



Suite 18.01A, Level 18, 1 Bligh St, Sydney NSW 2000

Level 8, 183 North Quay Brisbane QLD 4000  
Postal: 313/351 Brunswick St Fortitude Valley QLD 4006

Phone 1300 795 822

Email [admin@acor.org.au](mailto:admin@acor.org.au)  
[www.acor.org.au](http://www.acor.org.au)

ABN 60 574 301 921

22 May 2017

Via email:

[Tony.Roberts@ehp.qld.gov.au](mailto:Tony.Roberts@ehp.qld.gov.au)

[Geoff.Robson@ehp.qld.gov.au](mailto:Geoff.Robson@ehp.qld.gov.au)

[Kylie.Hughes@ehp.qld.gov.au](mailto:Kylie.Hughes@ehp.qld.gov.au)

To whom it may concern,

The Australian Council of Recycling (ACOR) welcomes the opportunity to comment on the consultation draft “*Container Refund Scheme: Material Recovery Facility Processing Refund Protocol*” (As mentioned in Agenda 7d).

ACOR is the peak national industry association representing a broad range of organisations within the resource recovery industry. We represent a diverse group of members, including local councils, public and private resource recovery and recyclers with different interests in the Material Recovery Facility (MRF) Processing Refund Protocol. This submission reflects a brief consultation with ACOR members and possible areas of concern are specified below.

## 1. Definitions

- a. Clarification is sought as to how DEHP intends to deal with new operators seeking to become MRF operators to capitalise on the CRS, bearing in mind the regulatory framework dealing with MRF operators has been guided by the principle that the CRS must complement existing kerbside system.
- b. The definition of MRF operator should be consistent with NSW CDS.
- c. Clarification is needed for the term “processing refund requirement” as if referring to documents required by this protocol.

## 2. QLD CRS framework

- a. There are advantages in terms of achieving a strong alignment between NSW and QLD. Consistency with NSW will enable QLD to reap the benefits associated with both states embarking on major reform on similar timeframes, and support a move towards a harmonised national approach. The fundamental drivers of success are the same for each jurisdiction, these drivers revolve around the following key themes:
  - The CRS should complement rather than displace existing activities that have been established in order to achieve similar public policy objectives.
  - Cost effectiveness will be the outcome of a well-designed system that invites market competition and allows scheme participants to achieve scale and extract synergies
  - New investment is required to create a new network of collection points that provide a consistent, high quality and efficient service for the community.
  - CRS has the potential to generate significant public support.
- b. Lodgement and processing refund claim period should be within 28 days to ensure consistency of time frames.
- c. ACOR audit costs are a cost of administering the scheme and should be borne by the PRO.
- d. Clause 7.5 should be amended to limit the PRO's power. E.g. to provide that the PRO "reasonably determines" that a claim has not been "made materially in compliance" with the Processing Refund Protocol requirements.
- e. Dispute resolutions: the parties should equally share the costs of the third party independent review. Types of independent experts should be set out in the protocol, parties should agree on the expert to be ultimately appointed.
- f. DEHP should confirm the annual recycling statement template provided by the NSW EPA will be available for future comment.

### **3. CRS Network Operators**

- a. The key activities of CRS collection points will be undertaken more efficiently, consistently and cost effectively when performed at scale (i.e. as part of a recycling network) rather than by an unrelated group of collection points.
- b. A beverage-focused PRO will not be well placed to extract efficiencies of using the collection network to manage other items covered by future schemes; recycling-focused Network operators will have the scale and incentive to attract new material streams and reduce overall network costs.
- c. An efficient CRS will require significant investment of new capital, which will only be undertaken by operators that can achieve scale, and that have a commercial incentive to optimise container collection volumes.
- d. Queensland should look to avoid the frustrations of the South Australian CDL, where new players and innovation are *locked out* due to a monopoly operator, and there is little market competition.

### **4. Regions in the QLD CRS**

- a. QLD CRS potentially introduces recycling services to areas where there are currently minimal resource recovery systems in place. It is important to ensure infrastructure is developed across the state, including regional and remote areas where container volumes will be lower and the costs of servicing will be higher.
- b. The creation of regions, and appointment of Network Operators to each region, will enable the QLD Government to enforce coverage requirements across QLD, given the potential for an appointed party to forfeit the right to operate in more profitable parts of a region unless they are also servicing less profitable parts.
- c. Creation of regions will also enable the appointed Network Operators to build scale and invest in best practice to establish an efficient network of collection infrastructure in the region.

## 5. Glass issue (1): Estimation of eligible containers for refund purposes

- a. The efficient and accurate calculation of required refunds based on the percentage of eligible glass bottle containers processed by bottle crushing service operators, prescribed as being a class of MRF operator in accordance with the *NSW Waste Avoidance and Resource Recovery (CDS) Regulation 2017* under the *Waster Avoidance and Resource Recovery Act 2001*.
- b. The methodology outlines MRFs can calculate their eligible refund claims based on estimations, rather than counting individual containers. Such estimation methodology will involve a rigorous and transparent statistical sampling framework for dealing with uncertainties and risk. In the case of glass bottles, a significant percentage of which may break during kerbside collection and transportation, a suggestion has been raised to sample the number of bottle necks to identify the eligibility of the broken bottle.
- c. As bottle crushing service operators provide equipment that break/crush glass bottles within hospitality venues, it would be impractical to sample the number of bottle necks within each bin. A relatively cost efficient and more accurate approach would be to sample customers' container purchasing information. Independently sourcing customer's container purchasing data will enable the accurate identification of the quantity of eligible containers; and by comparison with the venues' total purchases of glass bottle containers will enable the calculation of an accurate percentage of eligible containers for refund purposes. An acceptable level of statistical variation, to the required confidence level, can be accommodated as part of the sampling process along with seasonality (e.g. by sampling 12 months purchasing data) together with any other concerns (e.g. venue type, size, and location). This approach will ensure the estimates used will be statically accurate, while ensuring that costs associated with the process are contained.
- d. Other ACOR members suggest the following audit methodology for glass: (1). Auditing to occur at kerbside to determine the percentage

split of CRS eligible vs ineligible containers; (2). At MRF, determine the actual glass percentage in glass output; (3). Calculate the percentage of eligible containers (1) multiplied by the Actual glass percentage in glass output (2) multiplied by the number of glass tonnes output, then divided by the “published average bottle weight” = number of containers eligible for refund.

- e. Adding bar code scanning capability to bottle crushing equipment will enable the accurate identification of containers processed by the machine. However, the significant cost of adding, monitoring and maintaining such technology should result in the equipment becoming a collection point. At which time the handling charge would be used to compensate for the cost of the technology. This technological advance is unlikely to be widely available at the proposed start date 1 July 2018.

**6. Glass issue (2): Lengthy claim refund process**

- a. The lengthy time delay involved in making quarterly refund claims, the additional time allowed issuing assessment notices and then, making the requisite payment which will then be passed onto customers.
- b. For bottle crushing service operators, and others, claim refunds are to be on forwarded to customers, consideration should be given to allow monthly claims to be made and reduced processing times as much as possible. This approach would be backed up by reconciliation statements on a six month or annual basis.

ACOR welcomes the opportunity to contribute to the review of the consultation paper and stands ready to advise government following the outcomes of the consultation.

Yours sincerely,



**Grant Musgrove**  
**Chief Executive Officer**