



26 February 2016

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Dear Alex and team,

## **Extract only – Executive Summary**

### **Comments on the NSW Container Deposit Scheme Discussion Paper February 2016**

**The full submission is made privately to the NSW Government.**

**It is not for publication as contains information pertinent to contracting.**

## Introduction

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of sixteen municipal and city Councils. SSROC provides a forum for the exchange of ideas between our member Councils, and an interface between governments, other Councils and key bodies on issues of common interest. Together, our member Councils cover, a population of over 1.6 million, or one third of the population of Sydney.

SSROC appreciates the process that the NSW Government has taken to date, to developing the model for a CDS, including SSROC having representation at the Local Government & Community Working Group, and complements the Government on that approach.

In order to prepare this submission within the timeframe of the review it has not been possible for it to be either approved by Councils or to be endorsed by the ROC. Whilst SSROC staff, has prepared the submission with a cross-Council working group, and input and review by waste management and sustainability professional staff across the member Councils, please consider this submission to be a draft.

## Executive Summary

All comments in this submission are 'in principle' only, in light of the NSW Government presenting a discussion paper in which all the major elements are for discussion. As a result there is no absolute scheme to provide support for or otherwise.

***In principle*** - SSROC - supports the introduction of a container deposit scheme (CDS) that:

1. Is based on extended producer responsibility (EPR) and shifts the physical and financial responsibility for recovery of containers from local government (as surrogate for all residents) to the consumer of the product and the industry.
2. Is *broadly consistent* with the schemes in SA and NT as well as the proposed scheme emerging in QLD, thereby allowing for rationalisation of all the scheme in the coming years
3. Does not put additional mandatory workload or conditions onto Local Government
4. Puts a financial incentive (deposit) on each 'in scope' container. SSROC recognises that this amount may need to be revised in light of cost benefit analysis and scheme rationalisation.
5. In legislation, names the Local Council as the surrogate for the local consumer with regard to any unredeemed deposits that are recovered through domestic collection systems.
6. Returns all unredeemed deposits collected through kerbside (or Council operated Community Recycling Centres) to the Councils to be put towards providing services in the area that the consumer (who put the bottle in the system) lives.
7. Allows for a clear and fair process for re-negotiation of contracts between the contractors and local government. That this negotiation must not result in additional costs being imposed on Local Councils. If any costs arise then those are to be borne by industry and State Government.
8. Learns from both the problems and efficiencies experienced in SA and NT in order to provide a more efficient and effective scheme that is still able to operate across state and territory borders.
9. Learns from the problems of the National Television and Computer and Recycling Scheme (NTRCS) which resulted, in some cases that the community and Councils were 'left hanging' after various contractors engaged through the scheme stopped collecting the electronic waste once they had reached their minimum required collection rate for the year.
10. Is a combination of 'return to depot' (where a depot might be anything from a large automated system run by industry, not for profit and or a small family run business) and 'return to retail' where the return to retail is through the use of reverse vending machines (RVMs).
11. That assists with developing resource recovery markets within Australia.

12. That has a phased introduction from July 2017 to enable the scheme to be introduced in line with the NSW Government's election commitment.
13. That is simple for all stakeholders to use and operate, minimizes the number of organisations that can add handling or administration fees to the cost of the system, and that is flexible enough take on board additional material types in the future.

SSROC further supports the recommendations of

- The draft LGNSW submission
- The Impact Enviro report commissioned by LGNSW "*Understanding the potential impacts of CDS on Local Government Kerbside Collections*"  
<http://www.lgnsw.org.au/policy/container-deposits>

**SSROC does not support "Thirst for Good"** primarily because it is not a container deposit scheme. But also because it:

- Does not bring any new tested and successful approaches to addressing the litter problem
- Imposes additional administration costs to Local Government
- Lacks incentive for those who do the littering
- Relies heavily on other organisations and groups (i.e. not industry), thereby passing on the burden of cleaning up litter to those who might care about the environment and or amenity
- Does not allocate responsibility for the items that were produced by the industry or the litterer

Furthermore, Thirst for Good does not align with the NT or SA CDS, nor any scheme that might arise based on the Queensland Government's publicised objectives, so would create confusion and inequity across boundaries. For further reasons why SSROC does not support Thirst for Good see page 22.

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Any full support for the introduction of a CDS (based on option 1) is contingent on

- Seeing the proposed detail of the design of a scheme in order to be able to offer full support.
- Seeing the cost benefit analysis of any proposed scheme.

SSROC notes that, in some ways, the discussion paper sets up a scenario for the Government that puts a CDS 'between a rock and a hard place'; supporting a scheme; but not one that incurs costs. Working in the fast moving consumer goods environment, which operates nationally, but perhaps not to introduce a scheme that aligns with a national system, if it is not cost effective for NSW. Then providing options of a CDS (which will of course incur costs) or an industry proposal that puts burdens on Local Government.

### **Caveat**

A caveat is added to this submission that, irrespective of which materials end up being in or out of scope, that if the scheme does turn out to have direct or indirect negative financial impacts on Local Government (e.g. through pass through from contractors) and those costs ARE passed on to local government; that local government is either able to access the waste levy to cover in totality the financial gap or that the State Government subsidises the scheme directly.

### **Process and timeline for introducing the scheme**

It would be helpful for all stakeholders for the EPA to publicise the intended timeline for the introduction of the proposed scheme including the allowance of time for both the beverage and resource recovery industries to find land and prepare planning applications for the infrastructure prior to launch.

SSROC recognises that an introduction date of July 2017 means a constrained timeline for the Government, so advises that a phased introduction is considered.

SSROC has some concerns that there are a number of issues to be worked through in order to bring in a 'world's best practice' scheme, which is the objective of the Government. The discussion paper raises the results of 'getting it wrong' as well as some of the challenges that the NT scheme is facing, which are thought to be a result of both the scheme's design and the way in which the legislation was introduced. SSROC suggests that the implementation timeline be revised so that the system can be designed having worked through the wide range of outstanding issues.

Furthermore the details of the scheme design are being worked out at a time when Local Government, which is a key stakeholder, is undergoing mergers and massive governance change across NSW. So, whilst there is general community support for a CDS it will be introduced during a period of major uncertainty that affects one of the highest financial and environmental value parts of Council business.

Once the preferred scheme (possibly with some variations) has been drafted and costed, to provide transparency, SSROC would like the Government to provide a second round of community and sector engagement so that feedback and endorsement/support can be expressed by and from the NSW community.

### **Communicating the objectives and benefits of the scheme**

Whilst SSROC strongly supports the introduction of a container deposit scheme in NSW (in fact across Australia) we suggest that the introduction of the scheme could, and should be communicated as much more than [just] a litter initiative; particularly within the context of the broader, and very successful (to date) waste and resource recovery framework "Waste Less Recycle More."

For example the objectives of the Queensland Government clearly provide triple bottom line benefits. Furthermore the advice to the Community/Local Government working group was that SA started as a litter focus, but is now moving to legally framing CDS as resource recovery and EPR initiative. NSW Government could go straight there.

The benefits for NSW extend far beyond "*the primary objective is to reduce drink container litter to help achieve the NSW Government's litter reduction target*" and "*making sure containers that are diverted away from litter are recycled*" (p4). Rather we suggest it's about resource recovery, closing the loop, individuals taking greater responsibility for their own waste, extended producer responsibility, economic development by potentially growing the role of social enterprises (with ensuing social benefits), growing the recycling industry, potentially processing more materials on our own shores and much, much, more.

SSROC advises that if the Government is committed to bringing in a CDS, the broader benefits need to be communicated, as well as how it will impact on individual consumers. Whilst resource recovery has started to be talked about in the recent suite of engagement (starting 1 February), discussion of the scheme in this context had been notably absent in the working groups and in the discussion paper to date. Further comment on education and communications are provided on page 24.

### **Terminology used in the Discussion Paper**

In absence of a glossary being included in the discussion paper, this table covers our understanding of key terms used in the discussion paper, their meaning in the context of the SA and NT schemes and in a potential aligned NSW scheme.

<b>Word</b>	<b>Our <i>general</i> understanding</b>	<b>Costs in/on the CDS system</b>
Collector	An Industry body in SA. Ultimate responsibility for	Costs about 2c /can

	managing the scheme. The organization that processes and/or sells the materials provided by /collected from depots. Manages logistics and transport. SSROC understands there are 4 collectors in SA – all of whom are arms of the drinks manufacturers, and over the years the emergence of a 'super collector' (Statewide Recycling, an arm of Coca Cola Amatil). Charges a 'administration fee' of around 2c /can. SSROC supports a model with one collector in NSW.	(Admin fee)
Depot	Where materials are separated (if not already done so) and baled up for collection by the Collector. Must have contract with the Collector. Must be open to the public. Small Business/NFP/Commercial. Charges a 'handling fee'	Costs around 3-4c /can  (handling fee)
RVM	Reverse Vending Machine. Potentially the 'outreach equipment' belonging to a depot so that consumers don't travel to the depot – just to an RVM.	Give 10c (in some form) back to consumer
Consumer	Purchases container. Either returns it to get 10c refund or leaves it in the system	In theory pays around 5-6c /can on top of the 10c deposit. Some manufacturers do not pass on full cost instead using the unredeemed deposits to cover the ~2c/can it costs them to run the system.
Redemption rate	The amount of containers that do get returned and have the 10c refunded SA redemption rate is ~80%	Consumer gets the 10c back


SSROC comments and responses to questions raised in the discussion paper follow.

**BODY OF THE SSROC SUBMISSION IS COMMERCIAL IN CONFIDENCE SO IS REMOVED**

In closing, SSROC commends the Government for its commitment to a container deposit scheme, looks forward to being able to provide further assistance in the coming stages of its design; and to the release of a scheme for public comment prior to its introduction.

For any enquiries regarding this submission, please contact Hazel Storey, Regional Strategic Coordinator Waste and Resource Recovery on [hazel.storey@ssroc.nsw.gov.au](mailto:hazel.storey@ssroc.nsw.gov.au) or 02-8396-3808.

Yours sincerely,



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