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Ms Natalie Morton
Adjudication/Merger and Authorisation Review Division
Australian Competition & Consumer Commission
Level1, 23 Marcus Clarke Street
Canberra ACT 2601

Via email: natalie.morton@accc.gov.au

Dear Ms Morton

Re: Council Solutions & Ors – Authorisation – A91520

Office of Green Industries SA (OGISA) welcomes the opportunity to contribute to the Australian Competition & Consumer Commission's (ACCC) consultation in relation to the application for authorisation by Council Solutions & Ors to jointly tender, negotiate and contract for certain waste management services (A91520).

In response to the ACCC's questions, below are OGISA's responses for the public record:

1. **Will OGISA consider that the Council Solutions joint procurement for waste management services compromise the Waste and Resource Recovery Infrastructure Plan?**

   South Australia's approach to waste management is guided by *South Australia's Waste Strategy 2015-2020* and the framework provided by the waste management hierarchy. The waste management hierarchy is recognised internationally as an aspirational framework for sustainability. Amongst other things the framework stresses the need to:

   - operate at the highest possible level of the hierarchy, considering social, environmental and economic practicalities
   - make decisions using sound knowledge and information
   - conserve materials and energy by acting to avoid waste and reduce wasteful consumption
   - preserve the value of materials used, through source separation and reduced contamination.

   A copy of the Waste Strategy is available at: http://www.zerowaste.sa.gov.au/resource-centre/publications/waste-strategy and the waste hierarchy is depicted on page 24 of this document.

   Consistent with the Waste Strategy, OGISA has strongly advocated and supported through its programs and activities source separation of materials and the recycling of those materials to achieve the highest beneficial use or outcome. Higher order outcomes for collected materials entails consideration of a range of factors beyond lowest cost solutions. Within the framework, principles and objectives of the Waste Strategy, OGISA is currently in the process of developing a state-wide waste and resource recovery infrastructure plan and has released a consultation draft for public consultation.

Needs for various infrastructure types are projected under different scenarios within 10 year or 30 year timeframes. Some new technologies not being deployed or not commonly seen in SA at present are required at different stages to manage projected waste volumes across the State, such as covered composting facilities, energy from waste, vacuum collection systems for high rise buildings, high tech processing facilities and Mechanical Biological Treatment facilities.

Without being provided with detailed specifications of the proposed procurement for each service stream, OGISA is not in a position to assess if the proposed joint procurement will compromise the waste and resource recovery infrastructure plan or not.

a) Whether the proposed arrangement will lead to an inefficient geographical spread of waste management services?

The consultation draft does not provide detailed analysis at individual council level and without being provided with detailed specifications of the proposed procurement for each service stream, OGISA is not in position to comment on if the proposed arrangement will lead to inefficient geographical spread of waste management services.

However, GISA suggests that Councils sharing administrative boundaries present greater opportunities for achieving efficiency gains from collection runs by its geographic nature than councils that are not in close proximity to one another.

The infrastructure plan consultation draft recognises that it is likely that the larger scale, more intensive waste and resource recovery infrastructure would be positioned within the Greater Adelaide Area. This is due to the large volumes of material available in metropolitan areas, access to transport networks and proximity to many of the final markets for recycled products (or ports for export to overseas markets).

b) Whether the proposed arrangement will lead to facilities which are "over-capacity"?

The consultation draft does not provide detailed analysis at individual council level and without being provided with detailed specifications of the proposed procurement for each service stream, OGISA is not in position to comment on if the proposed arrangement will lead to facilities which are "over-capacity".

OGISA recognises that potentially greater economy of scales arising from collaborative procurement can create opportunities for business expansion or new market entry. However, it can also lead to over-capacity if not managed carefully. For example, if a single recycling processor is contracted for the whole group, such as an organic service stream, the combined volume may create opportunities for business expansion or new market entry. It can also potentially lead to issues of over-capacity locally in the long run if the demand decreases.

2. Information on the environmental credentials of "waste to energy" technology compared to other energy generation technology currently used in SA?

Electricity in South Australia is currently dominated by gas-fired generation, which supplied 37% of electricity in 2014-15. This was closely followed by wind which generated 34% of electricity in the same period. Coal-fired electricity generated 21%, followed by rooftop PV 7% and other 1% (which includes generation from small diesel, landfill methane and hydro generating systems).[1]

[1] South Australian Electricity Report 2015

The Australian Government's Renewable Energy scheme considers energy recovery from landfill and sewage gas as well as wood, food and agricultural wastes are eligible renewable energy sources.

Waste to energy can play an important role in contributing to greenhouse gas emissions reduction in different ways:

- Treating biodegradable waste by Anaerobic Digestion will avoid the production of greenhouse gases that this waste would emit in a landfill site, which predominantly comprises methane and carbon dioxide. Methane is a powerful greenhouse gas with a global warming potential 21 times the effect of the same amount of carbon dioxide.
- Utilising the biogas to produce electricity or as a vehicle fuel will substitute more traditional solid or liquid fossil fuels, further contributing to the reduction of greenhouse gas emissions.
- Similarly, high efficiency combustion or Advanced Thermal Treatment of residual waste can reduce consumption of fossil fuels, by utilising power for electricity and heat (or cooling).

The environmental credentials of "waste to energy" technology varies depending on types of technologies used, feedstock materials and emissions control systems being put in place etc.

OGISA commissioned study on waste to energy technologies provides detailed analysis on different waste to energy technologies used globally and the associated environmental impacts. A copy of the report is available at OGISA website: http://www.zerowaste.sa.gov.au/upload/resource-centre/publications/waste-to-energy/Waste%20to%20Energy%20Background%20Paper%20FINAL.pdf.

While South Australia has achieved significant landfill diversion outcomes during the past decade, the existence of residual waste is inevitable. The need to support new technologies and processes to manage residual waste streams effectively has long been recognised. The *South Australia's Waste Strategy 2015-2020* supports efficient energy recovery from residual waste and niche waste streams which does not disregard any viable options for higher order beneficial uses. Any development of waste to energy should also have regard to impact to businesses and supply chains that compete for the same feedstock materials.

3. In the context of SA's Waste Strategy 2015-2020, the OGISA's views on collaboration between municipal councils in relation to the joint procurement of waste services?

a) Whether the Council Solutions arrangement is likely to facilitate any innovation in waste services in SA?

The *South Australia's Waste Strategy 2015-2020* recognises that waste management is a considerable proportion of local council operating budgets, including infrastructure investment, operation, delivery, contract management, education and awareness. Kerbside bin services such as recycling and organics collection are extra services and come at an extra cost. It also recognises that increased collaboration and optimisation of resource and effort, made possible through more consistency across municipalities, and improvements in technology, could bring substantial savings in waste management service provision.

Collaborative procurement of waste services could also encourage innovative resource recovery technologies and processes that produce higher value adding products consistent with waste management hierarchy.

However, without being provided with detailed specifications of the proposed procurement for each service stream, OGISA is not in position to assess if the proposed arrangement is likely to facilitate any innovation in waste services in South Australia.

Yours sincerely

Vaughan Levitzke
Chief Executive
Office of Green Industries SA