



THE COUNCIL OF CAMDEN

(Incorporated 1889 - Reconstituted 1949)

ABN 31 117 341 764

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31 August, 2004

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

Attention: Ms Tania Mayrhofer

Dear Ms Mayrhofer,

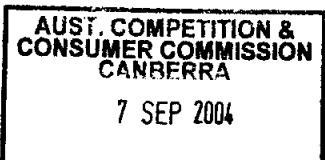
**RE: AMENDMENT OF AUTHORISATION APPLICATION NO. A90886 LODGED
BY THE COUNCILS OF CAMDEN, CAMPBELLTOWN, LIVERPOOL,
WINGECARRIBEE AND WOLLONDILLY**

I refer to the subject application for authorisation under the Trade Practices Act submitted to the Commission on 16 October 2003, to your advice of the draft determination dated 16 June 2004 and to the pre-decision conference held on 27 July 2004.

In relation to the subject application, I have been requested by the Councils to act on their behalf and to submit a request to amend the application for authorisation. In amending the application, the Councils are seeking to have the term of the authorisation, as outlined in both the original application and the draft determination, extended from ten (10) years to a term of up to twenty (20) years. The basis for seeking this amendment is outlined below.

Initially, I would like to formally advise you that Liverpool City Council has withdrawn from the project and will take no further part in either the authorisation process or the resultant tender and contractual arrangements. However, the four Councils of Camden, Campbelltown, Wingecarribee and Wollondilly remain committed to the project and would seek to have the authorisation issued on the basis of their four local government areas.

I would also take this opportunity to confirm that neither the application for authorisation, nor the resultant regional contractual arrangement, include components relating to the kerbside collection of waste and resource materials or the transport of this material from kerbside to the designated transfer / processing / receival facility. It is intended that each of the Councils will maintain their own independent collection and transport arrangements, which reflect their own individual requirements. These individual Council collection services will then be underpinned by the regional processing arrangement, which is the subject of this application.



Birthplace of the Nation's Wealth



In preparing the original application for authorisation, the Councils used the previous authorisations issued on behalf of the Inner Sydney and Southern Councils as a basis for its application and were cognisant of the views of the commission with regard to the ten year time-frame that formed part of these two applications. On this basis, the Macarthur Councils application also sought a ten year term of authorisation. Since lodging the original application, the Councils have made considerable progress with preparation for the tender process and it has become clear that, to maximise competition between service and technology suppliers and to maximise public benefit, a long period of authorisation is necessary.

As outlined in the Councils' application for authorisation, the aim of the regional processing arrangement is to provide an integrated resource recovery solution that:

- Facilitates increased competition in the resource recovery and waste processing market by providing a critical mass of materials and an appropriate contract term to "*level the playing field*" between operators of current facilities, and service and technology providers, who would seek to establish new facilities as part of this arrangement.
- Makes adequate allowance for the lead time necessary for the establishment of any new facilities that result from this process and is sufficiently flexible to provide for interim processing and disposal arrangements within the establishment period.
- Increases the capacity of the Councils to meet and exceed the resource recovery targets identified in the NSW Waste Avoidance and Resource Recovery Strategy (the Strategy) and results in a reduction in the quantity of waste disposed of to landfill.
- Facilitates the use of appropriate technology to recover maximum resource materials from the domestic waste stream, in terms of quantity, quality and type, and that the recovered resources will be utilised at their highest and best resource value leading to an overall increase in sustainable resource management.
- Provides for improved environmental, economic and social outcomes which translates into increased overall benefits to the community (public).
- Encourages the development of stable long-term industry markets for the secondary resources that are derived from the recovered material.

It is clear from the Strategy, and supported by the submissions to the draft determination, that meeting these aims will likely require the application of some form of alternative waste technology (AWT). It is also clear that a critical mass of material combined with a sufficiently long-term contractual agreement is an essential component of any arrangement involving an application of AWT.

The net result of the withdrawal of Liverpool Council is a reduction in the tonnage of material available for processing from about 170,000 tonnes to about 96,500 tonnes per annum. As mentioned above, the quantity of material available for processing and the term of the contract are linked in terms of the ability to achieve the overall aims and outcomes of this project. Therefore, the net result of the reduction in the tonnages available, through the withdrawal of Liverpool Council, is a need to extend the contract term.



As mentioned in the Councils' original application, there is only one service provider that currently has waste processing and disposal infrastructure within the region and the landfilling component of this facility is due to close in 2007. The net result of this planned closure is that service providers responding to this tender process will likely need to establish processing infrastructure within (or in close proximity to) the region. One of Councils' aims in developing this regional arrangement is to structure the tender proposal in such a way as to make it attractive to a broad range of technology and service providers, thereby increasing competition as well as ensuring the best outcome. To do this will require a contract period that will allow for the amortisation of the establishment costs over a sufficiently lengthy period to allow for healthy competition.

The Councils are seeking to establish an integrated resource recovery solution that will provide improved environmental outcomes and the means to achieve the targets identified in the NSW Waste Avoidance and Resource Recovery Strategy. This will likely require the establishment of substantial processing infrastructure on the part of the successful technology and service provider. The Councils recognise the often lengthy processes involved in the establishment of new facilities and have made allowances for this in the tendering/establishment process to ensure that it does not have a detrimental effect on potential tenderers. Given this lead time, the infrastructure required and the likely application of AWT, a contract term of up to twenty (20) years is considered essential to achieve this outcome.

The level of public benefit will also increase with an extension in the contract term from 10 years to up to 20 years. In addition to the above, benefits to the community (public) are also achieved through increasing the level of sustainability within the integrated resource recovery system. Recent studies have shown that an increase in the recovery of recyclable and organic material, together with some form of residual waste processing, provides an increased net environmental benefit, leading to an overall increase in sustainable resource management. Sustainability, in terms of resource management, requires the introduction of best practice resource recovery systems linked to long-term market arrangements. A contract term of up to 20 years will facilitate the application of best practice integrated resource recovery systems and the development of long-term stable secondary resource markets. This will lead to a reduction in the dependency on landfill disposal for domestic residual wastes and an increase in the conservation of natural resources.

Increased community (public) benefit will also be achieved through reduced system costs and long-term price stability. An increase in the term of the authorisation, which will provide for a longer term contractual arrangement, will allow for the system costs to be amortised over an extended period thereby reducing processing costs to both the Councils and the community. Price stability will also be achieved through the use of appropriate processing and recovery technology and a reduction in the dependency on third-part landfilling for the disposal of residual wastes, which will be made possible through an extended contract term.

In summary, by seeking an extension to the period of authorisation from 10 years, as outlined in the original application and the draft determination, to 20 years the Councils aim to:

- Increase the level of competition by making the tender proposal more attractive to a greater range of potential technology and service providers;



Facilitate the introduction of a system of best practice integrated resource recovery and reduce the quantity of waste material disposed of to landfill;

- Increase the benefits to the community (public) through improved environmental outcomes, increased economic stability and the introduction of long term sustainable resource management.

Your favourable consideration of this application to amend the Councils' application for authorisation to extend the authorisation period is critical to achieving this outcome.

Should you require any additional information or wish to discuss any aspect of this application, I can be contacted on 02 4654 7751 or by email at geoffg@camden.nsw.gov.au.

Yours faithfully,

Geoff Green

MANAGER

(Environment and Health Branch)