



13 December 2017

Dr Peter Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

~ *by email* ~

Dear Dr Boxall

Subject: Submission on draft Terms of Reference for Monitoring and Reporting on Impacts of the NSW Container Deposit Scheme

Thank you for the opportunity to provide feedback on your draft Terms of Reference for monitoring and reporting on the impacts of the NSW Container Deposit Scheme (CDS).

Lake Macquarie City is a coastal local government area in NSW. The 205,000 residents of the city have a strong commitment to resource recovery and reducing litter. Council is committed to supporting the NSW Government to implement the NSW Waste Avoidance and Resource Recovery (WARR) Strategy and welcomes commencement of the NSW CDS. We also welcome the Premier's recent request to the Independent Pricing and Regulatory Tribunal (IPART) to monitor and report on the impact of the implementation of the CDS on beverage prices; the performance of suppliers; and any other market impacts on consumers that arise from the commencement of the Scheme.

I am writing to request that the Terms of Reference for the review specifically include the impacts on kerbside recycling services and markets for recyclate. I enclose proposed amendments to your draft Terms of Reference to address these impacts, for your consideration.

Implementation of the CDS is likely to cause considerable implications in these markets, and the monitoring and reporting of these impacts by an independent body is important to the success of the CDS. However, we, like many councils, are concerned about the integrity and sustainability of both kerbside and CDS recycling programs in the absence of reliable markets for recyclate.

The CDS will provide a much-needed boost to the value of eligible recycled containers, which should help offset operational losses that many material recovery facilities are currently experiencing. However, concerted and collaborative effort between governments and industry is needed to establish domestic circular economy markets for recyclate in order

Our Ref: F2004/07137 Your Ref:

to avoid long-term instability in recyclate commodities captured through kerbside and CDS recycling programs.

There is currently only a very limited market for glass products in Australia and overseas. This is resulting in the transport of waste glass out of state where it is being stockpiled with the hopes that market conditions will improve. Markets for mixed plastics have also deteriorated substantially since August 2017 following major changes to China's rules for importing waste plastics and paper for recycling.

IPART is in a unique position to provide valuable independent feedback to the NSW Government about the effects of the CDS on essential kerbside recycling services, associated recyclate markets, and how the recyclate that is captured through the CDS is handled. By expanding the terms of reference to cover these topics, you will be protecting the state's integrity and investment in resource recovery.

Should you require further information, please do not hesitate to contact [REDACTED], Manager Sustainability, [REDACTED].

Yours sincerely

[REDACTED]

Tony Farrell
Director City Strategy
[encl]

cc: Gabrielle Upton MP, Minister for the Environment
Scot MacDonald, Parliamentary Secretary for the Hunter and Central Coast
Roger Stephan, CEO, Hunter Joint Organisation
Roger Lewis, CEO, Hunter Resource Recovery

Specific Proposed Additions to Terms of Reference

Lake Macquarie City Council requests that the following additions, *shown in italics*, to be included in the Terms of Reference for the Monitoring and Reporting on Impacts of the NSW Container Deposit Scheme

IPART is to monitor:

1. the effect of the Container Deposit Scheme on prices of beverages supplied in a container;
2. the performance and conduct of suppliers;
3. *the effects on kerbside recycling services;*
4. *the effects on markets for glass and plastic recyclate; and*
5. any other market impacts on consumers that arise from the commencement of the Scheme, for the period from 1 November 2017 to 1 December 2018 (monitoring period).

IPART is to provide a report to the Premier and the Minister for the Environment regarding:

1. the effect of the Container Deposit Scheme on prices of beverages supplied in a container for the period from 1 November 2017 to 1 December 2018;
2. the framework for monitoring the Container Deposit Scheme including the behaviour of suppliers;
3. the effect of the Container Deposit Scheme on suppliers, *kerbside recycling services, glass and plastic recyclate markets; and*
4. any recommendations for actions by government to address any adverse effects or behaviours arising from the operation of the Scheme.

In undertaking the monitoring, IPART should have regard to:

1. any changes in prices of beverages before or after 1 November 2017 that purport to be in response to the Scheme;
2. any information provided by Scheme participants and consumers;
3. the behaviour of suppliers and major retailers before and after 1 November 2017 including whether beverage prices have increased beyond the amount suppliers are charged by the Scheme Coordinator;
4. the manner in which suppliers are recovering the costs of the Container Deposit Scheme;
5. *the manner in which Councils and recyclers are being impacted by the Scheme;*
6. *the behaviours of material recovery facilities that process dry recyclables, including any major variations in tonnages of eligible containers processed before and after the commencement of the Scheme;*
7. *improving or worsening market conditions for glass and plastic recyclate before and after the commencement of the Scheme;*
8. *understanding if, where and how the recyclate generated from the Scheme is reprocessed back into the productive economy; and*
9. any other matters considered relevant.