

## **Second Reading Speech**

### **Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill 2018**

That the Bill be now read a second time.

Introduction of the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill 2018 marks a significant milestone towards delivering the McGowan Government's election commitment to implement a container deposit scheme. The scheme will help address the scourge of litter and encourage a recycling culture.

The scheme will promote better environmental outcomes, create employment and provide business opportunities for social enterprises, and enable charities and community organisations to raise money to fund their important community work.

Amending the Waste Avoidance and Resource Recovery Act 2007, referred to as the WARR Act, will provide the necessary legislative head powers to deliver that commitment.

The container deposit scheme will reduce beverage container litter, maximise recycling rates for these materials, and provide for the costs of collecting and recycling beverage containers to be incorporated into the costs of producing beverage products.

The 10 cent refund provides an incentive for consumers to return containers. The container deposit scheme supports the waste hierarchy and principles of waste minimisation and the move towards a waste-free society as set out in the objects of the WARR Act and draft waste strategy.

The design of the container deposit scheme strikes a balance between an accessible and extensive collection network, making returns convenient for consumers, and keeping the collection and administration costs of the container deposit scheme as low as possible.

The container deposit scheme is also designed to minimise the impact on the viability of existing kerbside recycling programs. Where eligible containers are disposed of in kerbside recycling bins, the material recovery facility and local government operating the kerbside recycling service will share the refund amount.

When eligible containers are given to donation points, the refund amount will be paid to the community group operating the donation point when the group takes the bottles to a refund point. In some situations, donation points may also operate as refund points.

The participants in the container deposit scheme have commercial interests, some of which may align with the government's objectives for the container deposit scheme, although others may conflict. The container deposit scheme has been designed to minimise or manage conflicts between participants' commercial interests and the objectives of the scheme. This will be achieved through the establishment of governance arrangements for the scheme coordinator and associated performance targets.

The container deposit scheme will largely be operated by the scheme coordinator, a not for profit company. The conditions of appointment of the scheme coordinator will provide the company appointed as coordinator must not carry on any other business but the role of coordinator. The government administers the scheme to ensure that there is a high level of accountability, transparency and capacity for government intervention to ensure the scheme coordinator performs as expected.

The container deposit scheme also aligns to the greatest possible extent with schemes in other jurisdictions. This will make it easier for beverage suppliers to comply with their obligations in multiple jurisdictions and to make the consumer experience as consistent as possible across jurisdictions with a container deposit scheme in place.

The container deposit scheme has been designed to provide the community with confidence that government has appropriate oversight and can direct key aspects of the scheme.

The selection of the scheme coordinator will be a decision of the Minister. The chair of the board of the scheme coordinator must be approved by the Minister, as must be a director on the board that represents the interests of the community.

Regulations will set targets for accessibility of refund points and overall return rates to be achieved by the scheme coordinator to ensure that the Government's policy objectives are met.

The Minister will approve the container deposit scheme strategic plan. Regulations will require the scheme coordinator to regularly report on scheme performance and that report must be tabled in Parliament.

There will also be a capacity to sanction the scheme coordinator in response to performance concerns.

The Minister can also give directions to the scheme coordinator in relation to any aspect of the scheme. Failure to comply with a direction is an offence and grounds for amendment or cancellation of appointment.

To design the container deposit scheme, the Department of Water and Environmental Regulation has carried out public consultation via a discussion paper, an advisory group, technical working groups, interagency working group and representatives of other jurisdictions with container refund schemes in place.

The container deposit scheme will provide for a ten cent refund to be paid to any person who returns an eligible beverage container to a refund point. The returned containers must be recycled or reused.

The container deposit scheme will apply to eligible beverage containers. The scope of eligible beverage containers will be identical to that of New South Wales and Queensland. Most aluminium, glass, polyethylene terephthalate, high-density polyethylene, steel and paperboard drink containers between 150 millilitres and three litres will be eligible.

Any person who wishes to supply a beverage product in a beverage container in Western Australia must apply for approval of the container by the Chief Executive Officer of the department administering the legislation or a delegate.

Beverage suppliers fund the container deposit scheme by covering the costs of refund amounts and other costs in delivering the scheme to the scheme coordinator. It is anticipated that suppliers will seek to recover these costs through an increase in beverage prices.

Details of the payment obligations and detail as to how the amount is calculated and invoiced will be set in contracts between the scheme coordinator and each beverage supplier. The required content of supply agreements will be prescribed.

The scheme coordinator will manage a network of refund points, pay refund point operators for refunds paid to persons returning beverages and other costs incurred. The scheme coordinator will contract for the collection of containers from refund points, transport, processing, verification and recycling of the containers.

The scheme coordinator will ensure that the costs of the scheme are passed onto beverage suppliers through agreements with them. The scheme coordinator will manage the scheme's finances, establish verification mechanisms for refunds claimed, report against requirements and performance targets and maintain consumer awareness of the scheme.

The collection network will be designed in a way that allows a range of different types of operators to participate in order to generate revenue, either through a single refund point or a network of points. The government is seeking an open collection network that allows community groups, social enterprises and small businesses to participate rather than a network operated by one or two large companies. It is for this reason that the objects for the container deposit scheme directly provide for social enterprise participation.

The scheme coordinator will be required to ensure that containers collected from refund points are recycled or reused and are not disposed of to landfill.

It will be a condition of payment of a claim by the scheme coordinator and material recovery facilities that all beverage containers for which a claim or payment is made are sent for recycling or reuse and are not disposed of to landfill. Payment claims will require a declaration to this effect and it will be an offence to make a false declaration.

It will also be an offence for the scheme coordinator or material recovery facility operators to cause or allow containers in respect of which a payment claim has been made, or will be made, to be disposed of to landfill, buried or dumped.

Section 46(7) of the *Constitution Acts Amendment Act 1899* requires a Bill imposing taxation to deal only with the imposition of taxation. For this reason, the elements of the scheme that could be characterised as a tax – the provision of a refund amount and the requirement on beverage suppliers to pay the scheme coordinator in respect of this – will be the subject of a separate bill to amend the WARR Act.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the government of the state is a party; nor does this bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the commonwealth.

I commend the Bill to the House and table an Explanatory Memorandum.