



MACROC Submission on the NSW Container Deposit Scheme: Regulatory Framework Discussion Paper

Thank you for the opportunity to comment on the NSW Container Deposit Scheme: Regulatory Framework Discussion Paper prepared by the NSW Environment Protection Authority.

MACROC is the regional organisation of councils for the Macarthur area of South West Sydney. Formed in 1985, it represents the local government areas of Camden, Campbelltown and Wollondilly. MACROC's role is to identify issues of regional importance and advocate for positive regional outcomes. Regional issues for the Macarthur region include transport infrastructure planning, managing population growth, employment generation, economic development and land use planning.

South West Sydney is the area targeted by the NSW Government to accommodate the major proportion of Sydney's future metropolitan population increase and the challenge for our local government areas will be to achieve sustainable growth while at the same time protecting the environment for future generations.

With population expansion comes increased waste generation and our Councils appreciate the need for a regional and collaborative approach to strategically plan a co-ordinated response to this important issue.

Among the most successful regional initiatives towards meeting this challenge is the Councils' highly successful joint tender/contract project for the establishment and operation of an advanced processing facility for domestic waste. The project resulted in the construction and operation of a \$50 million facility to service the current 15-year contract. The current contract expires in 2024.

MACROC, on behalf of its Member Councils, participated in the CDS Local Government Advisory Group and, together with other representatives from Local Government, raised a number of areas of concern particularly with regards the importance of the scheme being designed to complement rather than compete with the very successful kerbside collection that currently operates in NSW.

The NSW Container Deposit Scheme: Regulatory Framework Discussion Paper is designed to provide information on the regulatory framework that will underpin the scheme. The draft Waste Avoidance and Resource Recovery Amendment (Container Deposit Scheme) Bill 2016 will form the cornerstone of the regulatory framework.

In our submission MACROC would like to focus on **Section 6. Interaction with kerbside collection services.**

The Bill proposes a method for redeeming containers without removing them from the waste stream with refunds going to the final owner of the containers.

6.5 refers to an agreed auditing methodology to estimate the number of containers coming through each material stream. We would suggest that there needs to be more detail provided on exactly what this methodology is, details of who pays for audits and how often audits are conducted.

One area of concern is around the distribution of refund value.

6.13 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’. It is suggested that rather than ‘encouraging’ the regulation should mandate that windfall gain must be shared with Local Government.

6.14 discusses the options local government has to negotiate with material recovery facilities around this issue either because contracts are up for renewal or because contracts have already allowed for the introduction of DCS. It talks about competition between recycling facilities ensuring some of the value of containers is returned to councils however MACROC feels that in the Sydney Metropolitan area there are not enough companies in this area to ensure any real competition.

6.15 is particularly relevant to the MACROC Councils. It refers to Councils that are locked into long term contracts. The Discussion Paper talks about the regulations including provisions for an incentive for the MRF operator and the Council to ‘negotiate an equitable sharing arrangement’. It proposes a period, for example 18 months, in which the MRF operator and Council either establish a new contract or come to an arrangement that satisfies both parties. During this time the MRF operator will not be able to claim a refund. There is however no mention of what happens to the refund monies during this period. One option is that they are put in a holding fund until an agreement has been reached. And if no agreement is reached

what happens to the materials and the refund? It should also be acknowledged that Councils in NSW vary in terms of their resources and capacity and because of this some may not be able to negotiate a favourable outcome with service operators. It is suggested that an equitable sharing arrangement model be included in the regulations and that the EPA act as overseer.

MACROC believes that further work needs to be undertaken to drill down further to the operational level to ensure the best outcome for the scheme. There are still a number of questions about the operation of CDS that are not addressed in this paper.

MACROC supports the Government's aim to reduce the volume of litter in NSW by 40% by 2020. However implementation of the container deposit scheme needs to continue to be mindful of potential financial cost to Local Government. Therefore MACROC believes that more research needs to be undertaken to ensure that Local Governments that are locked into existing contracts well into the implementation of CDS are not disadvantaged financially.

MACROC encourages further consultation with Local Government throughout the implementation of CDS in NSW. Effective consultation will help ensure the CDS meets the needs of Local Government, State Government and the community.

This regional submission should be read in conjunction with any submissions made by our Member Councils.

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