



Mr Darren Ritchie
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Dear Mr. Ritchie

Re: WMRR comments on the Draft Strategic Procurement Framework

Thank you for the opportunity to provide feedback on the *Draft Strategic Procurement Framework Draft for Consultation* (“*Consultation Draft*”). The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body for Australia’s waste and resource recovery industry representing the entire breadth and depth of the sector including business organisations, the three (3) tiers of government, universities, and Non-Government Organisations (NGOs), including research bodies. In Victoria, WMRR represents over 530 individual members from more than 90 entities. The state generates 19 million tonnes of waste each year with a resource recovery rate of 67% delivering an economic value of \$3.72 billion employing 12,300 Victorians.

Recycling Victoria (RV) was established to provide leadership, stewardship and oversight of waste, recycling and resource recovery services and support the development of a circular economy. Under the *Circular Economy (Waste Reduction and Recycling) Act 2021* (“*CE Act*”), RV’s responsibilities include developing and implementing strategies and plans that-

- foster sustainable, resilient and effective markets within a circular economy;
- identify, monitor, manage and mitigate risks in the waste and recycling sector; and
- oversee and build capacity for municipal waste and recycling service delivery, (including by supporting local government in the development and management of their procurement, and facilitating strategic procurement for groups of councils).

It is WMRR’s view that these three (3) responsibilities necessitate security of incoming volumes for Waste and Resource Recovery (WARR) facilities over the long term, and further, that aggregated volumes via collaborative procurement between councils should be promoted and developed (not just ‘supported’). As Victoria transitions to a circular economy, government organisations like RV need to drive the market conditions required for suitable resource recovery operations to be accessible and affordable for all Victorians. WARR technologies and capital infrastructure to recover and recycle are more expensive than disposal, necessitating strategic and collaborative procurement to assist in economic viability not just for industry but also the community. Significant investment is often required to implement technologies and upgrade existing facilities, or build new facilities to receive discarded materials to create marketable end-products. Therefore, economies of scale are a crucial consideration. Basically stated, material volumes received at WARR facilities need to be secure over a



long term, and to be economically viable, require large scale tonnages. It follows that for the WARR industry, best practice procurement by councils and RV would include collaborative procurement that amalgamates collected material, enabling contracts to prescribe both certainty of term and security of volume.

As noted in the Consultation Draft, the primary role for RV under the CE Act is to provide councils and Alpine Resorts Victoria (ARV) with advice, support and guidance to assist them with best practice procurement and contract management of their waste, recycling or resource recovery services – something that the proposed framework clearly addresses. However, in WMRR’s view, such initiatives must be coupled with more concentrated efforts to build capacity for municipal waste and recycling service delivery, and the strategic planning this also entails- which clearly couples with RV’s responsibility for the Victorian Recycling Infrastructure Plan (VRIP).

For Victoria to foster a circular economy with secure material flows into WARR facilities that have the confidence and backing of investors, directed efforts must be made by the Victorian Government and RV to provide the secure market conditions for WARR facilities to operate. In plain terms, this means that the government must take action to enable WARR facilities to be developed in locations that have the appropriate scale to service a circular economy in a cost-effective manner.

In fact, *RV’s Strategic Plan 2023-2026* articulates the objective to increase resilience of the Victorian waste and resource recovery system in terms of Victoria’s waste needs growing and becoming more complex, and states that “...appropriate regulation and strategic interventions and planning will be needed to improve standardisation and consistency in the delivery of recycling services.” With this in mind, WMRR would have liked RV to do more rather than just be “helpful” and notes that the consultation survey provided is seeking feedback on the proposed actions gaged by a measure of “helpfulness”. As a regulatory body that adds significant additional obligations (and cost) on industry, it is vital that there is more clarity and certainty about the role of RV, and actions more tangible than “helping” should be provided.

The Consultation Draft identifies the types of support RV could provide to councils and ARV across the various procurement stages, which would be in addition to those supports already available from agencies such as the Municipalities Association of Victoria (MAV) and other procurement bodies. The provision of specific resources for procuring specific WARR services may be helpful, as new technologies and methodologies emerge, which may have not yet been procured in Victoria. However we query how many could emerge given the municipal material streams available. What may be of more assistance for all is clarity on what is proven and acceptable technology with clear product pathways, at scale in order that we do not lose significant periods of time and opportunities with speculative proposals.

Strategic interventions - rather than just help – are needed to foster collaboration between councils with a view to joint or centralised procurement, as this would address this imbalance and improve consistency across the state. With this in mind, WMRR acknowledges the gap left by the dissolution of the Waste Resource and Recovery Working Groups (WRRG) when RV was mandated. The WRRGs were largely driven towards joint procurement by engaging in partnerships with industry and council and managing contracts on behalf of the group. The dissolution of the WRRGs certainly leaves two (2) considerable gaps, firstly for smaller and under resourced councils, who may have relied on their

Working Group and not have their own experience of procuring and managing resource recovery services, and secondly for the WARR industry, as these groups provided opportunities to coordinate with bodies who could provide certainty and security of the material volumes needed to make resource recovery operations economically viable. The second gap is the primary concern for WMRR.

Further, whilst the proposed supports may help inform councils and ARV to procure services together (as unique parties), WMRR has some concerns about this approach for WARR facility operators. There is a risk that the resulting procurement process may result in less certainty for operators in that individual parties may elect to opt out of the procurement process at any time – undermining the scalability of services that the WARR industry often needs to provide a cost-effective solution.

WMRR appreciates that these comments come back to the scope of the *CE Act* and the *Recycling Victoria Strategic Plan 2023 – 2026*, which both describe RV as having ‘procurement support’ responsibilities and to “support best practice management procurement”. The actions proposed for the Strategic Procurement Framework Draft Consultation achieve these specific objectives. However, in WMRR’s view, the efforts of RV do not go far enough to meet its strategic objectives. Whilst the actions under the proposed framework includes planning and priority setting, (whereby the highest value opportunities with the greatest chance of success and achievement of tangible outcomes such as the potential to divert from landfill, stimulate infrastructure investment and to increase the quality, reliability and resilience of services will be prioritised for RV’s procurement support), in WMRR’s view, these tangible outcomes need more than just ‘procurement support’.

WMRR notes the CE Act and Recycling Victoria are key commitments of the Victorian Government’s circular economy plan, [Recycling Victoria: a new economy](#), to reduce waste and landfill, and provide for more and better recycling and a sustainable and thriving circular economy. RV’s *Strategic Objectives 2023 – 2026* are aligned to the Victorian Government’s *Recycling Victoria: A new economy policy and action plan*. WMRR would like to see the “economic policy” supporting the actions of RV being refined to help set the right market conditions to drive investment into WARR infrastructure. This is essential to underpin Victoria’s circular economy.

To use the words provided in the consultation survey, in WMRR’s view, the procurement function of RV is “helpful” to those councils and ARV with limited experience, resources and access to resources that can assist in the procurement of waste and recycling services, but RV is doing little to “help” build industry capacity and security.

What is required in Victoria to ensure the improved performance and stability of the waste and recycling market and facilitate the growth of the circular economy is certainty and security of resource recovery volumes (feedstocks). This in turn underpins the success of the Victorian circular economy by:

- Enabling organisations to get best value services, afforded by the economies of scale so that long term, secure resource recovery solutions are available for councils and ARV.
- Providing a secure flow of input materials for remanufacture /reinvestment into the circular economy.



- Enabling end-product markets to be secured and developed (reliant on the incoming volumes).
- Ensuring certainty of investment in WARR infrastructure and innovation including new facilities, trials of new technologies/methodologies and existing facility upgrades.

WMRR would like to see more market driving measures from RV to incentivise joint procurement of local government and provide resource recovery operators with opportunities to secure, long term feedstock volumes for their facilities that will not only result in economies of scale delivering best value pricing for local government contracts, but which more importantly will provide the certainty of secure throughputs needed for facilities to be economically viable long term. We believe this approach would enhance the *RV's Strategic Objectives 2023 – 2026*, being to contribute to a strong and robust circular economy, increase resilience of the Victorian waste and resource recovery system, enable sector investment and growth and most importantly, build system capacity and capability.

WMRR notes the consultation questions provided on the *Engage Victoria* website and has provided our comments against these at **Annexure A**. Please do not hesitate to contact the undersigned should you have any questions about this submission.

Yours sincerely

Gayle Sloan

Chief Executive Officer

Waste Management and Resource Recovery Association of Australia

Submission:

Procurement Event – Potential Supports	WMRR Comment
Stage 1 – Strategic test of procurement proposals. Review strategic need for a procurement with reference to key strategic documents	
Advice on state-wide and regional strategic procurement opportunities.	WMRR encourages RV to use its best endeavors to drive councils and ARVs towards statewide and regional opportunities in accord with the VRIP. The availability of larger volumes of material for resource recovery enables the industry to explore large scale infrastructure builds and new technologies that would otherwise be cost prohibitive. Resource recovery operations generally operate more efficiently and economically at scale, affording cost benefits to councils and ARVs that can provide secure volumes of throughput tonnes over a long term contract. Economies of scale generally deliver better value solutions.
Support and advice to develop procurement approaches that deliver strategic circular economy outcomes.	Whilst additional procurement support in terms of advice and guidance, facilitating networking opportunities, and the provision of model guidelines will absolutely benefit many under-resourced and inexperienced councils and alpine resorts (ARV), and should enhance broad understanding of resource recovery procurement processes. It is hoped that key learnings from previous procurement experiences will be applied to result in contracts that are suitably apportioned with risk for both the councils/ARV and the operator as parts of the circular economy supply chain.
Data and market intelligence to inform strategic planning.	WMRR advocates for all governments to engage in evidence-based policy, and appreciates RV's responsibility to collect, analyse and report on data about the waste and recycling sector. Sharing this data with councils and ARVs should help them best inform strategic planning.
Facilitation of networking to share insights across councils and alpine resorts with similar	Yes, this will be helpful. WMRR acknowledges the gap left by the dissolution of the Waste Resource and Recovery Working Groups (WRRG) when RV was mandated.

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needs and to inform coordinated procurement planning led by councils and alpine resorts.	The WRRG were largely driven towards joint procurement by engaging in partnerships with industry and council and managing contracts. The dissolution of the WRRGs certainly leaves two (2) considerable gaps, firstly for smaller and under resourced councils, who may have relied on their Working Group and not have their own experience of procuring and managing resource recovery services, and secondly for the WARR industry, as these groups provided opportunities to contract with bodies who could provide certainty and security of the material volumes needed to make resource recovery operations economically viable. The second gap is still a growing concern for WMRR.
Stage 2- Preliminary analysis of procurement options. Identify and shortlist potential procurement options to meet identified strategic need.	
Data and market intelligence to inform business cases and strategic decision making.	WMRR agrees this is helpful however notes that MAV and other procurement agencies may have some of this information. It is hoped that RV's responsibility to collect, analyse and report on data about the waste and recycling sector will be reflected in this procurement support, and that high quality data on waste flows and recovery rates across Victoria will be shared to enable local government and ARV to make evidence-led procurement decisions.
Stage 3 - Develop procurement strategy for selected option. Articulate procurement viability to stakeholders and develop detailed action plan.	
Advice on tender approaches for key services and compliance with relevant legislation and service standards.	This would prove helpful particularly for those councils and ARVs with little tendering experience. WMRR supports the provision of advice that promotes the design of resource recovery/recycling/disposal contracts that are compliant with relevant legislation and service standards.
Advice and support in connecting councils and alpine resorts with expertise to assist with	This would prove helpful to procuring organisations and should assist RV in its role in improving the stability of the waste and recycling market with an end goals of securing feedstock volumes for WARR facilities that enable WARR operators to secure long term, higher

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procurement (e.g. legal, procurement, probity). Required	throughput (feedstock) contracts that enable economies of scale to benefit tendering organisations. However, more is needed to “help” the WARR industry to provide some security for infrastructure and technology investment and sure up ongoing volume supply so that WARR operators to scope stable end-markets for their resulting products. WMRR’s concern is that without having the right market conditions for operators to deliver a cost effective service, efforts to drive a circular economy in Victoria will fall flat as the material will be collected without an appropriate or affordable recovery option available.
Stage 4 - Formalise council and/or ARV commitment to procurement strategy <i>Likely only needed for collaborative processes.</i> Detail expectations of a tender process and provide final information enabling councils and/or ARV to make a firm commitment to enter a formal arrangement.	
Template/example agreements or Memorandum of Understanding (MoUs) to establish the framework for collaboration.	This will be helpful particularly for those councils and ARV with limited experience procuring waste and recycling services. WMRR trusts that RV will furnish its resources with examples of agreements demonstrating best practice procurement within a circular economy – including buy-back provisions for end-products and/or recycle, and which include a balanced apportionment of risk between the parties.
Stage 5 - Seek ACCC and DTF authorisation of procurement. <i>This stage is likely only needed for collaborative processes.</i> Initiate Australian Competition and Consumer Commission (ACCC) and Victorian Government Department of Treasury and Finance (DTF) authorisation process upon Memorandum of Understanding (MoU) adoption by councils and/or Alpine Resorts Victoria.	
A letter of support where there is alignment with Recycling Victoria's strategic procurement framework and existing strategic documents	This is helpful when there are challenges with local approvals.

Procurement Event – Potential Supports	WMRR Comment
such as the Victorian Recycling Infrastructure Plan.	
Stage 6 - Initiate tender process. Implement operational phase to direct the tender, including: • finalise, endorse, and implement procurement plan • finalise, endorse and implement probity plan • finalise, endorse and implement tender communications plan • develop tender specifications and proposed contract documentation – finalise and issue tender package • promote tender, brief industry and manage tender communications and questions.	
Advice and support in connecting councils and alpine resorts with procurement training.	Yes, this could be helpful. WMRR reinforces its earlier comments around the procurement training already available from organisations such as MAV and recommends that procurement training support is directly focused on procuring WARR services.
Examples of tender documentation (e.g. Procurement plan template, probity plan examples, tender specification examples), and advice as needed on their use.	Again, WMRR reinforces its earlier comments and notes that documentation examples are specific to procuring WARR services.
Stage 7 - Evaluate tenders received. Establish tender evaluation panel and evaluate proposals including conformance checks, reference checks, financial viability assessment, clarifications, and negotiation.	
Example documents (e.g. reference check, negotiation / clarification plan template) and advice as needed on their use.	Again, WMRR reinforces its earlier comments and notes that documentation examples are specific to procuring/ tendering and evaluating WARR services.
Stage 8 - Verify preferred tenderer(s) credentials. Tender evaluation panel to prepare evaluation report and present recommendation report for adoption by participant delegated authority.	

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Example documents (e.g. tender evaluation / recommendation report templates) and advice as needed on their use.	Again, WMRR reinforces its earlier comments and notes that documentation examples are specific to procuring/ tendering and evaluating WARR services.
Example documents (e.g. examples of contract conditions) and advice as needed on their use.	Again, WMRR reinforces its earlier comments and notes that documentation examples are specific to procuring/ tendering and evaluating WARR services.
Stage 10 - Post procurement review. Review process to capture improvement opportunities and learnings.	
Example documents (e.g. tender debrief template) and advice as needed on their use.	Again, WMRR reinforces its earlier comments and notes that documentation examples are specific to procuring/ tendering and evaluating WARR services.
Facilitation of learning forums to share knowledge related to procurement processes.	This would be helpful. Knowledge sharing and lessons learned can assist in promoting best practice procurement in the future.
Procurement guidelines Under s58 of the Circular Economy Act, Recycling Victoria in future may provide guidelines relating to the procurement of waste, recycling or resource recovery services by councils or Alpine Resorts Victoria.	
Guidelines and/or contract model clauses for material processing technical standards, contamination management and auditing specifications.	Again, WMRR would comment that these should be very specific examples for the WARR industry, as organisations such as MAV already have procurement resources readily available.
Guidelines and/or contract model clauses for material processing technical standards, contamination management and auditing specifications.	Yes, these would be helpful for informing best practice procurement.

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Guidelines and/or model contract clauses to establish contract pricing review mechanisms that incorporate risk sharing	Yes, these would be helpful for informing best practice procurement. WMRR encourages the guidelines to be focused on the objectives of the circular economy and include topics such as buy-back of end-products and clear specifications about input and output materials.
Guidelines and/or model contract clauses to reflect household waste and recycling service standard requirements.	Yes, these would be helpful for informing best practice procurement.
Case studies of procurement activities, including successes, learnings, opportunities, and challenges.	Yes, these would be helpful for informing best practice procurement.
Is there any other topics for guidelines that could be helpful?	WMRR would encourage information to be shared regarding the circular approach of procuring waste and recycling services and including provisions for buy-back of materials such as composts and recycle.
Planning and priority setting	
This will support prioritisation of the highest value opportunities with the greatest chance of success and achievement of tangible outcomes.	
• Potential to divert recoverable materials from landfill and promote circularity. • Potential to stimulate infrastructure investment and improve regional circularity. • Potential to increase the quality, reliability, and resilience of services.	It makes sense that supports should be prioritised for larger scale projects for all the potential benefits identified in the Draft Consultation. WMRR notes the further benefits of collaborative procurement include transaction cost savings, improved efficiencies, the potential for increased competition from tenderers, and improved environmental outcomes.



Procurement Event – Potential Supports	WMRR Comment
Do you have any further feedback about the draft Strategic Procurement Framework?	Please refer to WMRR’s cover letter with this submission.