

Container Deposit Scheme

Information for Local Government



March 2019

1.0 INTRODUCTION

The State Government has committed to implementing a Western Australian Container Deposit Scheme (CDS) by early 2020. The State Government has established the CDS Advisory Group and specific Working Groups to assist in the development of the Scheme. To facilitate Local Government input into the Scheme, WALGA has established a Container Deposit Scheme Policy Forum. The membership of the Policy Forum includes Local Government Officers and Elected Members from across the State.

WALGA is committed to providing Local Government Officers and Elected Members with information on the Scheme as it becomes available. This document provides an overview of the:

- Legislative framework
- Anticipated implementation timeframes
- Contractual relationships
- Local Government considerations.

2.0 LEGISLATIVE FRAMEWORK

The Scheme has been established through amendments to the *Waste Avoidance and Resource Recovery Amendment Act 2007*. The main objects of the CDS are to reduce litter, maximise recovery and recycling rates of beverage containers, complement existing recovery and recycling efforts, and incorporate the cost of collecting and recycling beverage containers into the cost of production. The Scheme will also provide opportunities for social enterprise, employment and benefits to community organisations.

The Act outlines how beverage containers will be approved for supply, the functions and powers of the administrator (Department of Water and Environmental Regulation (DWER)), the appointment and functions of the Scheme Coordinator, offences, enforcement powers and penalties, rights of review to the State Administrative Tribunal and new head powers that enable the Scheme to be prescribed in Regulations.

The Regulations that will underpin the Scheme are currently being drafted. The Regulations will provide for a refund amount of 10 cents on eligible containers and outline how refund payments are to be made. Eligible containers will include the majority of beverage containers between 150ml and 3L in volume (aluminium cans, plastic and glass bottles and flavoured milk cartons). Some containers are excluded from the Scheme. The full list of exclusions is available from DWER's [website](#).

These containers have been excluded to maintain a degree of consistency with the other States and Territories which have implemented Schemes. WALGA will continue to advocate for the inclusion of wine and spirit bottles in the WA Scheme. The Regulations will also outline a range of matters including minimum standards for the collection network and performance measures for the Scheme and Scheme Coordinator.

3.0 ANTICIPATED IMPLEMENTATION TIMEFRAMES

To ensure that the Scheme commences in early 2020, a number of activities need to be undertaken. Figure 1 outlines key milestones that are of relevance to Local Government. Those Local Governments considering the viability of operating a refund point need to begin considering how they will respond to the tender process for the collection network. The term *collection network* includes refund points, logistics (transport of materials), processing (sorting & bailing), verification and auditing the number of containers collected.

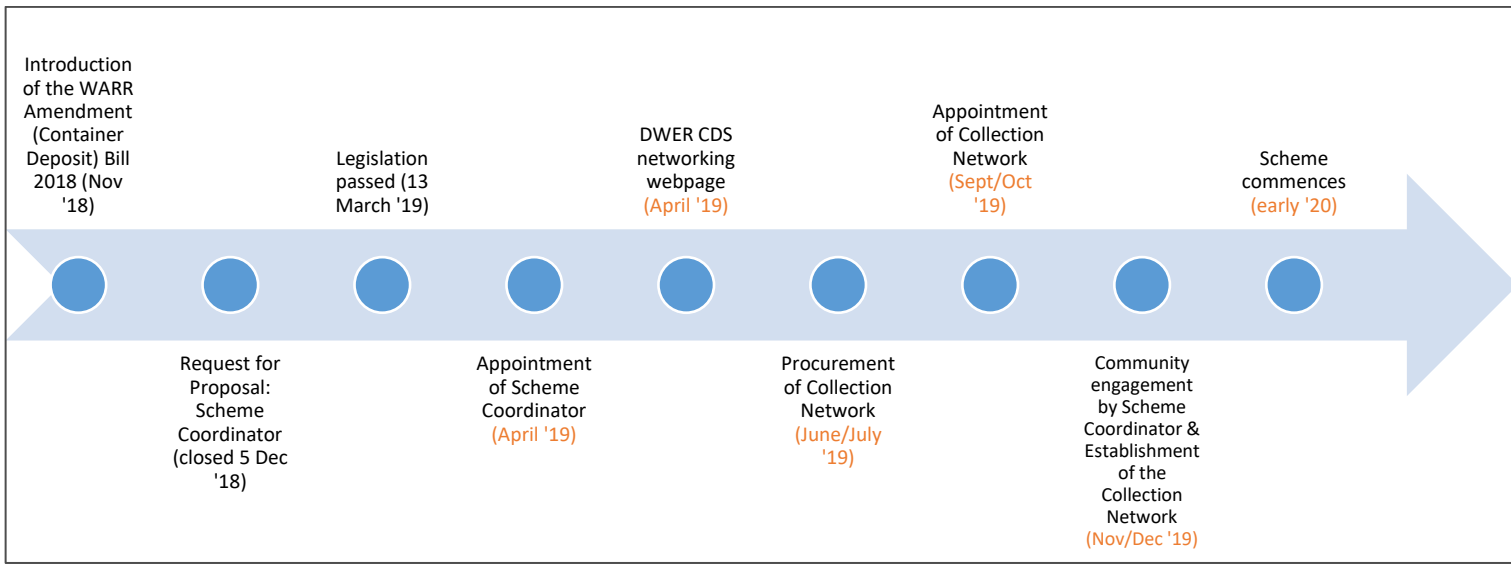


Figure 1: Anticipated implementation timeframes (as of March 2019).

3.0 CONTRACTUAL RELATIONSHIPS

A key component of the Scheme, involves the appointment of a not-for-profit Scheme Coordinator by the State Government. The Scheme Coordinator will be formally appointed once the Regulations are in place.

The Scheme Coordinator is tasked with establishing a collection network through contracts with refund point operators, transporters and processors on a for-profit basis. These contracts will allow refund point operators to claim refunds from eligible containers, in addition to a handling fee for any costs incurred. The Scheme Coordinator will also enter into material recovery agreements with Material Recovery Facility (MRF) operators that allows refunds to be claimed on eligible material processed through this system. The Scheme Coordinator will be responsible for ensuring that containers where a refund has been claimed or paid are recycled or reused and are not disposed of to landfill.

For a MRF operator to receive a refund on eligible containers placed in the kerbside recycling bin, the MRF operator will need to enter into an agreement with the Local Government that the material originated from as to how benefits from the Scheme will be shared. The Regulations will outline the period in which an agreement must be reached, the consequences of failing to reach an agreement and how payments are to be shared in the absence of any agreement.

In other jurisdictions there have been challenges in reaching an agreement on how the benefits from the Scheme should be shared between Local Governments and MRF operators. The negotiations have been complicated by the impact of China's National Sword Program on traditional end markets for recyclables. Figure 2 shows how funds and eligible containers will flow through the Scheme.

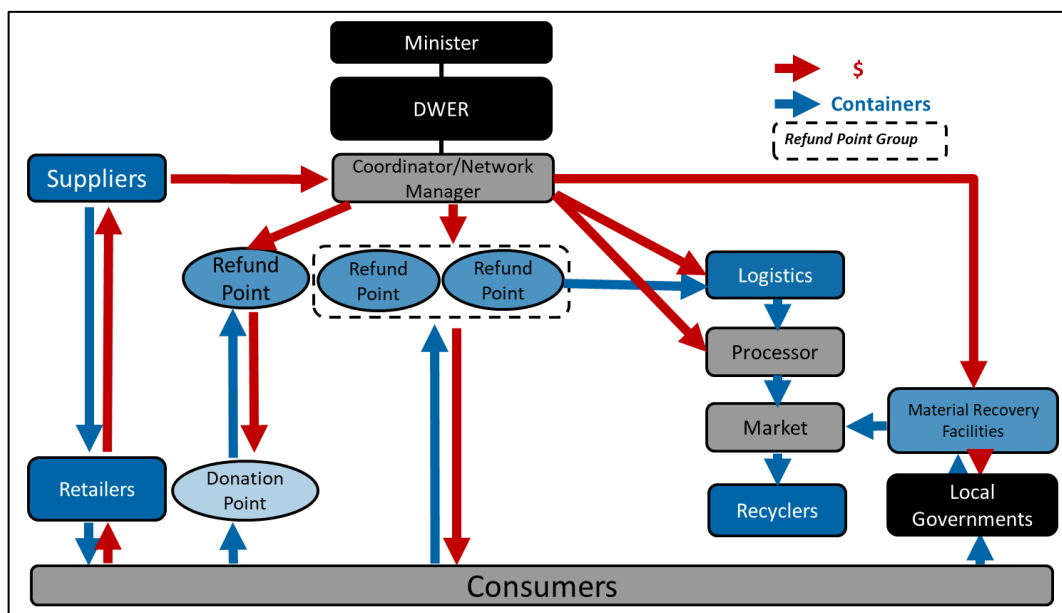


Figure 2: Provisional Container Deposit Scheme model (DWER 2018).

4.1 Interaction with the Planning system

There have been a number of issues relating to how Schemes in both New South Wales and Queensland interact with the Planning system. The WA Department of Planning, Lands and Heritage has developed a Local Planning Policy for Local Government. It is anticipated the final Policy will be available from the Department's website in April 2019, providing a pathway through the planning system for donation points and Reverse Vending Machines. Local Governments are strongly encouraged to review the finalised Policy and consider its adoption.

4.2 Material Recovery Facility Agreements

As discussed in Section 3, the Scheme Coordinator will enter into material recovery agreements with MRF operators that allows refunds to be claimed on eligible material processed through this system. MRF operators must subsequently enter into an agreement with the Local Government that the material originated from as to how benefits from the Scheme will be shared. In other jurisdictions there have been challenges in reaching an agreement on how the benefits from the Scheme should be shared between Local Governments and MRF operators. The negotiations have been complicated by the impact of China's National Sword Program on traditional end markets for recyclables.

Through the CDS Policy Forum, WALGA has developed a [Discussion Paper](#) on sharing the benefits of the Scheme. This document has been workshopped with Local Government and has now been endorsed by the Municipal Waste Advisory Council.

4.3 Community Engagement

The contract between the State Government and the Scheme Coordinator will specify that the Scheme Coordinator is to promote the CDS through a public education and awareness campaign. The campaign is to include information on the CDS, how Scheme objectives will be achieved and the location of refund points. Delivery of the campaign is likely to commence mid-2019.

Local Governments can refer public enquiries on the Scheme to the Scheme Coordinator, or the Department of Water and Environmental Regulation where the Scheme Coordinator's response is not satisfactory.

4.4 Operation of refund points

As discussed in Section 3, the Scheme Coordinator will run an open procurement process to establish the collection network. Amongst many things, this process will result in the appointment of contracts to operate refund points. There is a possibility that refund points will be operated by a range of parties, such as charities, community groups, or a Local Government (where appropriate). Local Governments that are interested in operating a refund point, must submit a bid during the procurement process.

Considerations for Local Governments that choose to submit a bid to operate a refund point, include:

- Potential number of eligible containers generated in the community (the Beverage Industry estimates that an average of 2 containers are generated per person per day)
- Existing services which could also provide a refund point (for example, staffed landfill, transfer station, reuse shop or community centre)
- Costs associated with establishing refund point infrastructure
- Developing a Risk Plan for the proposed refund point (contact your LGIS Account Manager to arrange an assessment of the Risk Plan, to ensure the proposed location is suitable for use).

The contract between the State Government and the Scheme Coordinator will specify that a dispute resolution framework must be developed by the Scheme Coordinator that encompasses minor and major dispute resolution between the respondent and other network participants such as beverage suppliers, network point operators, MRF operators and the public.

In the event that a refund point is having an adverse impact on amenity, there is an option to raise this issue directly with the Scheme Coordinator through their complaint process. Alternatively, there is a possibility that adverse impacts could be addressed through the Planning system.

Any concerns related to the Scheme Coordinator's delivery of the reasonable access requirements specified in the Regulations and the finalised DWER Customer Service Standards should be referred in the first instance to the Scheme Coordinator, or the Department of Water and Environmental Regulation where the Scheme Coordinator's response is not satisfactory. The term *reasonable access* covers a wide range of metrics, including the location of refund points, the level of service provided (opening hours / days), and the type of service provided (full time or flexible). This term also relates to a number of other matters outlined in the Draft DWER Customer Service Standards, such as distance travelled to a refund point.

4.5 Waste Local Law

There have been instances in other jurisdictions where members of the public have removed eligible containers from other households recycling bins. In these jurisdictions it has been suggested that the legal situation is unclear. However, in Western Australia, there is a clear legal environment for Local Government, provided the Local Government has the [WALGA Template Waste Local Law](#) in place.

Further information on the Container Deposit Scheme is available from DWER's [website](#).

For more information on WALGA's advocacy on the Container Deposit Scheme, please contact Rebecca Brown, Manager Waste and Recycling on (08) 9213 2063 or email rbrown@walga.asn.au.