

Container Deposit Implementation Team
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21 September 2016

Dear Sir/Madam

NSW CONTAINER DEPOSIT SCHEME – SUBMISSION FROM THE COUNCILS OF THE HUNTER WASTE REGION

The Councils of the Hunter Waste Region thank the NSW Government for the opportunity to provide a submission on the *Waste Avoidance and Resource Recovery Amendment (Container Deposit Scheme) Bill 2016* and the Regulatory Framework Discussion Paper for the NSW Container Deposit Scheme as released on 23 August 2016.

We request that the NSW EPA take into account this submission when modifying the Bill and regulatory framework prior to its introduction to Parliament.

The attached submission was developed by the Hunter Councils Environment Division, Local Government Legal and the Councils of the Hunter Waste Region through an open consultative process with officers and senior managers.

The nine Councils of the Hunter Waste Region are:

- Cessnock City Council
- Dungog Shire Council
- Lake Macquarie City Council
- Maitland City Council
- Muswellbrook Shire Council
- City of Newcastle
- Port Stephens Council
- Singleton Council
- Upper Hunter Shire Council

The Councils recognise that a number of key points from our previous submission (February 2016) have been incorporated into the consultation documents, specifically:

- Incorporation of a financial incentive through the dedicated 10 cent redemption
- Implementation through a single Scheme Coordinator, rather than multiple
- Intent of Part 5 of the WARR Act 2001 being broader than litter reduction
- The intent of the CDS not creating any direct financial, resource or staffing cost to Local Government.

Staff from Hunter Councils Environment Division have fully participated in the NSW EPA consultation process as follows:

- Participation in Local Government and Community Work Group Meetings from September 2015 onwards
- Coordination of a regional submission on the December 2015 EPA CDS Discussion Paper
- Participation in Local Government and Community Working Groups in July 2016 and September 2016
- Attendance at the NSW EPA Hunter Region Consultation Session on 9 September 2016.
- Coordination of this regional submission in response to the Draft Bill and second discussion paper.

The attached submission provides detail on the issues and concerns of the Councils of the region. Key issues we request the Minister consider and address include:

- **Continued consultation on the impacts of the Scheme** local government prior to finalizing the Bill (and Regulation) to resolve the issues relating to Council access to refunds (see section "*Scheme Design - Community Access through Kerbside Recycling*" for details)
- **Consideration of establishing a "ramp up" period** to enable label changes, collection point establishment, auditing methodologies to be developed and community education campaigns to be implemented
- **Continued active involvement of Local Government** in the design and implementation of the Scheme.

As with our previous submission, the Councils of the Region are supportive of the introduction of a CDS and reiterate the need for the scheme to ensure the community receive the full value of the deposits (either directly or through Council kerbside collections).

Our submission provides specific comment on how this could best be achieved.

Please do not hesitate to contact Mr. Bradley Nolan (Director Hunter Councils Environment Division) on 02 4978 4024 to discuss any aspect of this submission.

Yours Sincerely



Roger Stephan
Chief Executive Officer

Councils of the Hunter Waste Region: Detailed Submission on NSW Container Deposit Scheme

The following submission has been compiled with advice and information from the nine Councils of the Hunter Waste Region and legal advice from Local Government Legal. Individual member Councils will likely submit their own detailed submissions to the legislation.

This submission will support and provide regional context for those individual submissions.

Scheme Consultation and Implementation Timeframes

The following points relate to the timeframe for consultation on the Bill, timeframes for commencement of the Scheme, objectives and targets of the Scheme.

Consultation on Bill

1. Although discussion and development of the CDS has been undertaken over the past year, the short 28-day consultation period on the Waste Avoidance and Resource Recovery Amendment (Container Deposit Scheme) Bill 2016 has provided very little time for Councils, communities and the recycling recovery and processing industry to adequately review and determine any real or perceived impacts on operations. We believe we have uncovered a significant issue (see "*Scheme Design - Community Access through Kerbside Recycling*") in the design of the CDS and its impacts on Councils and communities and request the EPA ensures that appropriate time be invested to address this issue prior to introducing a Bill to parliament.

Scheme Commencement

2. Rushing to implement the CDS by July 2017 may lead to the implementation of a Scheme that will not meet the NSW Government Targets and create significant community frustration if their expectation for scheme access is unable to be provided. This is of significant concern in rural and regional NSW, where ensuring that appropriate collection points are established will be much more difficult as compared to urban areas.
3. A significant amount of additional information regarding licencing, auditing, service level requirements and other business operations is required for industry and Councils to adequately determine the costs of operating Collection Points. Without adequate time to model these costs and the likely amount of containers to be accepted at each Collection Point, it is unreasonable to expect any Collection Point operators to determine the appropriate "Handling Fee" required in negotiations and contractual arrangements between Network Operators and Collection Points (See Point 32 for further discussion).

Scheme Objectives and Targets

The following points relate to the Scheme objectives and targets for coverage, recovery and litter reduction.

Scheme Objectives

4. Councils support the Objects of the Part (s19) which “recognises the responsibility that the beverage industry shares with the community for reducing and dealing with waste generated by beverage product packaging” and agree that the Scheme is an Extended Producer Responsibility Scheme and not simply a litter reduction initiative.

Scheme Coverage Targets

5. Councils support the development of coverage targets to ensure equitable access to the CDS for rural and regional communities. Communities in the Hunter Waste Region range from highly urbanised coastal areas to sparsely populated agricultural areas. Urban areas would benefit from access to Collection Points in commercial hubs, while rural communities will need access to Collection Points in townships supplemented by additional decentralised collection points.
6. Regional coverage targets may be useful to ensure equitable access to the CDS throughout the State. Any coverage targets should consider population density or travel distance to CDS Collection Points.

Scheme Recovery Targets

7. The implementation of resource recovery rates may not provide a useful information on the impact of the scheme on recovery, but likely address Scheme efficiencies, as the recovery rates will be influenced by the following:
 - a. Ramp up period required to provide Scheme coverage and education of communities about access
 - b. Access and convenience as related to collection point location, opening hours, waiting times, simplicity of process, etc.
 - c. Effectiveness of the 10c refund as an incentive to return beverage containers
8. Councils request that the EPA clarifies how regions and Councils and regions should account for the impact of the implementation of CDS on local and regional WARR Strategy resource recovery rates and targets. There is the potential for resource recovery rates to drop, if communities seek to directly access the Deposits and stop using the kerbside collection systems. A reduction in recovery rates at kerbside may have adverse impacts on Councils and Regions in seeking continued funding from the EPA through the various waste management improvement grants they facilitate.
9. Regional recovery targets would be difficult to measure, as it would not be possible to determine how many containers are sold locally. However, if regional recovery targets are to be included in the Scheme, legislation should require that manufacturers develop an appropriate framework to monitor regional sales of containers within its scope.
10. There are a range of views on the possible metrics for inclusion in any Recovery Targets, however some considerations include:
 - a. Targets need to be set at a level that will ensure problems encountered with the National Television and Computer Recycling Scheme (NCRS) are not repeated (targets should not be “quotas”, continual operation and funding of the Scheme should continue at contracted levels regardless of meeting or exceeding any targets set).
 - b. Preferably the target should not be set until at least year two of implementation, when the baseline Scheme performance is understood. Targets should then be set to ensure continual improvement in both

participation and recovery rates. A delay in setting targets will reduce risks to the Scheme Coordinator during the initial Scheme implementation period.

Recovery Targets Linked to Litter Reduction

11. It is unclear from the documentation provided how the EPA believes they can effectively link the effectiveness of the CDS to litter behaviour, and if such a link should be made and be a responsibility of the Scheme Coordinator, or remain a major project area of the EPA. Clear auditing methodologies are required, and clarity around the responsibilities of the Scheme Coordinator is required.
12. If litter targets are included in the Scheme, adequate funding should be provided to local government for collection and auditing to accurately determine the impact and effectiveness of CDS as a litter reduction tool.

Scheme Design – Governance

Governance arrangements of the Scheme are required to ensure appropriate implementation to support community participation, industry resourcing and recovery / recycling of beverage containers. Councils feel that the costs of appropriate governance should be borne by the Scheme and not the community.

Recognition of AWT facilities similar to MRFs

13. Councils recommend that Alternative Waste Facilities (AWT) be afforded the same legal status as MRF operators (MRFOs) as they undertake material separation and recovery processes and commonly recover CDS containers from Council kerbside collection systems. Councils urge the EPA to include AWT facilities within the definition of MRFs either within the Draft Bill itself or through the regulations.

Scheme Auditing

14. The EPA, in partnership with the Scheme Coordinator and representatives of the recycling industry, should develop MRF Calculation Methodologies to determine beverage container acceptance data. Consideration should be given to the development of:
 - a. a State-based conversion methods or local / regional conversions based on demographics and purchasing / disposal behaviours
 - b. audit methodologies based on kerbside audits rather than MRF audits
15. The EPA must develop an easy but concise audit methodology for MRF's to ensure transparency and to keep costs down
16. An independent third party, such as IPART, should be given the role of overseeing the auditing processes of the Scheme including the Scheme Coordinator, Network Operators, MRFs, and Collection Points.
17. All costs associated with auditing should be covered by the Scheme.

Recycling Market Development

18. The Discussion Paper describes proposals to support development of a collection market for eligible containers, but it does not describe how the NSW Government will

support development of markets to recycle or reuse the containers that are collected. Development of these markets is critical to the success of the Scheme and should be included in the Scheme's regulatory framework.

19. Where problems exist with markets being available for a recyclable material (e.g. glass), the Scheme should fund the development of new recycling infrastructure or research into alternative uses for the material.
20. MRFs are only able to access the CDS if there is an end market for containers (i.e. CDS materials must be recycled for deposits to be paid). If the Scheme is successful, the total mass of recyclate will likely increase and Network Operators will be operating in direct competition with MRF operators for recyclate markets. This presents a risk to both the Network and MRF operators.

Legacy Litter

21. If legacy litter is to be incorporated into the scheme, and there are concerns around the potential quantity of legacy litter, it is suggested that acceptance of products could be confined to specific (registered) groups or organisations to conduct approved clean-up activities within a dedicated transition period. Overall, Councils are happy for Legacy Litter to be included in the Scheme as it is not thought this would place an overly significant burden on the Scheme.
22. Appropriate controls should be put in place to reduce the possibility that a MRF or AWT stockpiles containers and claims they had been collected as part of the CDS (i.e. if they are crushed, baled and stockpiled it will not be possible to determine if they genuinely were issued after the CDS had commenced). If this is not feasible, it should just be acknowledged that the scheme will initially cost much more, until the legacy containers are removed from the process stream.

Refund amount

23. Councils support the introduction of the Scheme with a deposit value set to 10c.
24. Councils recommend the Bill be drafted to enable review of the deposit amount, following advice from South Australia suggesting the declining trend in recovery rates may be associated with the decreased value the community is putting on redeeming 10c. The Bill should enable the deposit value to be increased as required to ensure the incentive provided by the Scheme is sufficient to ensure community participation.

Local Government Representation

25. Local Government requests they have the opportunity to have representation (e.g. through Regional Waste Coordinators) on the various aspects of the Scheme introduction and management, including:
 - a. Participation in any and all EPA managed CDS working parties
 - b. Representation on the selection committee for the Scheme Coordinator
 - c. Representation on working parties established to set targets and auditing methodologies
 - d. Other opportunities as they arise

Scheme Scope

Councils understand that the Government is seeking to introduce a CDS to combat littering, and as such has determined the scope of products to be included in the scheme to address typical beverage containers found in litter. Given there are broader management and

recycling issues surrounding beverage container recycling, the introduction of a CDS is seen as a prime opportunity to address additional concerns of the waste industry.

26. Increase the scope of beverage containers to include wine and spirits bottles, to ensure recycling of this product and the creation of a legislative driver for appropriate investment into the glass recycling market in Australia. The funding available to progress glass recycling in NSW would increase substantially with the inclusion of all glass beverage containers, and auditing would be less problematic as an overwhelming majority of glass collected in kerbside would be from beverage containers (beer, wine and spirits). Issues with the Scheme if the scope is not increased include:
- a. There is currently an oversupply of recovered glass in NSW (and Australia) with limited recycling opportunities, leading to the creation of large and growing stockpiles of the material at recovery facilities throughout the State.
 - b. There is very little opportunity for the recycling of this product, with only a few large players involved, and costs associated with transport and processing are high.
 - c. The NSW EPA is imposing a waste levy liability on stockpiling of recyclable material (for longer than 12 months), even though there is currently limited cost effective options available for the recycling of glass materials.
 - d. MRF audits are likely to be problematic in determining standardised conversion factors. An alternative method which utilises kerbside recycling audits that in turn inform standardised conversion factors is recommended. Attempting to determine the glass composition to understand the proportion of beer bottles to all other bottles is exceptionally problematic without specific information on particular communities and demographics, as these containers are consumed in widely varying proportions.

Expansion to a National Extended Producer Responsibility Scheme

27. With the potential of a national CDS, there is an opportunity to expand the scope of containers under the CDS with this Bill and provide leadership to the development of a National EPR program that addresses not only litter, but the economic recovery of waste materials.

Scheme Design – Collection Points

The following points relate to the design of the Scheme as experienced by an individual or social enterprise wanting to access the Scheme and redeem beverage container deposits.

Individual's Access to 10c Deposit

28. Councils support the design of the Scheme which ensures individuals accessing Scheme Collection Points receive the full 10c deposit for each container they return through registered Collection Points.
29. Councils support Collection Point Operators, Network Operators and MRFs claiming a "Handling Fee" for their management of the Scheme collection infrastructure and acknowledge this Handling Fee is not extracted from the 10c Deposit, but considered a cost of the Scheme and charged back to the Beverage Industry.

Design and Location of Collection Points

30. The use of reverse vending machines (RVMs) as a Collection Point, in appropriate locations and townships, is supported.
31. The development assessment process for Collection Points should be commensurate with their impact on the community and the environment. Councils are in an informed position to assist Network Operators to identify potential collection points across their individual LGA, as well as the appropriate development assessment path necessary to gain development approval.

Handling Fees for Collection Points

32. Councils support the approach that each Collection Point be allowed to determine their own Handling Fees and not be forced into a fee regime set by the Scheme Coordinator or Network Operators. The Northern Territory experience indicates that inadequate Handling Fees can lead to premature or unexpected closure of Collection Points (Refer to Point 3 for further discussion).
33. The variations in Handling Fees should also take into account changes to collection point costs as a result of seasonality, such as increases in population associated with tourism in peak and holiday periods.

Local Councils as a Collection Point

There are wide concerns that the CDS could easily shift costs onto Local Government. A concerted effort from the NSW EPA should be undertaken to ensure all costs to operate the Scheme and achieve the desired recovery and litter reduction outcomes are ultimately borne by the Beverage Industry. The following points highlight specific areas of concern related to Councils that choose to operate Collection Points.

34. Based on community expectations and perceptions of the Scheme, there will be significant community pressure for councils to incorporate CDS Collection Points into their existing waste and resource recovery facilities, which will require significant changes to current operational arrangements. Council facilities will need to have:
 - a. greater room for vehicles to enter and deposits to be sorted/ counted
 - b. additional room for vehicles to queue to access the Collection points
 - c. additional staff to manage counting, payment, storage and plant
 - d. modification of sites to address weighbridge and s88 issues associated with using licenced facilities to accept CDS containers
 - e. additional monetary reserves to enable payment of deposits
 - f. any licences or approvals required to operate the Collection Point
 - g. systems and processes to address any verification, monitoring and auditing processes imposed on the Scheme
 - h. other system requirements as determined by the contractual arrangements with Network Operators (it is unknown what these requirements may include).
35. A clear understanding of the above issues is required for Councils that wish to participate as Collection Point operators to adequately determine the costs of including Councils Waste Management Facilities into the CDS Collection Point Scheme so that they can appropriately determine the Handling Fee required to be built into any contract with the Network Operators.

36. Local government should not bear the costs of any new infrastructure or its management cost that result from the introduction of the Scheme and its requirements for community access. Scheme funds should be made available for the purchase and deployment of reverse vending machines as Collection Points to reduce costs associated with the modification of existing Council waste depots, where councils wish to be Collection Point Operators, as discussed in points 34 and 35.
37. Councils could allowing Collection Points operated by other entities to be established (e.g. via lease arrangements) at their Waste Management Facilities, without being responsible for the operation of the Collection Point.

Scheme Design - Community Access through Kerbside Recycling

The Bill and Discussion Paper both demonstrate the intent of the NSW Government to reimburse Councils for their involvement in the Scheme as participants or receivers of the deposit. Unfortunately the Bill makes no absolute commitment in this regard and in the absence of draft Regulations it is difficult to ascertain the extent to which councils may expect to receive funds from the proposed scheme.

Councils have identified a number of issues in relation to the proposed design of the Scheme to address and manage eligible containers in the kerbside recycling system, these are discussed following.

Interaction of CDS with Kerbside Recycling

Clarification of precisely how the distribution of the deposit (clause 6.15 of the Discussion Paper) will work in practice is required. The Bill and Discussion Paper describe the interaction of the Scheme with Kerbside recycling as follows:

- Eligible containers collected through comingled kerbside recycling will be redeemable for a 10c refund
- Refunds for those containers will go to the final owner of the containers, which is the materials recovery facility operator (MRF operator)
- The mixed recyclables in kerbside bins are collected and delivered to MRFs either by Council delivered services or Council contracted services
- MRF operators will use an agreed auditing methodology to estimate the number of containers coming through each material stream and will claim refunds for the agreed containers directly from the Scheme Coordinator
- MRF's will not be entitled to any additional handling fee for these containers or for compensation for the cost of undertaking the audits under the EPA methodology
- After receiving the deposit value, the MRF operators retain ownership of the containers and are required to on-sell the materials for the commodity value and this value would be retained by the MRF operators (and to ensure the materials are recycled)
- It is proposed that the refunds received by MRF operators will be shared with councils as outlined in clauses 6.13 to 6.16 of the discussion paper

We believe the system described above requires both Councils and MRFs to fund CDS activities, when the beverage Industry should be covering these costs. Specifically we note that MRFs are required to recover their costs through the 10c deposit, as:

- MRFs are unable to charge a Handling Fee

- MRFs are unable to claim costs associated with auditing and compliance with the CDS
- MRFs are required to come to an arrangement with Councils providing the eligible containers to distribute a share of the redeemed value, which will be less than 10c due to the need for MRFs to recover costs from the deposit value.

We believe this design directly contradicts the intent of the Scheme for individuals and communities to receive the value of the deposit (10c per container). Under the proposed system, the deposits redeemed on kerbside collected containers are used to fund the scheme operation or the MRF or Collection Contractor are the ultimate recipient of the deposit. Given the significant public interest and expectation that the 10c deposit be returned to the community we recommend:

38. a review of the proposed design of the CDS as it relates to kerbside recycling and MRFs to ensure the maximum value of eligible deposits are returned to communities and the beverage industry covers the cost of the CDS as intended.

Councils offer two options for the redrafting of the Bill and the development of the Regulation.

Option 1 (Preferred) – MRFs are treated a “Collection Point”

Councils believe the full value of the deposits should be made available to communities (though Local Government) and costs associated with MRF processes, and collection contractors, be charged as handling fees similar to the Collection Point model.

We request the NSW Government consider modifying the MRF provisions to:

- Require MRFs to pay the full 10c deposit to Councils or Council’s Collection contractors (to pass through to Councils), based on the calculation methodology
- MRFs charge a handling Fee to the Scheme Coordinator to cover auditing, staffing and processing costs
- Discussions with the Recycling Industry should be undertaken to determine if the containers should then be provided to a Network Operator for recycling, or if the value of the commodity means the ownership and sale of the commodity remains with the MRF
- Councils utilise the deposit refund to reduce costs to communities for a variety of waste management projects, including but not limited to:
 - to provide kerbside recycling,
 - to improve litter management (clean ups, infrastructure, services)

Given the time to review the Bill and Discussion Paper, we have been unable to propose redrafting of the Bill to accommodate this option.

Option 2 – Redraft Bill to clarify Council claims of deposits

This option acknowledges that Councils interact with MRFs in a multitude of ways, most of which do not include a direct contractual relationship.

While the Discussion Paper states that the Regulations will include provisions for an incentive for the MRF operator and the council to negotiate an “equitable sharing arrangement” in relation to the refunds received by MRFs, as presently drafted the Bill only makes provision for the payment of refund amounts to MRFs where the MRF has entered into an agreement with a local council to provide services involving the processing for reuse or recycling of:

- domestic waste collected during the course of domestic waste management services; or
- any other kind of waste prescribed by the Regulations.

The Bill does not take into account:

- the various contractual arrangements entered into by Councils for the collection and processing of recyclables (noting in particular that the EPA Model Collection Contract is based on Councils only having a contractual arrangement with a waste collection contractor, not a MRF)
- for payment of refund amounts to MRFs for containers collected from sources other than domestic waste.

To address the shortfall in the current drafting of the Bill and intended Regulation to ensure communities can access the deposit they are entitled to, the Councils of the Hunter propose the following.

39. The Bill could be amended by amending the definition of “material recovery facility operator” to read as shown in Part 1 of Annexure A to this submission. The suggested amendment would ensure that payments could be made to MRFs even if their contractual relationship with a council not be a direct relationship but via a third party.
40. If the operation of the Bill is extended to apply to containers collected from sources other than domestic waste then we suggest the alternative definition of “material recovery facility operator” contained in Part 2 of Annexure "A".
41. A number of issues arise out of clause 6.15 of the Discussion Paper, which proposes that the Regulations will provide that a MRF operator will receive refund amounts from the Scheme Coordinator. However such refund payments will cease if a MRF operator does not negotiate an “equitable sharing arrangement” with the local council within a “reasonable period of time” (for example within 18 months), whereupon the right to claim a refund will be reinstated. We recommend:
 - a. Section 28 be amended to read as shown in Part 3 of Annexure "A" with the result that the Scheme Operator is obliged to enter into an arrangement with the MRF and that the Scheme Coordinator will require the MRF to enter into an agreement with a council or its contractor for payment by the MRF to the council of an equitable share of the refunds.
 - b. the Bill should be amended, and the Regulations drafted so as to provide that a MRF operator is not eligible to claim a refund unless and until it can establish an arrangement with the local government authority it received recyclables from.
42. As proposed, the Regulations make no provision for payment to MRFs until it has made supporting arrangements for refunds to be passed through to Council and in this regard we suggest the following amendments to the Bill:

- a. Amending clause 25(1) by inserting paragraph (c) as shown in Part 4 of Annexure "A", and
- b. Amending the definition of Scheme arrangement to include an MRF arrangement.

These amendments would have the effect that:

- a. The agreement between the Scheme Coordinator and the MRF operator would become a Scheme arrangement.
- b. The MRF Agreement being a Scheme administrative agreement would have the benefit of the provisions relating to Penalties (Section 30) and Monitoring and Enforcement (Section 31).

It would also be worth giving consideration to an amendment of the objectives of the Bill to include a statement in or to the effect of the following:

19 Objects of Part

...(2) The container deposit scheme established by this Part includes the following features: ...

(f) it provides for the payment of refund amounts to local councils in respect of empty beverage containers that are subject to the scheme collected through kerbside recycling.

Scheme Design – Community Education

The success of the Scheme will initially require a significant effort to appropriately engage and educate the community on options available for individuals, companies and charities to access the Scheme. To date, no detail has been provided on the process for raising community awareness about the Scheme and' whose responsibility it is to manage the education program.

43. Councils recommend that any community engagement program include the following:
 - a. How to access the Scheme directly using Collection Points (including Reverse Vending Machines), including location, opening hours, etc.
 - b. How to access the Scheme using kerbside recycling and the community benefits for using the kerbside collection system to manage deposits
 - c. How to collect and transport beverage containers safely, and in a way that will enable efficient acceptance of containers at Collection Points
44. The community education campaign should be developed and delivered as a State program to ensure consistent messaging is provided throughout the State.
45. Specific resources should be developed for Local Councils, as the majority of questions and concerns about the Scheme will be managed by Councils (as a default). Information on how people can manage complaints with Collection Points, or concerns about how they access the Scheme should be standardised and provided directly to Councils for use.
46. Specific funding should be made available to Councils (funded by the Beverage Industry through the Scheme), to support State education initiatives and undertake local initiatives to promote Scheme participation and local Collection Point information.

Annexure A

(Draft Amendments to Bill)

Part 1

“**material recovery facility operator** means a person who has entered into an agreement with a:

- (a) local council, or
- (b) an organisation or body on behalf of two or more local councils, or
- (c) a waste service contractor on behalf of a local council

to provide services involving the processing for reuse or recycling of:

- (i) domestic waste designated for recycling and collected by that or any other person during the course of domestic waste management services, or
- (ii) any other kind of waste prescribed by the regulations."

Part 2 (Alternative to definition in Part 1)

“**material recovery facility operator** means a person who has entered into an agreement with:

- (a) a local council, or
- (b) an organisation or body on behalf of two or more local councils; or
- (c) a waste service contractor on behalf of a local council;

to provide services involving the processing for reuse or recycling of:

- (i) domestic waste designated for recycling and collected by that or any other person during the course of domestic waste management services, or
- (ii) any other waste designated for recycling and collected by that or any other person during the course of waste management services, or
- (iii) any other kind of waste prescribed by the regulations."

Part 3

“28 Payment of refund amounts to material recovery facility operators

- (1) *A Scheme Coordinator agreement ~~may~~ must require the Scheme Coordinator to pay to material recovery facility operators refund amounts for containers that are collected during the course of waste management services and that are processed by the operators for reuse or recycling.*
- (2) *The Scheme Coordinator must not pay any refund amount to a material recovery facility operator in relation to domestic waste collected from a local government area unless the material recovery facility operator has entered into an arrangement with the council for that local government area which provides for the equitable sharing of refund amounts between the local council and the material recovery facility operator.*
- (3) *The regulations may make provision for or with respect to payments and claims for payments, including for or with respect to the following matters:*

- (a) the material recovery facility operators, or classes of material recovery facility operators, who are eligible for payments,
- (b) the methodology for determining the amounts payable,
- (c) the manner in which a claim for a payment is required to be made by a material recovery facility operator,
- (d) prohibiting the landfill disposal of containers in respect of which payments have been made."
- (e) payments by material recovery facility operators of an equitable share of refund amounts for containers received by material recovery facility operators to local councils.

[optional paragraph (f)]

(f) For the purposes of this section, "an equitable share of refund amounts" means an amount equal to not less than XX% of the refund amounts received by the material recovery facility operator in respect of the recyclable material delivered by and on behalf of the relevant council to the material recovery facility operator.

[NB: Percentage to be completed after consultation with councils.]

Part 4

"25(1)(c) arrangements with material recovery operators (MRF arrangements) requiring the material recovery operators to pay [a percentage of refund amounts (being not less than _____ %)] received from the Scheme Coordinator to the local council responsible for delivery of the waste to the material recovery operator as a condition precedent to the material recovery operator being entitled to receive refund amounts from the Scheme Coordinator."

Alternative wording in clause 25(1)(c):

25(1)(c) arrangements with material recovery operators (MRF arrangements) requiring the material recovery operators to pay an equitable share of refund amounts received from the Scheme Coordinator to the local council responsible for delivery of the waste to the material recovery operator as a condition precedent to the material recovery operator being entitled to receive refund amounts from the Scheme Coordinator."