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Australian Competition & Consumer Commission
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By email to Hayley.Munro-Smith@acc.gov.au

Dear Ms Munro-Smith

Application for Authorisation by MWRRG for Advanced Waste Processing

MWRRG notes the submissions of:

- Steinert Australia;
- CPR; and
- Australian Paper.

It is pleasing to note that each submission is supportive of the proposed collaborative procurement, and the need to aggregate quantities of waste.

In relation to the submission from **Steinert**, the concern regarding a “race to the bottom” and unsustainable practices is noted. We expect this comment refers, at least in part, to the situation in the - quite separate - market for sorting services for recyclable material, where a supplier has been awarded contracts for various councils and has not been able to remain financially viable. The circumstances here are different, in that a group of councils is aggregating quantities of waste at the start and seeking a solution which will need to satisfy a wide range of criteria. Whilst value for money will always be a relevant factor for municipal authorities, the expectation is that responses will also demonstrate innovation and use of new technologies, together with significant environmentally beneficial outcomes. The procurement here is therefore not expected to result in unsustainably inexpensive supply arrangements. It is also noted that the quantity of waste as a proportion of the overall market for waste in Australia remains relatively small. Other types of municipal waste, such as green waste and recyclable material, are not dealt with. Waste from commercial and industrial sources is also separate. Further, earlier stages of the supply chain, such as **waste collection** services, also remain unaffected.

In relation to the **CPR** submission, we note that their principal remains undisclosed, and so it is difficult to provide a fully informed response. However, we note that the comments of CPR appear to be entirely consistent with the points raised in the Application with respect to the need for aggregated quantities of waste and long term supply arrangements.

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In relation to the submission from **Australian Paper**, we also note the confirmation of the principles articulated in the Application, both as to the need for aggregated quantities of waste and the likely environmental and other benefits of an advanced waste processing facility. The mention of an intent to also seek commercial and industrial waste, and possibly municipal waste from regional councils, is noted. In response to this reference, the following points are relevant.

First, it is believed that the quantities aggregated from the councils participating in this procurement are sufficient, of themselves, to support the construction of a technically advanced, financially feasible, AWP plant. The fact that one potential bidder has in mind to seek additional waste from other sources does not invalidate that proposition. Indeed, it is always up to any bidder to decide for itself how to make its proposal satisfy its own modelling; as long as MWRRG's requirements are met, it need not necessarily interfere with the bidder's reasoning behind its proposal.

Secondly, MWRRG believes that the markets for commercial and industrial waste, and regional municipal waste, remain discrete. Each market has its own participants and its own dynamics. The market for commercial and industrial waste is a very large, national market with significant and different players from the municipal waste markets. The Gippsland regional market for municipal waste covers a wide geographical area, and is likely to have inherent requirements for certain locally-based service provision. Any initiative to supplement the waste inputs for an AWP facility for the South East Metropolitan region with quantities from these markets is unlikely to affect their integrity or substantive structure.

We hope that the comments above are self-explanatory, but please contact Dan Pearce of this firm if any clarification or further information is required at this stage.

Yours sincerely



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