

FILE No:
DOC:
MARS/PRISM:

Your reference C2008/1171
 Our reference DOC08/36156
 ED08/1456

The General Manager
 Adjudication branch
 Australian Competition and Consumer Commission
 GPO Box 3131
 CANBERRA ACT 2601

Dear Dr Chadwick

RE: AUTHORISATION APPLICATION NO. A91096 LODGED BY THE INNER SYDNEY WASTE MANAGEMENT GROUP OF COUNCILS ON BEHALF OF THE COUNCILS OF ASHFIELD, AUBURN, BURWOOD, CITY OF CANADA BAY, STRATHFIELD AND LEICHHARDT.

I refer to your letter of 29 July 2008 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 Climate Change (DECC) is interested in the environmental outcomes of this application and particularly in its potential to contribute to the goals of resource recovery and reduction of waste disposed of to landfill. Importantly, the NSW *Waste Avoidance and Resource Recovery (WARR) Strategy* recognises the role that Alternative Waste Treatment (AWT) technologies will play in this process and DECC supports regional arrangements which will contribute to that outcome.

DECC has assumed responsibility for delivering the programs related to the WARR Strategy adopted by the NSW Government. 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 WARR 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, within the Sydney Metropolitan Area, in the base year of 2000. Recovery targets are also established for the commercial and construction sectors.

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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 and recovery of organic material, which includes the collection of additional food organic wastes with the garden organics stream and the treatment of the residual waste through one of a number of AWT technology systems.

DECC has been working with and assisting some groups of councils to develop and implement regional arrangements. A notable example includes the regional recycling processing contract for the same Inner Sydney group of councils, which was the subject of a previous application to the Commission. DECC also assisted the Macarthur group of councils, which was the subject of a previous application to the Commission, and subsequently successful in their tendering and award of contract for an AWT in 2006.

It is noted that in your letter of 29 July 2008 you have requested comment on the extent of public benefit that may result from the collective tendering arrangements. DECC is of the view that there is a direct link between overall community benefit and improved environmental and resource recovery outcomes. To maximise public benefit, the principal aims of such regional arrangements should be increased materials processing capability and capacity, improved environmental outcomes, reduced system costs, increased long term economic processing and market stability, increased transport efficiencies and importantly a reduced dependency on landfill as a disposal method.

Importantly, the type of material the ISWMG stated in their application will be collected and processed will have the potential for a high net impact on reduction of carbon emissions from that material which might otherwise arise. DECC suggests that, in terms of the domestic residual waste stream, these benefits will only be realised through improved resource recovery and the application of AWT technology to the region.

Should you require any additional information, or wish to discuss any aspect of this submission, please contact John Harley, Manager Local Government Unit, Sustainability Programs Division on 02 8837 6018.

Yours sincerely



Bernard Carlon
Divisional Director
Sustainability Programs Division