



Department of Environment and Conservation

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20/7/04

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Contact: 02 8837 6060

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The General Manager
Adjudications Branch
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Attention: Ms Tania Mayrhofer

Dear Ms Mayrhofer

RE: AUTHORISATION APPLICATION NO. A30231 LODGED BY THE COUNCILS OF HORNSBY, HUNTERS HILL, LANE COVE, NORTH SYDNEY, RYDE, WILLOUGHBY, MOSMAN AND WARRINGAH

I refer to your letter of 16 June 2004 advising of the submission of the above application for authorisation under the Trade Practices Act and enclosing a copy of the application.

The Department of Environment and Conservation (DEC) was formed on 24 September 2003, combining the agencies of the NSW Environment Protection Authority, Resource NSW, the NSW National Parks and Wildlife Service and the Royal Botanic Gardens and Domain Trust.

The Department is interested in the environmental outcomes of this application and particularly its potential to contribute to the goals of resource recovery and reduction of waste to landfill. The NSW Waste Avoidance and Resource Recovery Strategy recognises the role that alternative waste treatment will play in this process and DEC supports regional arrangements which will contribute to that outcome. It is concerned that if a decision is made to allow an authorisation, that the authorisation does not result in a long term landfilling contract without the opportunity for review as alternative waste technology options become increasingly available.

The Sustainability Programs Division of DEC has assumed responsibility for delivering the programs of the former Resource NSW. This includes the NSW *Waste Avoidance and Resource Recovery Strategy* adopted by the NSW Government in 2003.



The Strategy has four outcome areas:

- Preventing and avoiding waste
- Increased recovery and use of secondary resources
- Reducing toxic substances in products and materials
- Reducing litter and illegal dumping.

Within the outcome area of increased recovery, the Strategy proposes that by 2014, there will be an increase in the recovery and utilisation of materials from the municipal waste stream from the current 26% level to 66%. This approximates an additional 700,000 tonnes per annum to be recovered from the amount disposed of to landfill by the municipal sector in the base year of 2000. Recovery targets are also established for the commercial and construction sectors.

In order to gain an increase of this level, action will need to take place in several areas. These will include improved recovery of recycled material such as paper and containers, increased separation of green waste, potentially the collection of some organic wastes with the green waste stream and the treatment of the residual waste through one of a number of alternative waste technology systems.

It is anticipated that progress towards the target of 66% recovery will not be linear across the 12 years of the Strategy but will depend on a combination of gradual improvement of existing systems, the introduction of new collection facilities and the commissioning of alternative waste technology plants. There will also be movements as markets for recovered materials change and as processing facilities for those materials expand.

Sydney will rely on landfill for a number of years given that the establishment time for alternative waste technology plants is lengthy. One significant alternative waste treatment plant is under construction and potential exists for other plants to be established. These may, but need not be, on existing landfill sites.

The Department has been working with and assisting some groups of councils to develop and implement regional arrangements. Notable examples include the regional recycling processing contract for the Inner Sydney group of councils, which was the subject of a previous application to the Commission, and also the Macarthur group of councils who are currently in the process of inviting expressions of interest for tender for a regional contract for the receipt, transfer, processing and disposal of recyclables and waste collected by the participating councils.

The principal aims of such regional arrangements for the processing and marketing of this recovered material are improved environmental outcomes, reduced system costs, increased long term economic processing and market stability, increased transport efficiencies and reduced dependency on landfill as a disposal method. In terms of residual waste processing arrangements, much of the potential benefit that might be realised through such regional contracts is dependant upon achieving alternative waste processing to minimise the use of landfill.

To provide some guidance and assist NSW councils consider options for alternative waste technology, the Department released the *Alternative Waste Treatment Technologies Assessment Handbook and Assessment Tool* in November 2003 along with an accompanying guide on the application of alternative waste technology. The guide indicates that a key pre-

requisite for the successful procurement of alternative waste technology is a level of certainty both in terms of the long term participants and the quantity of material available to be processed. Any processing tender should be structured in a way that affords respondents sufficient certainty and clarity to enable the preparation of a well-structured and competitive tender and importantly, to provide a high degree of confidence for project developers and project financiers upon which to base the tender.


The Northern Sydney Regional Organisation of Councils (NSROC) proposal is to invite potential respondents to put forward services and infrastructure solutions against a wide range of possible catchment configurations, leaving open the final number and geographic disposition of participating councils. Significantly, the NSROC proposal leaves open the final outcome that might be accepted by the councils that resolve to participate in the final configuration.

Given that the tender proposal by NSROC will put in place contractual arrangements, securing the supply of waste materials in a long-term arrangement the Department seeks to ensure that process employed will make a substantial difference in terms of improved environmental outcomes, and contribute to the increased sustainability of resource management in NSW. It is by no means certain that the tender process as proposed and subsequent tender evaluation will result in an outcome based on an alternative waste technology solution. The tender enables the potential landfilling of the residual waste material without further resource recovery for an extended period.

The Department suggests that any authorisation which does not include a requirement for alternative waste treatment as an outcome should be for a limited period. This would allow the option of improved recovery to be revisited as technology becomes more established.

Should you require any additional information, or wish to discuss any aspect of this submission, please contact Tim Rogers, Executive Director, Sustainability Programs Division on 02 8837 6060.

Yours sincerely


LISA CORBYN
Director General 19/7/04