



23 February 2016

Our Ref: 05-040-03-0001MA:HS
Your Ref:

Mr Stephen Beaman
Director, Waste and Resource Recovery Branch
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Dear Mr Beaman

Submission on the NSW Container Deposit Scheme: Discussion Paper

On behalf of the Western Australian Local Government Association (the Association) I am writing to provide feedback on the NSW Container Deposit Scheme (CDS) Discussion Paper. I would like to commend the NSW Environmental Protection Authority on the development of the Discussion Paper, which takes an evidenced based approach and effectively captures the considerations influencing the development of a CDS.

The Association is not a direct stakeholder, however the attached Submission is provided as the implementation of a CDS in NSW is an opportunity to adopt a contemporary approach that focuses on resource recovery as well as litter reduction. It is hoped that this Scheme will directly address the inefficiencies and issues inherent to other Schemes operating in Australia.

The Association has long supported the implementation of a CDS in Western Australia, as it has the potential to improve resource recovery, reduce litter, achieve better sharing of waste management costs and increase community awareness and involvement in waste management. In developing this Submission, the *WALGA Policy Statement on Container Deposit Systems 2008* has been referenced.

The Association does not support the industry proposal *Thirst for Good*, as there appears to be very limited evidence that it can address the impact that the beverage industry has on the community and the environment.

The Association's comments on the Discussion Paper are attached to this correspondence. For further information please contact Rebecca Brown, Manager Waste and Recycling, on (08) 9213 2063 or email rbrown@walga.asn.au.

Yours sincerely

Cr Michael Aspinall
MWAC Chair

Submission on the NSW Container Deposit System Discussion Paper

Key design element 1: Incentives

What type of incentive do you think the CDS should have?

The evidence presented in the Discussion Paper is clear, a financial incentive is the most effective approach. The Association supports the use of financial incentives a part of a CDS because it assists in achieving a more appropriate sharing of waste management costs.

Do you think the financial incentive should be consistent with the ones in South Australia and the Northern Territory?

Yes. Maintaining consistency will simplify education for consumers, reduce administration for the Scheme coordinator, limit any changes to packaging for producers and reduce confusion for collectors. A consistent financial incentive will also reduce the possibility that containers will be brought across the border from South Australia.

If you think the scheme should be based on a financial incentive, what format would you prefer the reward to be in (e.g. cash, credit or your choice)?

The preferred approach for the financial incentive is to take a practical approach, focused on where the collection locations are and the technology/approach employed. For example, there could be concerns that the Reverse Vending Machines (RVMs) in public places may be vandalised for their cash. To address this concern, a credit or electronic transfer approach could be adopted. For a large scale, staffed depot facility, a cash or credit based approach could be used. Rather than be prescriptive on the approach, it is suggested that the financial incentive be determined by the type and location of collection point.

If you think the scheme should offer a non-financial incentive, what sort of rewards do you think should be offered?

The use of non-financial incentives is not supported. Limited evidence has been presented to suggest that this approach is effective. Additionally, a non-financial approach does not assist in more appropriate sharing of costs in relation to the end of life management of containers.

Do you support the idea of providing a choice in the type of reward at the point of refund (e.g. cash or a charitable donation)?

Some choice in the way the financial incentive is provided is supported. The Discussion Paper identified that in the City of Sydney example only 28% chose a charitable donation, compared to the 72% who opted for a direct reward. This was only a limited study, so through the Scheme flexibility could be incorporated to allow for a range of options regarding reward.

Key design element 2: Interaction with kerbside recycling

Should the scheme be designed to keep containers consumed at home in the kerbside recycling system, or should it aim to divert them to the new CDS? Why? Why not?

Based on the South Australian experience, and the modelling commissioned by the NSW Local Government Association, a decrease the amount of containers in the kerbside systems is likely to be a natural consequence of CDS. What the CDS must ensure is that if containers are recycled through the kerbside system then the Local Government collecting them receives the benefit from the refund. This assists in ensuring that more appropriate sharing of costs is implemented.

Reducing the amount of containers in the kerbside systems does come with a number of potential advantages, these include:

- Reduced contamination: Less glass containers in the kerbside system will reduce the amount of glass fines and glass contamination within the system. This reduces the

amount of waste that has to be landfilled post sorting and potentially improves the quality of the recycling collected.

- Increased compaction rates: The South Australia Study titled *Optimum Compaction Rate for Kerbside Recyclables for Zero Waste SA and Local Government Research and Development Scheme* shows that a CDS allows recycling trucks to employ higher compaction rates, consequently achieving more efficient kerbside collections.
- Reduced wear and tear on machinery: glass fines are highly abrasive, if the amount in the kerbside recycling collection is reduced then the wear and tear on material recovery facility equipment will also be reduced.

It is acknowledged that there will be some transition issues, such as contract variations, which will need to be addressed in the short term, however the long term benefits of a CDS will outweigh these transitional issues.

Should the scheme allow containers recovered through the kerbside recycling system to be redeemed under the CDS? Why? Why not? Also, by whom and how?

Recycling comes at a substantial cost to Local Government. Any container collected through the kerbside recycling system should be redeemable through the CDS. Deposits will assist in ensuring the long term sustainability of recycling services – irrespective of distance to market or the international price of commodities.

If the scheme provides a financial incentive, and if councils are allowed to claim the incentive on containers collected through the kerbside system, should they be able to claim:

- *the full value of the incentive on each container? Why? Why not?*
- *the same level of handling fee as received by collection-point operators under the CDS?*

Local Government should be able to claim the full value of the incentive for each container collected through the kerbside recycling system. Local Government, or its contractor, provides a service which is paid for by the community. The community is paying the deposits on a variety of containers, therefore the full benefit the incentive should be applied to reduce the costs associated with kerbside collection. Similarly, consideration should be given to providing the Local Government with a handling fee for the container.

One issue with containers collected through the kerbside system is they may not be intact, therefore a different approach may be needed for the Local Government to redeem the incentive. Using a weight based approach, an audit of MRF outputs would determine the percentage of containers covered by the Scheme included per tonne of material type.

If councils are able to claim a financial incentive for containers recovered through kerbside, should they be obliged to use those funds to offset waste service fees to ratepayers, or should they be able to spend the money as they choose? Why? Why not?

This question has been addressed in the Discussion Paper. Any financial benefits of a deposit system “would flow to ratepayers and residents through reduced domestic waste management charges or expanded waste services (see the Local Government Act 1993 section 504 – Domestic waste management charges).”

Key design element 3: Scope of containers

What should be included in the scope of containers in the NSW CDS, particularly if the target of this scheme is the reduction of litter?

Should the NSW CDS have a container scope consistent with that of Northern Territory and South Australia? Should milk, wine and spirits be included or excluded from the scope of containers?

The scope of the Scheme should initially be consistent with the South Australian Scheme. This has the benefit of reducing disruption to industry, reducing confusion for collectors, and cross-border arbitrage risks. In the future, additional beverage containers (such as wine bottles) could be added to the Scheme in partnership with South Australia.

Key design element 4: Collection infrastructure

Should the scheme provide universal access for all NSW residents?

The Association agrees with the recommendation of the Advisory Committee that the Scheme should provide coverage across the entire state. It would not be equitable for residents in remote areas to pay a deposit that cannot be redeemed. Different collection models may be appropriate dependent on location, for example in the APY lands of South Australia there have been periodic, industry funded collection drives.

Where should collection points be located to best achieve the litter reduction target and to minimise the transfer of containers out of the kerbside system?

An evidence based approach should be taken in determining locations for collection points. For example using information from the National Litter Index to focus on specific locations where high levels of container litter are found. Local Governments are likely to have a view regarding specific litter hot spots within their local area. The Association suggests that the EPA should also trial collection points in various locations to determine where the best results occur. The Association considers that a variety of different types of collection points will be needed, from Reverse Vending Machines to collection drives and high volume drop off centres. In order for the Scheme to be embraced by the community, increase resource recovery and reduce litter the location of collection points need to be convenient and well-advertised. Installing reverse vending machines in high traffic areas / shopping precincts where beverage containers are sold, and people visit regularly would assist in promoting the uptake of the Scheme.

As previously stated, the Association considers that some transfer of containers from the kerbside system is likely and not necessary a negative outcome – provided that the Local Government is able to access the full financial incentive for recovery.

How can the scheme give incentives for the take-up of collection infrastructure at sites that focus on away-from-home consumption?

Collection infrastructure can act as an additional reason for people to visit a specific location. For example, if a retail precinct were to host a reverse vending machine which provides financial discounts to shops in the area, this could increase the number of potential customers to their stores. This is identified in the Key Design Element section of the Discussion Paper.

How can modern technology be used to deliver a cost-effective scheme?

The use of technology could provide many cost efficiencies for this Scheme. Some examples have been included below:

1. *Instant reporting:* reverse vending machines would reduce the administration required by the Scheme coordinator. If containers were crushed following scanning, there would be no possibility that containers could be double counted, or transported inefficiently. The information collected by the reverse vending machines could be made publically available - ensuring transparency and accountability of the Scheme. Instant reporting could also alert the Scheme coordinator to instances where industry has not paid a deposit on beverages that have been sold into NSW.
2. *The use of quick counting technology:* will allow for the integration of drop off points into routes already frequented by consumers, reducing the need for 'special trips' and consequently transport costs on the wider community.

3. *The use of technology to advertise the Scheme:* could also present a cost-efficiency. Technology already exists where barcodes can be scanned using mobile phones. This option could be linked to GPS technology to promote the nearest drop off locations to collectors. Another avenue of promoting the Scheme that could be investigated is the development of an app or mobile accessible website which identifies the nearest collection point.

Key design element 5: Governance and the role of government

What role should the government (state/local) have in the scheme?

The State Government has an important role to play in ensuring that:

1. Scheme coordinators are meeting predetermined performance targets and objectives
2. Manufacturers are paying the levy on all beverages sold in the state
3. Refunds are not paid on beverage containers that were purchased in another state.

The degree of involvement that Local Government has in the Scheme should be on a case by case basis. For example, Local Governments could choose to support community groups in running collection sites in remote areas, advertising the Scheme to the community and contributing (and redeeming the deposit on) containers that have been disposed through the kerbside recycling system. Local Government could also play a role in providing feedback on the uptake of the Scheme in their community.

What role should the beverage industry have in a Refund CDS?

Industry must pay the deposit on all beverages sold in NSW into a central fund, in addition to the operating costs of the Scheme. Industry should also provide sales figures of beverages to the State Government (as the regulator of the Scheme).

Should a Refund CDS be run by a single organisation or multiple organisations?

The Association supports an approach where a single organisation organises the Scheme. The South Australian and Northern Territory Schemes demonstrate the issues and inefficiencies which can arise when a Scheme is run by a multiple organisations. This includes needless material splits, double counting of containers, different handling fees and the inefficient transport of material to disparate locations. Some of the issues with the implementation of the National TV and Computer Recycling Scheme can also be attributed to the number of organisations that are delivering the Scheme. In setting up a single organisation to deliver the Scheme it is important that the structure is transparent. There needs to be accountability to Government and the wider community on the delivery of the Scheme. There also needs to be a sound commitment to ensuring the community is provided with equitable access to the Scheme.

How should the scheme deal with cross-border arbitrage risks?

To combat cross-border arbitrage risks, the Association recommends that a range of strategies are pursued. These could include:

1. Maintaining a scope of containers that is consistent with the South Australian Scheme
2. Establishing systems that allow depots or reverse vending machines to report suspicious behaviour (particularly those located near the borders of other jurisdictions). To ensure good governance of the Scheme, collectors could be required to validate their identity when depositing containers above a predetermined threshold. CCTV could also be used to capture information such as vehicle registration plates etc.
3. Maintaining dialogue with neighbouring jurisdictions, on possible timeframes for the implementation of other Schemes. If Queensland and the Australian Capital Territory adopt Schemes in the near future, efforts to police the Scheme could be focused along the Victorian border.