

# Market Development Strategy for FOGO-derived products

FOGO Reference Group comments

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### **Acknowledgements**

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## 1. Background

The [Waste Avoidance and Resource Recovery Strategy 2030](#) (waste strategy) contains objectives to avoid waste, recover more value and resources from waste, and protect the environment. The waste strategy includes a material recovery target of 75 per cent by 2030.

The waste strategy identifies organic waste as focus material and includes a headline strategy to roll out a consistent three-bin kerbside collection system, which includes separation of food organics and garden organics (FOGO) from other waste categories, by all local governments in the Perth and Peel region by 2025.

The Waste Authority, supported by the FOGO Reference Group, develops annual FOGO Rollout Plans to support the FOGO commitments in the waste strategy. The Rollout Plans recognise that markets for FOGO-derived products are critical to the successful rollout of FOGO services.

In December 2020, the Department of Water and Environmental Regulation (DWER), on behalf of the Waste Authority, engaged GHD Pty Ltd to produce a *Market Development Strategy for FOGO-derived products* (Market Development Strategy) to guide the Waste Authority in identifying priority actions to develop and maintain end markets for FOGO-derived products.

The aim of the Market Development Strategy is to ensure that market development actions pursued to 2025 are targeted to the markets or sectors that have the greatest potential to use significant quantities of FOGO-derived products, and the greatest potential in supporting the objectives and targets in the waste strategy.

GHD undertook significant stakeholder consultation, including consultation with FOGO Reference Group members, to inform the strategy. The FOGO Reference Group was invited to comment on the *Market Development Strategy for FOGO-Derived Products – 16 June 2021*.

Five FOGO Reference Group members provided comments which are reflected in this response document (Western Australian Local Government Association; Department of Planning, Lands and Heritage; Go Organics; Pure Earth; Southern Metropolitan Regional Council/Resource Recovery Group).

The purpose of the document is to capture views and comments at a point in time. It is intended that this document will be used alongside the Market Development Strategy and other relevant information, to inform market development actions for FOGO-derived products.

#### Important:

The comments in this document do not purport to reflect the view of the Waste Authority, nor the views of all FOGO Reference Group members. The document is produced in good faith for the purposes of capturing views from FOGO Reference Group members which chose to provide comments. Furthermore, it is important to note that some comments in this document may relate to issues which are outside the scope of work for which the consultant (GHD) was engaged.

## **2. Scope – FOGO Market Development Strategy**

The scope of works for the Market Development Strategy was developed with input from FOGO Reference Group members in 2020. It should be noted that new members joined the group after that time. The project objectives and scope of work is at Attachment 1.

## **3. Comments**

### Scope

One processor noted that the report covered a broad range of issues but commented that it was difficult to understand the scope of the project and the extent to which the report met the scope.

### Market research methodology

One processor questioned the market research methodology and suggested the research (including the surveys, participating stakeholders and evidence base) should be more transparent in the report. The processor also suggested that market research should have been undertaken by both technical experts and market research specialists.

One processor questioned the veracity of the research and the results, and in particular, the processing capacity servicing Perth and Peel.

## Definitions

One processor indicated that the report should have more clearly explained and defined terms early in the report.

## Contamination

Several Reference Group members provided comments in relation to contamination. One processor commented that the report appears to accept a contamination rate greater than 3 per cent is a given, and to be expected, leaving the processors to deal with the issue. They indicated that the report appears to absolve state and local government for responsibility for setting and enforcing stringent contamination targets. The processor also commented that there appears to be a lack of will from local and state governments to manage contamination.

A local government representative commented that local governments are responsible for ongoing community education to reduce contamination and have limited control over what goes in the FOGO bin.

One processor proposed a requirement for facilities to install equipment to manage contamination so that bidders do not cut corners to offer a more competitive gate fee.

## FOGO-derived products

One processor noted that the report contains an extensive description and evaluation of applications and potential markets. However, the processor noted that the report lacks a detailed characterisation of the FOGO products that will be sold into those markets. They noted, for example, that soil-amendment products can be characterised by contaminant levels, particle size, nutrient content and product maturity.

A processor commented that the report described FOGO-derived products predominantly as soil amendments. The report includes references to product standards but noted that a wide range of soil-amendment products can apply to those standards.

The processor also noted that:

- soil amendments that meet standards are not necessarily fit for purpose

- product standards are not certified – some lower-value, low-cost, immature and contaminated products undermine the value of higher-quality soil amendments. The report should have assessed this risk and provide advice on how to mitigate the risk.

### Technologies

One processor provided multiple comments in relation to composting technologies referred to in the report, including:

- the report should have more clearly described anaerobic digestion technologies
- the report does not provide information on technologies suitable in Western Australia (WA), such as Controlled Microbial Composting which is a higher-cost process that produces a higher-value product
- open windrow composting, including open aerated static pile composting, has successfully treated FOGO in specific circumstances with appropriate quality assurances in place. These technologies should have been presented as suitable technologies in certain circumstances.

One processor commented that 'counter to what the report says, (the processor) operates a Static Pile Covered Aerobic composting system with odour control, rather than a simple air windrow composting system'. This processor confirmed that it has developed strong markets for sale and distribution through wholesale and retail networks in WA. The processor suggested that the report should not 'choose' a processing capacity because it is a market issue.

One processor mentioned that, in addition to the processing capacity, the market needed reassurance that suitable transfer station capacity was available.

### Markets

One processor noted that the report does not appear to have addressed the regenerative agricultural sector and does not appear to have looked suitably closely at the plantation forestry sector.

One Reference Group member commented that community groups were not well represented in the report.

A Reference Group member indicated that the mine-rehabilitation market should be expanded to include extractive industries. The member identified local government areas in which extractive industries were occurring, local government's role in rehabilitation and the potential for using FOGO products, for example, under extractive industries local laws.

### Report findings

Reference Group members made a range of comments in relation to the findings in the report. One processor noted that the report presents a range of potential markets which should have been compared with markets being accessed by current processors.

One local government processor indicated that the market potential in local government should have been determined.

One local government processor indicated that transport subsidies could distort the market, and potentially encourage long-haul at the expense of short-haul markets.

One local government processor indicated that better practice contracting should be managed independently.

One local government representative noted that a reference in the report to the 'unwillingness of councils to take responsibility for feedstock contamination' appeared at odds with some statements from local governments elsewhere in the report.

The local government representative also commented on a reference in the report about local governments' role in controlling the price paid to processors; the member confirmed that local governments used a tender process which determines price and conditions.

A local government representative also noted that the recommendations in the report were general in nature, and some were already being implemented. The representative also:

- sought clarification regarding the State Government agencies the report would apply to
- noted that an increase in the waste levy would further support FOGO markets
- confirmed the importance of buy-back clauses in contracts to support markets

- noted that some recommendations would impact local governments financially
- expressed reservations around mandatory reporting
- confirmed that contamination would be in better practice waste management procurement.

#### Lessons from elsewhere

One processor indicated that the report would have benefited from including Austria as an international case study. The processor noted that while Australia is a different society, economy and environment, the Austrian experience is broadly applicable to Australia.

#### Other comments

A local government processor suggested the report should include the minimum recovery rate from the FOGO stream to meet the state's material recovery targets. They also indicated the report should have included the potential for soil carbon projects to ameliorate cost and provide additional (financial and environmental) benefits.

A processor commented that the report is outside the realm of the FOGO Reference Group and noted that expertise from other sectors was required.

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## **Attachment 1. Scope of work**

### **OBJECTIVE**

The Department of Water and Environmental Regulation, on behalf of the Waste Authority, is seeking to engage a suitably qualified consultant to produce a *Market Development Strategy for FOGO-Derived Products* (Market Development Strategy).

The aim of the Market Development Strategy is to ensure that market development actions pursued to 2025 are targeted to the markets or sectors that have the greatest potential to use significant quantities of FOGO-derived products, and the greatest potential in supporting the objectives and targets in the waste strategy.

### **SCOPE OF WORK**

The Market Development Strategy will:

- identify existing and potential markets for FOGO-derived products and rank each market according to its potential contribution to using FOGO-derived materials
- identify key information – such as relevant standards, guidance, testing regimes and supporting frameworks – relating to each market
- identify the key issues – including barriers and gaps – relating to each market opportunity
- recommend actions that should be pursued to develop those markets.

In developing the Market Development Strategy, the consultant should research existing information, studies and reports that are relevant to WA, and in particular, the Perth and Peel regions.

The consultant will be required to consult with key stakeholders including:

- organics processors that currently process, or have the potential to process, FOGO materials
- existing and potential users of FOGO-derived products
- other stakeholders identified by the consultant and/or DWER.

The consultant should consider the following issues when assessing market opportunities:

- estimates of the potential quantity and/or market value of each market
- relevant quality standards, guidance, testing regimes and supporting frameworks for each of the identified markets
- a list of existing and potential users for each of the identified markets
- key factors affecting demand for FOGO-derived products for each of the identified markets, including contamination, quality assurance, confidence, price, demand

fluctuations, lack of demonstrated use, availability, distance from source, competition from other products, contract issues, procurement policy, etc.

- strategies/actions to address the key barriers for the growth of FOGO-derived products markets and for facilitating market development ranked by the estimated cost of each strategy/action.

The focus of the Market Development Strategy is in and around the Perth and Peel Regions to align with the headline strategy in the waste strategy. However, proposals that include information relevant to WA markets more broadly will be considered favourably.