



20 October 2011

Our Ref: 05-040-03-0001TP:RNB

Hon Brian Ellis MLC
Chair, Standing Committee on Environment and Public Affairs
Parliament House
PERTH WA 6000

Dear Mr ~~Ellis~~ ^{Brian}

Petition No 116 – Container Deposit Scheme

Thank you for your correspondence, regarding Petition No 116 – Container Deposit Scheme. In response to the questions raised in this correspondence, a short Submission is attached. Local Government is very supportive of a Container Deposit System for Western Australia and sees many benefits from such a scheme.

For more information please contact Rebecca Brown, Manager, Waste and Recycling on 9213 2063 or by email rbrown@walga.asn.au

Yours sincerely

Mayor Troy Pickard
President

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Local Government House
15 Altona Street
West Perth WA 6005
PO Box 1544
West Perth WA 6872

Telephone: (08) 9213 2000
Facsimile: (08) 9322 2611
Email: info@walga.asn.au
Website: www.walga.asn.au



WALGA

**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.

Due to meeting schedules and the short timeframe of the consultation, this Submission has not yet been endorsed by MWAC, however, it will be put before the Council at the earliest opportunity (Wednesday 23 November 2011) and the Committee will be informed of any changes to this Submission following consideration by the Municipal Waste Advisory Council.

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).

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- 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 recycle 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 recycle 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 recycle 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.



Policy Statement on CONTAINER DEPOSIT SYSTEMS

PREPARED BY THE



MUNICIPAL WASTE ADVISORY COUNCIL
"Getting the Environment Right"

June 2008

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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).

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

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

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