



Submission on Petition No 116 – Container Deposit Scheme

Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). The Municipal Waste Advisory Council is a standing committee of the WA Local Government Association, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management). The Regional Councils members of MWAC include the Eastern Metropolitan Regional Council, Mandarie Regional Council, Southern Metropolitan Regional Council, Rivers Regional Council, Western Metropolitan Regional Council, City of Greater Geraldton and Bunbury-Harvey Regional Council. This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate. This Submission therefore represents the consolidated view of Western Australia Local Government. However, individual Local Governments and Regional Councils may have views that differ from the positions taken here.

Introduction

The Association welcomes the opportunity to provide comment on the three key questions raised in the correspondence on Petition No 116 – Container Deposit Scheme:

- Do you believe such a Scheme would benefit your members?
- Is there a particular model that WALGA would endorse, or certain elements of a container deposit scheme that your organisation would favour?
- Any other comments you wish to make regarding the issue?

The principle of Extended Producer Responsibility (EPR), of which Container Deposit Schemes are a type, has been previously endorsed by Local Government as a tool for achieving Sustainability Principles. Local Government sees the key outcomes of EPR as:

- Clear, sensible and effective designations of responsibility for the management of lifecycle impacts of products;
- Improved valuation, pricing and incentive mechanisms;
- Greater investment in infrastructure and research and development and continuous improvement; and
- Greater transparency and accountability.

The Association developed a Policy Statement on Container Deposit Systems in 2006, which was reviewed in 2008 (the Policy Statement is included as Appendix 1). This Submission references the Policy Statement and previous comments made by the Association in response to the Stakeholder Advisory Group Report on Best Practice Container Deposit Systems for WA (2007).

Benefits to Local Government

Local Government in WA has been consistent in its support for a CDS and sees clear potential benefits from the implementation of a best practice system in WA. At the recent WALGA Annual General Meeting, Local Governments again voted to support the immediate introduction of a Container Deposit System in WA.

A range of potential outcomes from a CDS have been identified, including:

- Improving resource recovery;
- Achieving more appropriate sharing of waste management costs;
- Reducing litter; and
- Increasing community awareness and involvement in waste management.

Particular Model of CDS

The WALGA Policy Statement (Appendix 1) identifies a range of considerations for the design of a CDS, these include:

- Reflect community priorities for inclusion;
- Set clear objectives and targets;
- Reflect appropriate priorities (such as the impacts of environmental impacts of the container);
- Establish an outcomes based systems (with clearly assigned roles and responsibilities);
- Differentiate between redeemable deposits and handling and resource recovery fees;
- Can be implemented in a timely fashion;
- Support claims with reference to credible evidence; and
- Apportion costs appropriately.

The Association made comment on the Stakeholder Advisory Group Report on a Best Practice Container Deposit System for WA, the recommendations from this Submission are included, as they outline some of the elements which MWAC considered important in development of a CDS for WA:

- MWAC Recommendation 1: Local Governments, or a contractor delegated to operate a collection service on behalf of a Local Government, must be eligible to receive the deposit for any containers collected by them through the kerbside recycling system.
A considerable volume of recyclate is likely to be lost from the existing kerbside recycling system. As such, the recyclate value available to off-set the cost of collection will be correspondingly reduced. Enabling the kerbside collectors to redeem the deposit for the containers they collect is necessary to balance out the lost recyclate value.
- MWAC Recommendation 2: The deposit must be set at an appropriate level so that the value of the deposits collected through kerbside allows the system to remain financially viable. That is, the deposits collected must have a value as high as or higher than the recyclate value lost from the system. If the deposit value is too low, this threshold value may not be reached. Similarly though, if the deposit value is too high, the containers collected through kerbside may become negligible; meaning that again insufficient deposits could be collected to reach the threshold value. Existing research suggests that 10 cents is currently the most appropriate value to maintain the viability of kerbside. However, the deposit value should be regularly reviewed to ensure the level is correct to maintain this goal.
- MWAC Recommendation 3: Existing Local and Regional Local Government kerbside sorting facilities (e.g. material recycling facilities) must be entitled, through strict licensing arrangements, to act as central regional collection points. Existing kerbside sorting systems will lose significant amounts of recyclate through the introduction of CDS. Since such facilities rely on recyclate sales to help mitigate running costs, this loss is likely to be highly problematic to the continued viability of the system. Therefore, it is necessary to balance the recyclate that would otherwise be lost to the facility through the introduction of CDS by entitling such facilities to act as the regional receiving point for all containers collected from kerbside and convenience collectors in a given area. These facilities would also be responsible for distributing appropriate deposit returns and handling fees to those collectors.
- MWAC Recommendation 4: Regional collection points must be entitled to a fair percentage of the recyclate value collected and sold; with the remainder hypothecated to the running of the System itself. It is noted that in many Systems, ownership of the recyclate is retained by the State. If this is to be adopted in WA, then it is considered fair and transparent that the value of the recyclate be

hypothecated back into the System itself. Further, since 20% of container waste is currently estimated to be recovered from kerbside, it seems fair that at least 20% of the recycle value should be retained by the facility. This percentage should be regularly reviewed to ensure the level is correct to achieve the goal of maintaining kerbside recycling system.

- MWAC Recommendation 5: Regional collection points must be entitled to be paid a handling fee for each container they process. The introduction of CDS will entail additional administrative and operational expenses to that which would be incurred through kerbside. Handling fees must be paid to balance these additional costs. For transparency, the fee should be paid per container processed where practical; or by weight of material processed where accounting for individual containers is impractical (e.g. for containers collected through kerbside systems). The handling fees should be regularly reviewed to ensure they are set at an appropriate level to achieve the goal of maintaining kerbside.
- MWAC Recommendation 6: All collectors returning containers to a regional collection point must be entitled to receive the deposit amount. This includes commercial waste collectors and Local Government (as per MWAC Recommendation 1). This is necessary to maximise the incentive and benefits for commercial entities and Local Governments to participate in the System.
- MWAC Recommendation 7: As a minimum, all beverage containers should be included in the System. This is particularly pertinent for maximising the return of away from home containers, as beverages make up by far the greatest proportion of containers in this litter stream. The inclusion of all beverage containers also creates a level of equity in the system as it incorporates the majority of the containers that are likely to be consumed and littered away from home.
- MWAC Recommendation 8: As a key step preceding the implementation of CDS, the State Government must identify and actively support (for example through consultation with industry, the introduction of incentives, and/or the introduction of appropriate regulation) the development of local re-processing industries and sustainable end-markets.
- MWAC Recommendation 9: A commitment should be made to providing a proportion of the funds generated by the System to assist with ongoing research and development of appropriate local reprocessing industries and end-markets.
- MWAC Recommendation 10: The use of recycled materials in new containers should be encouraged through either subsidies (for use of recycled materials) or variable resource recovery fees (for non-use). The SAG report recommends a variable resource recovery fee only be invoked when the recovery of specific containers is uneconomic. This would work to discourage the use of certain materials that may be difficult to recycle; but would not assist the development of end-markets for re-processed materials through encouraging the use of recycled materials in new containers. Therefore, it is considered that to be of maximum effect, resource recovery fees must encourage the use of recycled materials in addition to discouraging the use of uneconomic containers.
- MWAC Recommendation 11: Strategic points should be selected across the State to act as local or Regional collection centres and deposit return managers. This is a key recommendation to maximise the efficiencies of collection across a large area with comparatively low levels of containers.
- MWAC Recommendation 12: Local and Regional collection centres should be licensed by the State and receive appropriate support funding from the System (handling fees, transport subsidies, infrastructure support payments). Only licensed collection centres should be entitled to support funding from the System. This is a necessary feature to ensure funds are directed to the appropriate points to maximise the efficiencies of the system. It must be noted that the licensing function in no way precludes any other group from collecting containers for the deposit value.
- MWAC Recommendation 13: Labelling regulations should be aligned (if possible) with the South Australian labelling requirements.
- MWAC Recommendation 14: The cost of collection infrastructure should not be met by the container producers. The facility managers should meet these costs; with appropriate System support identified as necessary. MWAC notes that the SAG Report identifies 'Reclaim Recycling' have stated they are interested in establishing and managing container collection infrastructure in WA. This indicates that the delivery of such infrastructure can be a business opportunity rather than a cost. It is noted that the

State may need to provide some support mechanisms to help establish such infrastructure in the short term (e.g. in the form of grants or low interest loans).

- MWAC Recommendation 15: Administration costs should be met through a central hypothecated fund of unredeemed deposits or other funds directly derived from the scheme (e.g. licence fees).
- MWAC Recommendation 16: Variable resource recovery fees should be used as a market-based educational tool to assist the consumer in making informed purchasing decisions. Variable resource recovery fees are supported as an essential attribute of a best practice CDS. They act as a means of providing a price signal to consumers to help them identify good packaging. For example, fees could be placed on materials and/or container types that are difficult (e.g. made up of more than 1 material type) or uneconomic (currently glass) to recycle. This has been discussed previously under MWAC Recommendation 10.
- MWAC Recommendation 16: Require the administration body to regularly assess all material types and container types against set criteria to ascertain their suitability for inclusion into the System.
- MWAC Recommendation 17: A specific function of the administering body must be to establish a State-wide public education programme to demonstrate the benefits of recycling.
- MWAC Recommendation 18: The unredeemed deposits, and any other funds directly derived from the scheme, must be hypothecated back into the System to fund the functions of the Board (including State education programmes).

Other Comments

The Association understands that there is significant investigation occurring at the Federal level on options for improving recovery for packaging and this will be considered in November by the Environment Ministers. Substantial work has also been undertaken in WA regarding the implementation and necessary elements of a Container Deposit Scheme. The recent introduction of such a Scheme in the Northern Territory is a useful opportunity for Western Australia to see a different model for CDS implemented. The Association Policy Statement is clear that while a national approach is preferred, if there is inaction at a national level Local Government supports a state based approach and the State Government has the legislative power to do so through the *Waste Avoidance and Resource Recovery Act 2007*.

Existing inventions, in relation to packaging, such as the Australian Packaging Covenant (APC) are acknowledged; the Association is actively involved in the Covenant and sees value in a range of its activities. The Covenant focuses on providing infrastructure, which does assist in service delivery and developing markets, however does not address the main cost in provision of services – the ongoing cost of running the service, its maintenance and replacement costs. The Association also identified it its Submission on the National Waste Policy (2009) that:

Local Government is concerned that the Product Stewardship philosophy of shared responsibility is used to justify Local Government responsibility for the disposal of products. For example the National Packaging Covenant – Australian packaging manufacturers and users have been prepared to undertake programs to reduce the weight of their packaging, but have refused to accept any substantive responsibility for the impacts of their packaging in a waste management context. This approach to sharing responsibility does not provide compelling drivers for significant change in producer or consumer behaviour. For example, if producers take some responsibility for their products at the end-of-life, they acquire a direct incentive to maximise the ease and affordability of discharging that responsibility.



Policy Statement on CONTAINER DEPOSIT SYSTEMS

PREPARED BY THE



MUNICIPAL WASTE ADVISORY COUNCIL
"Getting the Environment Right"

June 2008

Status of this Policy Statement

This Policy Statement has been prepared by the Municipal Waste Advisory Council and adopted by the Western Australian Local Government Association. The Municipal Waste Advisory Council is a standing committee of the WA Local Government Association with delegated authority to represent the Association in all matters relating to solid waste management.

The Municipal Waste Advisory Council has been formed through collaboration with Regional Councils who are not ordinary members of the WA Local Government Association. The resulting body effectively represents the views of all Local Government bodies responsible for waste management in Western Australia.

Policy Statements adopted by the WA Local Government Association represent a consolidated viewpoint from local government and may differ from the positions adopted by individual member organisations. The Municipal Waste Advisory Council and the WA Local Government Association will strive to promote this Policy Statement and to act consistently with its contents. Individual Local Governments and Regional Councils are encouraged to support them but are not bound by the document.

Policy Statements adopted by the WA Local Government Association are reviewed and new Policy Statements are developed regularly. The latest WA Local Government Association Policy Statements can be obtained from the website: www.wastenet.net.au

In-line with standard MWAC policy, this policy statement will be reviewed 6-months after its endorsement by the State Council. It will be reviewed again at least every 2-years subsequent to this; with any significant developments acting to instigate an earlier review.

The Municipal Waste Advisory Council's member organisations are:



WESTERN METROPOLITAN REGIONAL COUNCIL



SOUTHERN METROPOLITAN REGIONAL COUNCIL
REGIONAL RESOURCE RECOVERY CENTRE



City of
Geraldton-Greenough
Climate of Opportunity



Policy Statement on CONTAINER DEPOSIT SYSTEMS

Title:	WA Local Government Association Policy Statement on Container Deposit Systems June 2008
Background:	<p>The twin roles of Local Government Local Government has developed this policy with reference to its twin roles as a representative of the community and as a service provider. Local Government must represent community values since these are the fundamental basis for undertaking new challenges and continuing past work. Local Government must also apply its service provider expertise when considering means by which to achieve community benefits.</p> <p>This twin role is particularly significant with regard to Container Deposit Systems as many Local Governments have significant investment in resource recovery and their role as a service provider in this area will inevitably be significantly impacted on by the introduction of Container Deposit Systems.</p> <p>In carrying out its dual functions Local Government is required, under the amendments to the Local Government Act, to “use its best endeavours” to meet the Sustainability Principles. The state defines this as “meeting the needs of current and future generations through integration of environmental protection, social advancement and economic prosperity”.</p> <p>Sustainability Principle Local Government considers that the Sustainability Principle of ensuring that development meets the needs of the present without compromising the ability of future generations to meet their own needs applies to the task of developing a far-sighted waste policy. This Principle thus requires that, the waste generating behaviour by the producer, distributor, retailer and the consumer become linked to the costs of managing the impacts of waste and that materials currently consumed and discarded as waste becomes valued as a resource to be conserved, reused and recycled for the sake of future generations.</p> <p>Achieving the Sustainability Principle The principle of Extended Producer Responsibility (EPR) has been previously endorsed by Local Government as a tool for achieving the Sustainability Principles; Local Government broadly extends this endorsement to Container Deposit Systems as a type of EPR scheme, in as much as the principles and elements of the System follow the Extended Producer Responsibility framework to advance the key outcomes required. Local Government considers that these key outcomes are:</p> <ul style="list-style-type: none"> • Clear, sensible and effective designations of responsibility for the management of lifecycle impacts of products; • Improved valuation, pricing and incentive mechanisms; • Greater investment in infrastructure and research and development and continuous improvement; and • Greater transparency and accountability.
Statement of Policy:	<p>In its role as a representative of community views and values, Local Government will continue to have regard to the wider context in which it operates and will seek to give effect to the views and values of residents.</p> <p>1. Community support for sustainability Local Government asserts that the community supports the sustainability principle and, as such, supports the introduction of a Container Deposit System that acts to meet “the needs of current and future generations through integration of environmental protection, social advancement and economic prosperity”¹.</p>

¹ The level of public support is evidenced by a recent poll which found 90% of Western Australians would support the introduction of a Container Deposit System (<http://www.abc.net.au/news/newsitems/200606/s1654975.htm> 05/06/06).

2. Community priorities

Local Government recognises strong public support exists for specific items to be incorporated into a Container Deposit System for a variety of reasons including their iconic nature, their potential as a revenue source for community groups, their resource value and the level of nuisance they cause (e.g. broken glass, litter).

It is recognised that this community concern is likely to act as a political impetus for such items to be incorporated into a Container Deposit System over and above items that might otherwise have a higher priority in a typical Extended Producer Responsibility scheme. Local Government considers that action on these items should not be stalled to concentrate on higher priority items as this is likely to undermine public and political support overall.

In its role as a service provider, Local Government will assess proposed Container Deposit Systems with reference to the criteria set out in its Extended Producer Responsibility Policy:

3. Set clear objectives and targets

A Container Deposit System must be specific and clear about what it seeks to achieve, how it seeks to achieve it, and provide means by which to assess whether these objectives have been achieved.

The major objectives for a container deposit system are:

a. Improving resource recovery

In view of its support of the sustainability principle, Local Government supports a System that maximises resource recovery as its primary objective.

b. Achieving a more appropriate sharing of waste management costs

As a secondary objective, Local Government supports the aim of achieving a more appropriate distribution of waste management costs through a Container Deposit System. 'Appropriate distribution' is considered to be the redirection of waste management costs onto the producer, distributor and/or retailer and the consumer of an item to better enable the market to transmit information about the total economic, environmental and social costs of container waste.

Support for this objective is qualified with the concern that any System too financially or administratively burdensome to Local Government, industry or the public will be unable to succeed. As such, the system outcome, outlined in section 5, of achieving best balance between environmental protection, social advancement and economic prosperity should be given due regard in considering how this objective will be achieved.

c. Reducing litter

Local Government recognises the ability of a container deposit system to reduce container litter and welcomes this as an additional benefit and objective of any system selected.

d. Increasing community awareness and involvement in waste management

Local Government recognizes the ability a container deposit system to act as a market-based educational tool to assist the consumer in making informed purchasing decisions based on the whole life-cycle impact of a product and welcomes this as another additional benefit and objective of any system selected.

4. Reflect appropriate priorities

Local Government considers that a Container Deposit System should be based on the recovery of given material types and therefore be able to encompass, but not be limited to, all metals, glass, liquid paper board, plastic (PET, HDPE and LDPE) and composite container types and not be limited to household wastes and beverage containers.

This principle is qualified in that Local Government considers industrial container waste should be excluded from the System in its introductory phase for the purposes of simplicity. After a 3 year

establishment period, the suitability of industrial container waste for inclusion in the System should be reviewed.

The regulatory underpinning of the system, outlined in detail in section 7, provides responsive flexibility in adding or removing material and container types as appropriate.

The suitability of a specific material or container type (other than industrial containers) to be excluded from the system can therefore be assessed on an equitable, case by case analysis. When determining whether a container type should be excluded from the system, the following criteria should be used:

- a. Does the material or container type cause significant environmental or social impacts?
- b. Does the material or container type cause significant costs for waste processors?
- c. Does the material or container type have unrealised potential for recycling / resource recovery?
- d. Is the material or container type likely to be disposed of illegally?
- e. Does the material or container type cause significant community concern?
- f. Is there an alternative system in place to recover the material or container type effectively?

5. Establish an outcome-based system

Local Government favours a Container Deposit System that assigns clear responsibilities to participants within the product chain to achieve specific system outcomes.

The key stakeholders in such a chain are numerous including, but not limited to, the producer, the distributor, the seller, the consumer, the deposit recipient (Local Government through kerbside, community groups, an individual), the collector (Local Government through kerbside, point-of-sale proprietor, super-collector), and the processor.

Given the potential complexity of a comparison between different system attributes and the need to be sufficiently flexible to change with time, this Policy Statement does not seek to set the parameters of a preferred system, but rather considers that the responsibility chain should be assigned with regard to achieving the following system outcomes:

- a. Best balance between environmental protection, social advancement and economic prosperity;
- b. Investment in infrastructure, research and development and continuous improvement;
- c. Financial and administrative transparency and accountability from all players in the chain; and
- d. Recognition of additional infrastructure and transport costs for non-metropolitan governments.

Outside of setting specific parameters, Local Government does consider a key attribute of any system must be the hypothecation of unredeemed deposits into a central fund directed towards achieving the System's stated outcomes and objectives.

6. Differentiate between redeemable deposits and handling and resource recovery fees

Local Government recognizes that, separate to a redeemable deposit; unredeemable fees to meet handling and resource recovery costs will have to be levied. To assist in working towards the sustainability principle, Local Government considers that handling and resource recovery fees, not including the redeemable deposit, should incorporate, but not be limited to, consideration for:

- a. Differentiating between materials to reflect the economic, environmental and social expense of reuse, reprocessing or disposal;
- b. Reflecting changes in the relative values or impacts of container materials; and
- c. Differentiating between different container sizes.

7. Can be implemented in a timely fashion

Given the national nature of product distribution, Local Government recognises that a national Container Deposit System is preferred over a state-based scheme as it enables greater financial

	<p>efficiency through consistency in such areas as marketing, labelling and education campaigns and inherently incorporates the economy of scale.</p> <p>However, in the absence of the likely introduction of a national scheme within a reasonable timeframe, Local Government considers it necessary and reasonable to put in place a state-based deposit system unilaterally.</p> <p>Notwithstanding this, Local Government also recognises that in developing a unilateral deposit system, due consideration should be given for what are likely to be national norms in key areas such as system objectives, deposit amounts, treatment of unredeemed deposits, labelling and material and container types covered.</p> <p>8. Legislative Underpinnings In recognition of the continually and rapidly changing nature of technology and industrial, environmental and social conditions, the System must have the flexibility to adapt appropriately.</p> <p>Legislation through regulations enables material and container type schedules to be readily amended to ensure best balance between environmental protection, social advancement and economic prosperity is consistently maintained in response to evaluation of the System.</p> <p>As such, Local Government considers that the provision of head powers for EPR regulations under existing or proposed waste management legislation to be the best mechanism for the introduction of a Container Deposit System.</p> <p>9. Support claims with reference to credible evidence Reliable, reputable forecasting and robust arguments must be used to set clear baselines and performance targets for the System.</p> <p>Assessment of performance should be made to keep the System open and transparent through 3-yearly monitoring and reporting on all players in the chain. Changes to the System made should be made accordingly.</p> <p>In its twin roles as community representative and waste management service provider, Local Government has an obligation and a right to expect that proponents will demonstrate the ongoing merit of the System with reference to the unique WA context.</p> <p>10 Apportion costs appropriately <i>Schemes must aim to achieve an appropriate sharing of costs, between the various tiers of government and industry.</i> New schemes must appropriately apportion costs to the various stakeholders, taking into account considerations including:</p> <ol style="list-style-type: none"> What allocations will be fair, given the distribution of total costs and benefits? Which price signals may be desirable? Who has the capacity to pay? Will an allocation arrangement be able to be efficiently administered?
Date of Adoption:	December 2006 Amended June 2008
Associated Policies:	Policy Statement on Extended Producer Responsibility (June 2004) (amended June 2008) Policy Statement on Waste Management Legislation (June 2004) Policy Statement on Household Hazardous Waste (December 2003)
Definitions:	Container Deposit System: A Container Deposit System is a type of Extended Producer Responsibility Scheme. It may be structured in many different ways but essentially relies on a recoverable deposit on containers encouraging consumers to return the containers to a retailer or collection centre for recycling for the deposit.

Extended Producer Responsibility:

The financial and/or physical co-responsibility of those involved in making, providing or selling a certain product for the management and disposal of that product at the waste phase. Extended Producer Responsibility schemes generally engage producers in financing or carrying out the collecting, processing, recycling or disposing of post-consumer waste. Extended Producer Responsibility schemes may also be directed at changing manufacturing practices.

Sustainability: One of the most widely accepted definitions of sustainable development comes from the World Commission on Environment and Development (the Brundtland Commission), 1987 - "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

In the context of the Local Government Act , this definition is refined to incorporate the three key objectives of:

- Environmental protection - achieving effective protection of the environment through prudent use of natural resources;
- Social advancement – achieving social progress which recognises the needs of everyone; and
- Economic prosperity - maintenance of high and stable levels of economic growth and employment.

End of Policy Statement