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NSW Environment Protection Authority
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Draft Material Recovery Facility Processing Refund Protocol

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing all NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

Please note that this is a draft submission until it is endorsed by the LGNSW Board. We will advise at that time if there are any substantive changes to this submission.

Background

In April 2017 when the initial Material Recovery Facility (MRF) Processing Refund Protocol (Protocol) was drafted and placed on public exhibition inviting comment, LGNSW made a submission to the NSW Environment Protection Authority (EPA) on the draft. That submission offered in-principle support for the introduction of a NSW Container Deposit Scheme (CDS) that provided an incentive refund on the return of containers, including those remaining in kerbside collection. The submission also supported the development of the Protocol to allow a MRF to claim container refunds on eligible containers and to set out:

- the methodology to be applied by the Scheme Coordinator to determine the amounts payable to material recovery facility (MRF) operators
- the process MRF operators must use to claim and receive processing refunds under the NSW Container Deposit Scheme

LGNSW remains supportive of the NSW Government's endeavours to design and implement a CDS that continues to complement existing kerbside recycling services, rather than replacing them. One of the key recommendations made by LGNSW in the 2017 submission was around the need for greater data transparency. LGNSW advocated at that time for the full transparency of sampling data related to the Protocol as full information would allow councils to enter into agreements with MRF operators in a more fair and equitable manner. As such it is pleasing to see that the current review of the Protocol also seeks to further increase the transparency of MRF reporting.

Response

LGNSW welcomes the opportunity to provide comment on the current draft Material Recovery Facility (MRF) Processing Refund Protocol (Protocol) as detailed in the public Consultation Draft 2021 document. LGNSW sought informal and limited feedback from council's waste staff

and regional waste coordinators to inform this submission, however no feedback was received from councils that may operate a MRF. As such the comments contained within this submission may only be considered to reflect the perspective of councils that have a relationship and/or agreement with a MRF rather than operating a MRF as part of normal council operations.

LGNSW notes that the Protocol has been operating since 1 December 2017 and since that time there has been one minor update to provide for inter-MRF transfers. We also note that the Protocol will be reviewed at a minimum within five years of its publication, but may be reviewed more frequently when considered appropriate by the EPA. Given this condition the review of the Protocol would appear timely.

LGNSW understands the key changes to the Protocol are:

1. Clarifying concepts and definitions

- Registration concept replaced with 'confirmation of eligibility'
- Updated 'Scheme material' concept and changed terminology to 'Non-claimable material'
- Updated inter-MRF transfer definition – 'unprocessed comingled materials'
- Clarified that all weighing equipment must be verified
- Approval of method to measure stock on hand

2. Process for MRF's to claim

- Reduced the timeframe to confirm eligibility
- Removed duplicate reporting requirements
- Annual assurance report no longer required
- Process for MRF's exiting the scheme

3. Process for Scheme Coordinator to assess claims

- Amended timeframe for Scheme Coordinator to assess claims to 20 business days after the expiry of the 28 days at the end of a claim period

4. Process for making adjustments and payments

- Codification of adjustment method for partially valid claims

5. Transparency

- Publication of MRF information

LGNSW notes that the proposed changes aim to make the process of applying for and receiving processing refunds more streamlined and easier to follow. We note that the proposed changes are primarily aimed at codifying existing processes and procedures to make them more explicit. We recognise that the Protocol has also been updated to make it easier to navigate, more transparent and to reduce double handling of information, such as where MRF operators were obliged to report to both the Scheme Coordinator and the EPA.

If these proposed changes achieve the expected time and cost savings for MRFs then this would be welcomed by NSW councils as LGNSW anticipates that any time or cost savings could and should be passed on to councils who may have an existing agreement with a MRF in the form of a greater refund returned to councils.

Recommendation 1: LGNSW supports the change to the Protocol to remove the requirement for an annual assurance report for MRFs therefore streamlining the claims process.

LGNSW also supports the intention to ensure that MRF payment details are published more regularly, not just through the Scheme Coordinator's annual report. We are in agreement that this will assist with the transparency of the scheme and is line with the recommendation that LGNSW made in April 2017 on the initial Protocol.

Recommendation 2: LGNSW supports the change to the Protocol in order to allow publication of MRF information at a facility level.

In summary, LGNSW welcomes the current review of the Protocol and supports the five key changes as these seek to reduce "red tape", maximise legitimate refunds, increase the transactional nature of MRF operations, increase transparency and reduce risks to councils.

LGNSW supports the increased clarity around rules and definitions on the premise that this subsequently benefits councils, builds capacity to understand the Protocol and how it relates to MRF operations and any flow-on effects to current or new agreements under the current CDS.

Thank you again for the opportunity to comment on the draft Material Recovery Facility Processing Refund Protocol. If you would like further information on LGNSW's position, please contact Alison Thompson, Senior Policy Officer – Waste on 02 9242 4056 or alison.thompson@lgnsw.org.au

Yours sincerely



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