South Gippsland SC	Kerbside Garbage Collection	Organics processing	Cleanaway	Pinegro
Wellington SC	Waste Management services	Organics processing	Towards Zero	

**ANNEXURE B**

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