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**NATIONAL OFFICE**  
Suite 3A, Level 3, 5 Belmore Street  
BURWOOD NSW 2134  
02 8746 5000  
enquiries@wmaa.asn.au  
www.wmaa.asn.au  
ABN 78 071 897 848

Container Deposit Implementation Team  
NSW EPA  
PO Box A290  
Sydney South NSW 1232

container.deposit@epa.nsw.gov.au

### **NSW Container Deposit Scheme (CDS) : Discussion Paper**

Thank you for providing the opportunity to WMAA to comment on the **NSW Container Deposit Scheme : Discussion Paper**.

The Waste Management Association of Australia (WMAA) is the peak body for all stakeholders in the waste and resource recovery industry, representing over 2000 members across the Australian waste and resource recovery sector, including large business, SMEs, service providers, local and state governments, and individuals.

The waste and resource recovery industry is an essential part of the management of waste and recovering resources in this state and, as such, has a significant interest in the development of a CDS in New South Wales.

While WMAA acknowledges that there is strong community support for the introduction of a CDS, and that this represents an election commitment on the part of the Baird Government, it should be noted that our industry has invested heavily in the well established kerbside collection system, which returns high recovery rates. We believe it is important to ensure the continued operation of kerbside is not adversely affected by the introduction of a CDS.

Comments on each of the five Design Elements are addressed in turn, overleaf.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Tolar', is written over a large, stylized blue scribble that resembles a signature or a large mark.

Martin Tolar  
Chief Executive Officer

**WMAA is the peak body for the waste and resource recovery industry**

## Comments on the NSW Container Deposit Scheme (CDS): Discussion Paper

### General comment

Consideration of several design elements within the Discussion Paper would be better informed through an associated cost - benefit analysis, which we understand is in preparation; **it is recommended this additional information is released as a matter of priority, in order to enable a full consideration of the proposed CDS**

- as an example, the transition time (*proposed in the Discussion Paper at 12 months, with a start date of 1st July 2017*) for any scheme introduced should reflect an appropriate lead time to address any adverse financial impacts on stakeholders, as a result of introducing a CDS

### 1. Incentives

A financial reward for recycling litter provides an effective motivator for behavioural change, and this is supported in the available literature and surveys reported in the paper.

In terms of other financial incentives (eg. vouchers, charitable donations), offering a variety of incentives such as these will add to the complexity (and therefore the cost) of any CDS.

In the event of an introduction of a CDS, national uniformity is supported through consistency with the existing financial incentives offered in South Australia and the Northern Territory (10 cents); matching the incentive level in other schemes reduces the risk of cross border arbitrage between states that operate a CDS; further, any higher level of incentive may act to encourage an adverse impact on kerbside materials.

### 2. Interaction with kerbside

Noting the primary objective of the Government in introducing a CDS in NSW is to reduce drink container litter to help achieve the NSW Government's litter reduction target, the Discussion Paper reiterates the government's criteria that the CDS should *complement, rather than compete with, existing kerbside services*, however the paper acknowledges that *'a certain amount of diversion is inevitable'* and that *'it's difficult to estimate the scale of the potential diversion'*.

The impact of the CDS on kerbside will depend on a number of factors including the strength of the incentive, the scope of containers in the CDS, and the convenience of the system for participants.

As stated, there has been a significant investment in kerbside collection and recycling infrastructure by the waste industry since the 1990s; the kerbside system is part of the community fabric in a majority of NSW local Councils, returning high recovery rates including high drink container recovery rates.

- containers in the kerbside system are not litter, and are being recycled.

**The impact of a CDS on kerbside, that is, an adverse impact or an unintended consequence, remains an area to further consider, and in greater detail than the CDS Discussion Paper affords.**

Introduction of any CDS would have to take into account current collections contracts and processing of materials, with respect to kerbside recyclable collection activities. Any CDS would need to manage the transition period while current contracts are allowed to run their full term.

Where any CDS creates an adverse impact or an unintended adverse effect on the existing kerbside system - for example, changes to collection frequency, transport costs, changes in throughput - there is a need to ensure potential cost impacts on contracts (both collection and processing) are identified, and cost impact concerns of the waste industry stakeholders involved in the kerbside system are addressed.

- **this important issue is not adequately addressed in the Discussion Paper, and further analysis is required, in order to consider fully the introduction of any CDS** (*see introductory comment re: CBA*)

### **3. Scope of containers**

The primary goal of the scheme is litter reduction; the scheme intends to target those containers that are consumed away from home and end up in the litter stream.

Consistent with the data referenced in the Discussion Paper, the proposed scope of 150ml to 1L containers will *'target the majority of containers consumed and discarded in away-from-home public places'*.

While further alignment with existing schemes could be considered *at some point*, it is important to return to the core understanding that kerbside recycling system is working well and should not have to compete with any CDS

- larger containers could impact kerbside more than small containers, and would also add to collection infrastructure costs.

### **4. Collection infrastructure**

Consistent with the primary objective in the Discussion Paper, infrastructure siting should capture containers used away from home; an important factor is that any location should not act to encourage the diversion of drink containers out of the existing kerbside recycling system.

The Discussion Paper acknowledges that a Return to Retail option would make returning containers consumed in the home easy and convenient, which is likely to result in higher diversion of containers from the kerbside recycling system into any CDS. As such, a return to depot option would provide better assurance against the diversion of kerbside into the CDS.

As a set of general principles around collection infrastructure:

- any CDS should ensure cost effective collection infrastructure is available throughout NSW, with the infrastructure type (RVM or collection depots/drop offs) being selected as most appropriate to the population size/metro vs regional location
- the location of infrastructure should ensure it easy for participants to redeem, and act as a motivator to prevent littering
- where possible, and without disrupting existing systems (eg kerbside), existing infrastructure should be utilised

It is noted that the infrastructure representation in Adelaide in the Discussion Paper, with a series of outlying collection depots, must be viewed through the reality of the higher population density and traffic volumes in Sydney and the Greater Sydney area.

## 5. Governance and the role of government

WMAA does not have a recommendation for the type of governance organisation to manage any CDS; however, WMAA views the principles around the determination of a governance arrangement for any CDS are:

- a need for transparency and accountability, the handling of monies and unclaimed deposits, for example, and in measuring whether any CDS is delivering on its key objectives; and
- avoiding complexity
  - on the surface, a single governing entity, as opposed to multiple entities, suggests greater efficiencies could be obtained in :
    - operating costs, which act against the efficiency of any scheme
    - performance monitoring and reporting, coming from one organisation
    - consistency of information, education campaigns, and promotional activities coming from one organisation (*one script, not multiple scripts*)

Where an existing body can be utilised, and which meets the principles above, this option should be considered.

Irrespective of the governance structure to manage any CDS, the state government should be required to ensure the scheme is equitable (and this takes in equitable *access* to necessary infrastructure to support the objectives of any CDS), the scheme is fully accountable, it is run properly, and which includes fraud prevention and control measures (for example, preventing free riders and controlling cross-border flow of containers that have not had a deposit collected on them); the role of government in community education to support any CDS is also raised.

*(A number of logistical issues regarding RVMs and ultimate location would require further consideration, including footprint/capacity, access to power, internal or external (wet weather) siting, security/vandalism, maintenance, and of course the need for community education).*

### CDS and alternate model

Discussion of Option 1 (CDS Refund model) and the design elements therein is covered in the preceding text in this Submission.

#### Option 2 Thirst for Good model

As a general comment, detail is limited to the Discussion Paper and a number of areas require further examination:

- how is the annual funding for the suite of programs proposed determined
- would this option provide a disincentive to litterers (c.f. the financial motivator in a CDS)
- could the activities/objectives proposed come out of a funded CDS, as a flow on program
- would this option impose additional costs on Councils (eg. maintenance of additional bins)

Again, further discussion on this and the CDS Refund option would be better informed through a Cost Benefit Analysis.

*(It is acknowledged that logistical issues such as bin type design and the location of RVMs under this option, are issues that would be subsequently determined if this option were to proceed).*