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Waste Contractors & Recyclers Association of NSW Response to NSW Container Deposit Scheme: Regulatory Framework Discussion Paper

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Background

The Waste Contractors & Recyclers Association of NSW (WCRA) is pleased to be given the opportunity to respond to the NSW Container Deposit Scheme: Regulatory Framework Discussion Paper (published by the NSW Government in August 2016).

WCRA is an industry organisation representing most of the operators and service providers in the waste and recycling industry in NSW. WCRA currently has 186 Members who own, operate or control an estimated 95% of vehicles and infrastructure used in waste and recycling activities across NSW. WCRA membership also includes most of the recyclers and recycling facility operators in NSW. Furthermore, wherever a NSW Council contracts out its waste or recycling collections, it does so to a WCRA Member.

WCRA supports the introduction of a NSW Container Deposit Scheme and its primary and secondary objectives of litter reduction and increased resource recovery. However WCRA's major concern is that these objectives must be achieved efficiently but without damaging the effectiveness or financial viability of the existing kerbside recycling collection system.

Scheme structure

- WCRA supports the proposition in the Discussion paper that the Scheme Coordinator and all Network Operators should be fit and proper persons;
- To ensure that there are adequate audit & internal controls within all parts of the CDS system, WCRA believes the CDS Scheme Coordinator should not be allowed to be a Network Operator;
- WCRA is concerned that the requirement for Network Operators to have state-wide coverage may lead to unintended consequences. There is potential for collusion between Network Operators both having identical areas of coverage. It may be that the requirement will discourage the most appropriate applicants from bidding to be Network Operators if they currently only service certain geographic areas. The opportunity to be a Network Operator should be made available on an area-by-area basis.

- MRF operators should be able to be appointed as Network Operators. The existing recycling infrastructure at MRFs is well placed to accept bulk volumes of recyclable materials, including material from RVM operators and other single point collectors.
- Without the link to infrastructure that the regional MRFs provide, many potential Network Providers could find it difficult to provide viable services due to a lack of critical mass.

Obligations on suppliers

- It is important that all eligible containers be included in the CDS as quickly as possible and that they be easily identifiable.

Obligations on collection point operators

- Any time delay in the provisions beyond the transition period will be confusing for the community and will undermine the credibility of the Scheme

Interaction with kerbside collection services

- WCRA agrees that there needs to be an agreed auditing methodology to capture the value of eligible containers which have been collected separated and packed according to material type rather than product type in MRFs. This should be applied to baled aluminium and steel cans, baled plastics and glass broken in the collection & sorting process.
- It should be noted that MRFs collecting & sorting eligible containers may also include Commercial & Industrial materials streams – not just kerbside collection material.
- Since the primary objective is to reduce litter by maximising return of eligible containers, WCRA believes the cost of undertaking audits under the EPA methodology should be compensated for from CDS administration funds. This will help provide a robust and transparent audit system in all MRFs.
- There are likely to be disagreements between councils, collection contractors and MRF operators over the distribution of the refund value. In many existing collection & processing contracts there are likely to be clauses which impact on this. In the main, it will be the responsibility of the parties to resolve these matters.
- CDS regulations should provide a set timeframe for the parties to discuss and resolve these matters – however if they are unable to agree, either party should be able to refer the matter for mediation. WCRA suggests that NSW EPA appoint a suitable mediation or arbitration panel. It would be sensible for a representative from both WCRA & LGA to be on this panel;
- Numerous MRF Facilities are contracted to provide services for waste collection companies which hold the contract directly with council. MRF operators should not be excluded from the CDS simply because they are not directly contracted to the council. In this instance the transparency of the revenue share must be facilitated by the principal contractor (waste contractor).
- All future collection contracts should contain model collection clause options for CDS.

Other matters covered by the regulatory framework

- To minimise the potential for criminality, the CDS Act should mandate that all CDS transactions should be cashless (that is paid either on account, by cheque or by EFT);
- Alternatively, there might be a limit of \$30 paid in cash per person per week -this will allow for cash payments to small hobby & backyard collectors who may be discouraged if there is no cash payment);
- WCRA believes the definition of an eligible container should be reconsidered to include wine and spirits in glass containers. Lack of alignment with the South Australian scheme is unlikely to cause cross-border arbitrage.
- Current discussions indicate QLD does not propose to commence a CDS until 2018. WCRA believes it is critical that the start dates for both NSW & QLD be brought into alignment – either by delaying the start of the NSW scheme or encouraging the earlier commencement of the QLD scheme.

- It is important that the CDS Advisory Committee include members with knowledge of the waste and recycling industry, the handling of recyclable materials and the marketing of recovered materials. WCRA confirms its interest to the Minister for either the WCRA President or the WCRA Executive Director to be appointed to the CDS Advisory Committee

Implementation process

- The NSW Government remains committed to a CDS start date of 1 July 2017. It is imperative that adequate time be allowed for CDS to be implemented for it to an effective scheme which attracts community support & confidence.

WCRA commends the NSW Government on its determination to reduce litter and increase resource recovery and encourages it to resolve that the Container Deposit System when implemented will protect rather than undermine the very successful existing kerbside recycling collection system in NSW.

Thank you for taking the time to consider our submission. Please do not hesitate to contact WCRA should you require clarification of this submission.

Yours faithfully,

Lee Smith

On behalf of Tony Khoury

Executive Director