



*Advocating for the people of Western Sydney*

**SUBMISSION:**

**NSW Container Deposit Scheme: Draft Bill and Regulations**

**September 2016**

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## About WSROC

Formed in 1973, the Western Sydney Regional Organisation of Councils (WSROC) represents nine local councils in Western Sydney. WSROC provides a strong voice for the residents of western Sydney to improve services and quality of life. WSROC represents western Sydney councils covering a region of 5,500 sq. km with a highly diverse population and wide economic, social, environmental and geographical conditions.

Over the past 40 years it has developed a strong history of fearless advocacy on behalf of the needs of its councils and residents, especially in the key areas of economic and social development, job creation, transport and infrastructure, planning, health and the environment, and has proven itself a reliable partner in intergovernmental relations, strategic planning, and coordinating joint projects, procurement and services.

In 2014, WSROC and nine councils developed the *Western Sydney Regional Waste Avoidance and Resource Recovery Strategy 2014-2017*. The Regional Waste Strategy outlines future directions for resource recovery practices across western Sydney, and explores options for addressing waste management challenges faced by councils in the region. The strategy and its actions focus on increasing recycling, reducing waste to landfill, and combatting illegal dumping and littering across western Sydney. In 2015, with the announcement of the container deposit scheme, a specific action was added to this regional strategy for WSROC to represent views of councils and to ensure delivery of resource recovery outcomes in the forthcoming container deposit scheme.

By working together, councils are committed to improving regional cooperation, identifying opportunities to improve recycling and delivering efficient waste and resource recovery services to the community. As part of this regional waste initiative, this WSROC submission seeks to ensure that the impending CDS will be developed with a triple bottom line approach to sustainability for the benefit of the communities we represent, and does not negatively impact on the ability of our councils to provide waste services to their communities.

Councils represented under this submission are Blacktown City Council, Blue Mountains City Council, Cumberland Council, Fairfield City Council, Hawkesbury City Council, Holroyd City Council, Liverpool City Council, Parramatta City Council, Penrith City Council and The Hills Shire Council (although not a member of WSROC).



## Executive Summary

Western Sydney Regional Organisation of Councils (WSROC) thanks the NSW Government for the opportunity to review and provide feedback on the Draft *Waste Avoidance and Resource Recovery Amendment (Container Deposit Scheme) Bill 2016* and the accompanying regulatory framework.

WSROC has participated in various consultation opportunities for the proposed Scheme, including the Local Government and Community working groups. We reviewed the proposed CDS with the interests of Western Sydney councils and their communities at the fore and provide feedback via this submission.

We commend the NSW Government for including certain design elements highlighted in WSROC's previous submission<sup>1</sup>, being: a Refund CDS with a \$0.10 container deposit; a broader scope of containers; kerbside containers to be eligible for refunds; and that collection point infrastructure not to be mandated for local governments to provide.

However, with the inclusion of containers from council kerbside collections, the final design needs to ensure the ability of councils to equitably share in the deposits redeemed through this stream. Councils have a vested interest in minimising the additional costs on the kerbside system, as these costs are inevitably passed on to residents.

This submission details why this is not just an issue for the transition period under pre-existing contracts, but the long-term implications for the cost to councils. The current drafting poses some inconsistencies and so we urge that the final design allows councils to share in deposits in the following circumstances:

- Where the council does not have a direct processing contract with a Material Recovery Facility (MRF) Operator;
- Where the kerbside stream is destined for an Alternate Waste Treatment (AWT);
- Where the recyclables are sourced from public places

Inequitable arrangements will come at a loss to the communities that are paying container deposits in addition to council waste management charges. Therefore, we propose the need for a Dispute Resolution Process should financial sharing agreements between councils and MRF operators (or AWTs) not be reached within the defined time period.

To maximise community benefit, as per the overarching intent of the Scheme, we believe low barriers to community participation can be achieved through: adequate access to and coverage by collection points; support for community collection points and clean-up activities, and inclusive behaviour change education programs.

To measure the true success of the Scheme, all of its various components need to be measured and evaluated. Resource recovery targets should actively encourage ambitious resource recovery of beverage containers, with a view to long-term sustainability of the Scheme.

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<sup>1</sup> WSROC 2016, *NSW Container Deposit Scheme: Discussion Paper Review*, <<https://wsroc.com.au/media-a-resources/submissions/summary/2-submissions/242-wsroc-submission-nsw-container-deposit-scheme-discussion-paper-review>>.

## Introduction

Western Sydney Regional Organisation of Councils (WSROC) thanks the NSW Government for the opportunity to review and provide feedback on the Draft *Waste Avoidance and Resource Recovery Amendment (Container Deposit Scheme) Bill 2016* and the accompanying regulatory framework.

WSROC has reviewed the proposed CDS with the interests of Western Sydney councils and their communities at the fore and provides feedback via this submission for consideration.

During the NSW Environment Protection Authority (EPA) consultation period, beginning with the design of the scheme, WSROC has actively participated as a representative for the Western Sydney region in:

- Local Government and Community Working Group – 17/9/15, 8/10/15, 1/2/16
- EPA Public Forum, 12/2/16
- Submission to NSW EPA, February 2016
- Local Government and Community Working Group (Implementation) – 19/7/16, 25/8/16
- EPA Public Forum, 12 September 2016

WSROC provided a submission to the NSW Government in response to the NSW Container Deposit Scheme (CDS) Discussion Paper in February 2016. The submission welcomed the introduction of the scheme to reduce litter and improve resource recovery of containers.

We recognise the inclusion of the important design elements below, consistent with our previous submission, and ask that these would not be changed:

- A refund CDS, with a financial incentive of \$0.10 per container, consistent with South Australia and Northern Territory, and in the form of cash or electronic cash (as opposed to incentives or vouchers).
- A broader scope of containers up to 3L (excluding milk and juice containers over 1 litre).
- Kerbside containers to be eligible for refunds, to better enable minimum impact on existing kerbside collection and processing systems.
- Collection point infrastructure not be mandatory for local governments to provide.

Given the significant role of local government in supporting participation in CDS, and the overarching intent of any such scheme to benefit the community, this WSROC submission expresses the importance of:

- Local government to be able to claim kerbside redemptions for the benefit of the community, who choose to forgo their individual deposits in favour of council redemptions.
- Adequate support provided to assist local government transition to CDS under existing and new contracts.
- Ensuring low barriers to community participation.

This submission discusses further the implications of the proposed design on Western Sydney councils and provides feedback on the Scheme.

## Interaction with kerbside collection services

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*Local government kerbside waste management is provided as civic service – focused on ensuring that outcomes are delivered efficiently and effectively, and that the use of government’s resources is optimised<sup>2</sup>.*

*The value of deposits in the household kerbside recycling stream is between \$18-22 million in Western Sydney alone<sup>3</sup> and should be returned to councils for the benefit of the community.*

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Previous research<sup>4</sup> on the introduction of CDS in NSW suggests that the local government kerbside recycling systems would benefit from the introduction of a system. However, under the current proposal, there is no guarantee of the sharing of this benefit for councils in existing contracts.

### **Ensuring Return of Bulk Kerbside Deposits to the Community**

The argument for inclusion of kerbside recycling to be included in the Scheme has always been to ensure the return of the deposit value to benefit the community. Deposit refund monies will be used by councils to fund domestic waste services, consistent with the Local Government Act.

The Regulatory Framework Discussion Paper states that,

*“The regulatory framework will encourage MRF operators to share any windfall gain with the local governments that manage kerbside services, for community benefit.”*

The use of ‘encourage’ highlights the weakness of the Draft Scheme’s provision for the return of the deposit value to the community benefit via kerbside. The regulatory framework needs to ‘ensure’ that the deposit is actually returned for the benefit of the community that has paid the deposit, as opposed to becoming a ‘windfall gain’ for a commercial operator.

The Discussion Paper expresses clear concern for compensating potential losses incurred by MRF Operators as a result of the introduction of CDS and we support a cost-effective approach for capturing the value of eligible containers, as additional costs to the system would ultimately be passed on to councils.

However, while there is great concern for potential cost implications to MRFS, there fails to be an equal concern for local government and the community. If the community pays the beverage

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<sup>2</sup> NSW Public Service Commission 2015, *Service/Operational Delivery Roles*, <<https://www.psc.nsw.gov.au/employmentportal/design-management/roles/work-level-standards/work-contribution-schemes/service-operational-delivery-roles>>, viewed 16 September 2016.

<sup>3</sup> Calculated using both (unpublished) EPA behavioural research and WSROC audit modelling.

<sup>4</sup> White, S., 2001, *Independent Review of Container Deposit Legislation in NSW Final Report – Volume III*; Local Government and Shires Association of NSW 2012, *The impacts (costs/benefits) of the introduction of a container deposit/refund system (CDS) on kerbside recycling and councils*; Local Government New South Wales (LGNSW) 2015, *Understanding the potential impacts of CDS on Local Government Kerbside Collections*

deposit, without adequate refund returning to the community through the kerbside scheme, this is contrary to the refund model. The community is then required to pay for the beverage deposit in addition to the cost of kerbside recycling services.

### **Negotiations between Councils and MRF Operators**

Whilst the Scheme proposes the encouragement of MRF-council negotiations within an 18 month timeframe, our concern is the potential for MRF operators to offer less than equitable refund sharing.

Contractual agreements to receive local government kerbside recycling would allow MRF operators to renegotiate contracts if proven financial losses were sustained as a result of CDS. On the contrary, a reduction in cost to the MRF operator and potential savings for councils (as intended by the scheme) would not provide for a contract renegotiation by councils.

Currently there are only a small number of MRFs servicing all councils in the Sydney metropolitan area, with an anticipated lack of capacity available in this market by 2021<sup>5</sup>. The MRFs currently servicing all metropolitan Sydney councils are commercial operators. The lack of competition in the market due to the constrained capacity of some MRFs, limits the ability of councils to negotiate between MRF operators, in addition to there being no requirement for negotiations to be triggered within contracts by a reduction of processing costs.

Under the current drafting, with the 'right' to claim the refund intended for MRF operators, the transitional arrangements for redeeming deposits under current recycling contracts need to be examined carefully, as councils will be impacted regardless of the stage of their contracts.

It also needs to be considered that as a result of amalgamations, councils may also need to extend existing contracts beyond the usual extension period, to aid in the alignment of multiple contracts, further increasing the importance of a fair transitional period. Councils are waiting in anticipation for the final design of the Scheme to better understand its implications on contracts. With councils generally allowing 18-36 months to transition to a new contract, delays in the release of the Scheme's details will disadvantage a greater number of new council contracts.

There is concern by councils about the 'windfall benefits' of container deposits received by MRF operators prior to agreement of deposit sharing with councils. There is a concern this interim windfall received prior to negotiation will disadvantage councils negotiating future contracts with the same MRFs if this windfall becomes absorbed, creating a new standard for operating costs and inflating prices.

The inability of councils to come to equitable sharing arrangement with MRF operators is of real concern due to a significant remaining duration on some Western Sydney council contracts. Even councils nearing completion of their contracts are in a difficult position to develop new contracts to due unknown impacts of CDS, and there is much for MRFs to gain in windfall benefits and poor contract offerings in a market with limited competition.

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<sup>5</sup> WSROC 2015, *Western Sydney Regional Waste and Recycling Infrastructure Needs Assessment*.

### Current Contract Arrangements in Western Sydney

Contract expiry:	2024-2026	2020-2021	2018-2019	2017
Duration Remaining	8-10 years	4-5 years	2-3 years	1 year or less
Number of Councils	2	1	4	3
Potential Implications	<ul style="list-style-type: none"> <li>• Negotiations for sharing of financial benefit with MRF.</li> <li>• Significant impacts if negotiations with MRF are not favourable.</li> <li>• Future contracts may also be more costly if MRF absorbed windfall into operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiations for sharing of financial benefit with MRF.</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiations for sharing of financial benefit with MRF may not be completed before contract expiry.</li> <li>• Tender/contract development to include provisions for CDS – NSW EPA model collection contract has not been updated to provide guidance.</li> <li>• Unknown impact of change in materials for new contract.</li> </ul>	<ul style="list-style-type: none"> <li>• Allowance for contract extensions to await final details of Scheme.</li> <li>• Tender/contract development to include provisions for CDS – NSW EPA model collection contract has not been updated to provide guidance.</li> <li>• Unknown impact of change in materials for new contract.</li> </ul>

### Recycling Collection Contracts without a Direct MRF Processing Contract

The Draft Scheme also does not address the contract situation wherein councils do not contract directly with a MRF operator, but to the collection contractor who holds the processing contract with the MRF operator. This occurs in at least one-third of recycling contracts in Western Sydney and these councils should not be disadvantaged in claiming refund deposits.

Regardless of whether the council has a direct processing contract with the MRF, or whether it is sub-contracted, the provisions in the regulation need to be drafted to ‘ensure’ the sharing of financial benefit with councils for the benefit of the community.

### Dispute Resolution Process

The incentive for the MRF operator to reach an agreement with councils may not be significant as the Draft Scheme currently allows MRF operators to deposit containers through kerbside collections at a collection point. MRF operators are usually contractually bound to process the materials where they receive them, but if this is not the case, or if a MRF also operates a collection point, this option may be sufficiently attractive for such a MRF operator to bypass the agreement and continue to claim refunds using the collection point model.

To close this loophole in the current drafting, we strongly suggest that the regulations prohibit a MRF operator from depositing containers collected through kerbside collections at a collection point.

Despite whether a council has a direct processing contract with the MRF operator, or only with the collection contractor, the regulations should require the MRF operator to enter into a payment

sharing arrangement with council on terms satisfactory to both parties in order for the MRF operator to continue to be eligible to claim payments under the scheme after the first 18 months.

As the MRF operator is eligible for payments from Day One of the Scheme, the agreement for sharing of the deposits should be applied retrospectively, and regardless of whether the time taken to reach agreement extends beyond the contract expiry date. This provides an incentive for both parties to enter and undergo the process until an agreement is reached, preventing drawing out of negotiations, and gives councils better footing for obtaining a fair share of the deposits in future contracts using the same MRF.

Should an agreement not be reached, we propose the Draft Bill or regulations ensure that the Scheme Coordinator not only withhold all payments for those containers, but that the containers in question cannot be deposited at a collection point.

The role of the NSW EPA in assisting councils and MRF operators reach an agreement, should be made clearer. Should a satisfactory arrangement not be reached within the allowed period of time, there needs to be a formal dispute resolution process where some form of body (such as the NSW EPA), individual (such as the Minister) or an independent arbiter may determine how payments are to be shared between the MRF operator and the council. Alternatively, the dispute resolution clause under an existing contract with council should be triggered.

### **Alternate Waste Treatment (AWT) Facilities**

The Draft Bill defines a 'material recovery facility operator' as a person who has entered into an agreement with a local council to provide services involving the processing for reuse or recycling of:

- (a) domestic waste designated for recycling and collected by that or any other person during the course of domestic waste management services, or*
- (b) any other kind of waste prescribed by the regulations.*

By this definition, WSROC believes that containers within residual municipal waste sent to an AWT are designated for recycling, as per the ability of an AWT to recover remaining recyclables from the kerbside stream. We note that the EPA indicated<sup>6</sup> that it was unlikely an AWT could qualify for payments as a MRF. However, we urge that the Final Bill or regulations includes AWT facilities within the definition of MRF operator to enable sharing of potential payments with councils.

Modelling of the AWT portion of waste in the Western Sydney region suggests that there is over \$3.9 million in deposit refunds (conservatively) that can be potentially redeemed and shared with councils through this stream. While we recognise that many AWT operators are not currently separating plastic beverage containers for recovery in this process, the deposit value added to these materials is highly likely to influence this process and should not be excluded. This would be a positive inclusion in the container deposit schemes' resource recovery rates and prevent double handling of containers should refunds for these containers only be available through collection points.

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<sup>6</sup> NSW EPA Public Forum, Sydney, 12 September.

## Calculation of Refund

We support the development of a standardised methodology to assist MRF operators in calculating refunds in bulk amounts. This could be a conversion into refund entitlement based on the NSW EPA audit methodology being proposed, which should be transparent and provided to respective councils.

We understand that the intent of the simplified calculation methodology is to minimise costs to the kerbside system. However, should this result in an increase in costs to contracting councils directly attributable to CDS, these costs should be passed on to the Scheme Coordinator in the form of a handling fee instead of being an additional cost to rate payers. In this case, it could be further argued that as the additional costs of CDS to the MRF are covered by handling fees, the consumers should receive the full refund value (as per the bulk calculation methodology) via council.

Despite the complexities associated with the inclusion of kerbside containers, allowing community participation in CDS via kerbside is extremely valuable in reducing participation barriers and is vital to upholding the objectives of Extended Producer Responsibility (EPR) by internalising the cost of recycling within the product price.

## Community Participation

As a user-pays system, consumers bear the largest cost for CDS<sup>7</sup> and refunds should flow back to consumers based on the underlying principles of a Refund CDS. Although the beverage industry will incur costs, much of this will be offset by how much they can pass on to consumers.

The cost of the Scheme to consumers is known to be:

- An increase in retail prices
- The opportunity cost of the deposit
- Transport costs incurred to bring the container to a collection point to redeem the deposit

Financial savings to councils as a result of reduced litter, bulk kerbside redemptions, and redemptions on eligible containers from other streams, would result in genuine savings to its rate payers.

Litter management is undertaken at much additional cost to council, with 88%<sup>8</sup> of councils funding these activities through general rates. Western Sydney councils currently spend over \$14 million (\$27.02 per household, \$9.06 per capita) each year managing the cost of litter<sup>9</sup>. This figure excludes the infrastructure, collection and disposal/processing costs of avoided litter that is correctly placed in public place bins.

From a community benefit and litter reduction perspective, we urge the EPA to ensure that the regulations and Scheme Coordinator Agreement be drafted such that MRF operators can claim payments for domestic and non-domestic sources of waste collected by councils, which could then be shared with councils via equitable arrangements. Inclusion of non-domestic sources of waste (for

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<sup>7</sup> *Ibid*<sup>3</sup> White, 2001.

<sup>8</sup> *Ibid*<sup>3</sup> LGNSW, 2015.

<sup>9</sup> WSROC Litter and Illegal Dumping Baseline, June 2016

example, waste collected from public places, events, and litter clean-up activities) would be consistent with EPR principles, particularly important in this case as visitors from outside the local government area contribute to this waste and litter stream. For example, the Blue Mountains, an environmentally-sensitive, world-heritage site in our region, attracts over 3.7 million<sup>10</sup> visitors each year and refunds can help shift the burden away from local rate payers to the consumer.

Containers recovered in these streams can also be counted towards the Scheme Coordinator's resource recovery targets.

### **Council and Community Collection Points**

The NSW EPA<sup>11</sup> acknowledged that retailers have not been mandated to provide collection points as this would create opportunities for councils, community groups and charities to set up and run collection points. Whilst not in the Discussion Paper, we understand that certain planning requirements would need to be met in order to establish these collection points.

It is important that the NSW Government provide adequate support (guidelines, templates, and simpler planning approvals) to assist these non-commercial enterprises entering the system as a collection point operator.

Furthermore, the obligations on collection point operators must be reasonable for the size of the operation. We need to ensure the requirements for opening hours are not prohibitive to the operation of sites by councils and the community – it needs to be recognised that many community groups will rely on volunteer staff and there is the potential for significant staffing costs for council-run facilities depending on the mandated operational requirements. Non-flexible operational requirements have been a significant limitation in the establishment of Community Recycling Centres (CRCs) by councils in Western Sydney.

### **Coverage of Collection Locations**

We support the current drafting of the Scheme with coverage targets for collection points to be met by the Scheme Coordinators and network operators, in addition to the allowance for kerbside participation.

We commend the NSW Government for not requiring councils to provide collection points due to the difficulties in locating suitable sites for waste infrastructure on local government land. The establishment of a network of Community Recycling Centres (CRCs) resulted in only four council-owned sites deemed suitable across formerly ten council areas spanning an area greater than 5000 square kilometres, many of which cannot facilitate the addition of a CDS collection point.

Research<sup>12</sup> suggests that to match the number of depots per capita in SA, NSW would require over 600 collection locations. The metropolitan Sydney area would require 167 depots to match SA per capita and 217 depots to match SA per 1000 km<sup>2</sup>.

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<sup>10</sup> Tourism Research Australia 2016, *International Visitor Survey Results*, <<https://www.tra.gov.au/research/latest-ivs-report.html>>, viewed 21 September 2016.

<sup>11</sup> NSW EPA Public Forum, 12 September 2016

<sup>12</sup> NSW EPA Social Research presented to Local Government and Community Working Group, July 2016

This social research also indicated that metropolitan residents would only be willing to travel a maximum of 15 km to access a collection point, with the preference for within 5km of their normal trips. These findings are consistent with the current coverage in SA and the 'Citizens' Forum Report' suggestion that, "provision for urban collection depots to be within a five km distance of all residents"<sup>13</sup>.

It should be that the network of collection points (as opposed to each individual collection point), in a given region, should ensure that coverage provides refund points, both within and outside of standard business operating hours, to enable equitable opportunity for community participation. There needs to be substantially greater coverage in Western Sydney than what was achieved by the Community Recycling Centres and the National Television and Computer Recycling Scheme (NCRS), the latter of which was also subject to access targets and provisions.

### **Community Education**

CDS creates meaningful opportunities for community education and behaviour change as its appeal extends to consumers with a wider range of motivations than environmental ones.

The importance of community education in the success of the Scheme should not be underestimated. For maximum impact, the key education messages related to the Scheme should be consistent and informed by the NSW EPA, due to their experience in developing community behaviour change education programs in waste and resource recovery. The timing of public awareness campaigns is also critical and we urge caution in widespread promotion of the Scheme, and generating significant media hype, until adequate infrastructure is in place to enable community participation.

There are intricacies within the scheme (such as scope of containers, time delay period, and eligibility of refund among others) which will need to be carefully communicated to avoid public confusion or an aversion to participating. There is a risk that if the community is prevented from participating due to these factors, they will disengage from the Scheme.

Community education also needs to address the needs of disadvantaged groups (typically those with low income or unemployed, low educational attainment, and inability to speak English<sup>14</sup>) to enable them to participate – particularly as some of these groups will be greater impacted by the increase in retail costs.

Local government has a vested interest in the integrity of the Scheme and corresponding community education and awareness programs, as councils and state government would otherwise suffer from negative public perception. Our experience as councils is that despite assurances of state-wide education by the Scheme Coordinator, other state or national waste or recycling schemes have seen councils needing to provide information in response to community demand. The community will naturally turn to councils to provide information and support residents in transitioning to a new Scheme. This should be acknowledged and financial support should be provided to fund complementary council education programs for CDS.

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<sup>13</sup> White, S. (2001), Citizens' Forum Report, Page 3, *Independent Review of Container Deposit Legislation in NSW, Final Report – Volume III: Appendix G*.

<sup>14</sup> Australian Bureau of Statistics (2000c), *Social Trends, 2000*, Report#4102.0, AGPS: Canberra

### **Resource Recovery Targets**

There are other elements that will influence the success of the Scheme and there needs to be provision for the measurement and evaluation of each of these items, such as (but not limited to): litter reduction, community engagement and participation, and activation of community groups and charities.

The build-up period to full coverage/access should not take too long (that is, more than 18 months) to promote equitable access and consistency across the state. Resource recovery targets should be reasonable (to justify the penalties), but ambitious (to maximise results) and reviewed annually. The failures of the NTCRS in: meeting the targets too early; lacking incentive to increase recovery; and resulting in suspended services in communities, need to be learned from and avoided.

### **Clean-Up Activities**

As a litter reduction initiative, CDS should encourage the pick-up of litter, as clean-up (unlike litter prevention activities) is the only means of removing existing litter from the environment. The Scheme should include a time delay period for payment of refunds

A time delay period, where the rules relating to payment of deposits based on the refund mark and container condition are relaxed, would support the Scheme's litter reduction objectives.

The inclusion of a time delay period at the commencement of the Scheme would incentivise clean-up activities and promote early engagement of the community. The duration of the time delay period needs to be considered carefully to provide enough time for the activation of community groups to collect litter.

There is a risk that community clean-up activities would only result in the collection of valuable beverage container litter. It could be considered that the Scheme fund an incentive that could be in the form of other token financial or non-financial incentives to communities, to encourage ongoing clean-up activities for all litter types and not just in-scope containers.

This would prevent the adverse outcome of selective litter collection if payment of litter collection activities was based solely on collected container numbers. This would also help to address the issue of refunds not being paid for eligible containers that became highly contaminated in the littered environment.

The time delay period should also be used to understand the types of groups activated in clean-up activities. Following this, the NSW EPA could develop a list of approved clean-up activities and community groups that would qualify for an incentive to clean up litter beyond the time delay period.

## Conclusion

WSROC commends the NSW Government for its commitment to introduction of a Refund CDS, consistent with the principles of EPR and with the overarching intent to benefit the community.

Whilst we recognise that there are many complex design elements that need to be considered, we cannot stress enough the importance of having the right arrangements in place for the kerbside component of the Scheme. Councils have a vested interest in minimising the costs on the kerbside system, as these costs are inevitably passed on to residents.

However, in the Sydney metropolitan region, it is of concern that councils have such little leverage in negotiating equitable outcomes with MRF operators. Weak arrangements for the sharing of the financial benefit from kerbside to councils would result in immediate and long term cost implications to councils and by extension, their communities.

The current drafting is also unclear as to whether eligible containers from an AWT would qualify for the deposit, but we believe the final CDS legislation should make clear the inclusion of AWTs in its definition of MRF, allowing councils to partake in the financial benefit from this stream and increase resource recovery in this process.

The ensuing legislation and Regulatory Framework need to be stringent in ensuring kerbside deposits from MRFs and AWTs are equitably given back to councils, so that it may be passed on to their communities. Should an agreement with council not be reached, we propose a Dispute Resolution Process is initiated.

As a user-pays system, consumers are also held accountable for their waste disposal behaviour, and allowing councils to share in the deposits on containers captured via council's public place waste and litter streams, can help to offset some of the \$14 million spent by Western Sydney rate payers for litter management.

As consumers begin to pay the retail margins associated with CDS, enabling high participation rates is vital to the success of the Scheme. Community education will need to consistent with availability of refund opportunities, and articulate messaging to enable whole of community participation.

Measurement and evaluation of the Scheme's various components needs to be integrated, and the litter clean-up activities should be encouraged and incentivised within the Scheme, to achieve the primary objective of litter reduction.