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22 November 2021

Dear Mr Circelli

Re: Improving South Australia's Recycling Makes Cents

Thank you for the opportunity to provide feedback on the EPA's discussion paper to review SA's container deposit scheme (CDS).

The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body representing Australia's \$15.5 billion waste and resource recovery (WARR) industry. Nationally, we have more than 2,000 members from over 500 entities that operate in a broad range of organisations, the three (3) tiers of government, universities, and NGOs.

WMRR's members are involved in the breadth and depth of waste management and resource recovery, engaging in significant activities within the Australian economy, including community engagement and education, infrastructure investment and operations, collection, manufacturing of valuable products from resource recovered materials, energy recovery, and responsible management of residual and problematic waste.

An integrated WARR system drives jobs and economic growth and at present, the industry employs approximately 50,000 people across Australia. In South Australia, the waste, recycling, and remanufacturing industry is a significant contributor to the state, through:

- a turnover of more than \$1.4 billion¹;
- Gross State Product (GSP) of \$1.08 billion²
- the employment of 4,800 full-time equivalent persons³; and
- a reduction of greenhouse gas emissions by 1.32 million tonnes of CO₂-e through recycling activities⁴.

WMRR acknowledges that SA's CDS has led the way for over four (4) decades and the state has, historically, been at the forefront of recycling and resource recovery. Despite this, SA has not rested

¹ Inside Waste Industry Report 2017-18: Volumes and Values

² 2019-20 Recycling Activity Survey for South Australia, Green Industries SA, 2021

³ Ibid

⁴ Ibid

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on its laurels and WMRR commends the EPA for undertaking a review of its CDS and for developing a thoroughly researched, well-considered, and intelligent discussion paper.

What is evident from this discussion paper is the SA government's continued willingness to engage with all stakeholders, including the WARR sector, and WMRR appreciates its strong relationship with the EPA. It is also refreshing to be able to consult on a paper that has clearly been informed by stakeholders; it is evident that the EPA has taken on board a significant amount of feedback that industry has provided since the review began in 2019, and there is a level of understanding by government of how the WARR sector operates.

Overall, this paper is a dynamic document that presents a strong analysis of the environmental and economic footprints of the state's CDS as well as material flows and impacts and does not shy away from providing a great amount of detail and data to all stakeholders — which WMRR submits works in the EPA's favour as it serves to educate and inform all who read it, in particular, the community.

Broadly, WMRR agrees with the EPA's findings and analysis of the CDS and we support the regulator's intent to modernise the scheme that includes a change in the way it is governed, improvements to accessibility, and clarity around its purpose as well as promotion of the circulation of materials through the supply chain. While WMRR also supports the EPA's proposed two (2)-stage modernisation plan, so as to enable national alignment, we would urge the SA government to continue being a leader in this space and forge ahead with the improvements and changes proposed in the discussion paper, including (but not limited to) expanding the scope of the scheme, which not only has significant economic, community, and environmental benefits – as highlighted in the paper – but also has strong support from a wide range of stakeholders.

WMRR's responses to the consultation questions can be found below. Please do not hesitate to contact the undersigned if you would like to further discuss WMRR's submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Gayle Sloan', written over a light blue circular graphic element.

Gayle Sloan

Chief Executive Officer

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SUBMISSION

Key issue	Questions	WMRR's response
1. Objectives of the CDS	<p>Do you think the CDS should be supported and recognised as a key pathway for supplying recovered materials to remanufacturers and to achieve state and national resource recovery targets by:</p> <ul style="list-style-type: none"> a) Supporting and building on existing beverage container resource recovery investments and infrastructure. b) Optimising the recovery of high-value beverage container materials that support a circular economy. c) Continuing to enable opportunities for local employment within the CDS and more broadly within the resource recovery and recycling sector. d) Enabling opportunities for community groups, not-for-profit organisations, and charities to benefit from the CDS through direct participation and the development of partnerships within the CDS. 	<p>WMRR supports the objectives of the SA CDS and agrees that the scheme is recognised and should continue to be supported as a key pathway for supplying recovered materials to remanufacturers. The economic and environmental benefits to-date have been highlighted throughout the discussion paper and WMRR agrees that the current CDS objectives should be retained.</p> <p>However, WMRR advocates for a further objective to be included in the scheme to support greater resource recovery, recycling, and circular principles. This objective relates to extending producer and user pays responsibility, whereby requirements for manufacturers to produce containers that can be readily recycled in Australia are included and a minimum amount of recycled Australian content in containers that are registered within the scheme is set. Containers that are accepted under the scheme should be recyclable in Australia and made from Australian recycled content. SA needs to give consideration to taking this action given the fact that a number of beverage manufacturing facilities in SA have closed in recent years, making it more challenging for CDS material to be recovered and remanufactured in SA; hence, stronger signals will be required to increase infrastructure and recovery.</p>
2. Containers included in the CDS	<ul style="list-style-type: none"> a) Should plain unflavoured milk containers up to three (3) litres continue to be excluded from the CDS? If not, why not? b) Do you think the diversion of glass from the commingled recyclables bin is best achieved through the CDS or a fourth kerbside bin dedicated to glass? 	<p>The data (environmental and cost-benefit modelling) presented in the discussion paper are compelling and support the expansion of the scope of containers to include plain unflavoured milk containers and all glass beverage containers up to three (3) litres (including wine, spirit, and cordial).</p>

	<ul style="list-style-type: none"> ➤ Do you agree that all glass beverage containers up to three (3) litres should be included in the CDS (wine, spirit and cordial)? If not, why not? ➤ Alternatively, if a fourth kerbside bin collection system dedicated to glass was made available, who would pay for it? <p>c) Do you agree that all plastic fruit/vegetable juice and cordial containers (in addition to soft drinks, fruit drinks and water) up to three (3) litres should be included in the CDS? If not, why not?</p> <p>d) Do you think a contemporary CDS education campaign that incorporates new inclusions would divert more beverage containers away from the kerbside co-mingled bins and residual waste bins towards CDS depots? What media platforms should be used for such a campaign?</p>	<p>Thus, WMRR agrees that the variety of containers should be expanded, focusing on consolidation of material types (e.g., all glass beverage containers should be included). This would enable all beverage containers including wine bottles, spirit bottles and other beverage containers, such as fruit juice and flavoured milk to form part of the scheme, resulting in less consumer confusion, which is one of the aims of the EPA’s review, and increased return of containers.</p> <p>The inclusion of these containers has the potential to deliver significant benefits in terms of:</p> <ul style="list-style-type: none"> ➤ Reduced consumer confusion about why (and which ones) some beverages are in and some are out. ➤ Greater aggregation of each relevant material type, supporting the ability to deliver circular economy outcomes. ➤ Fairer distribution of collection and processing costs across a broader range of packaging materials. ➤ Potential increase in the quality and value of the kerbside recycling system. <p>While WMRR supports national harmonisation of container deposit/refund schemes across jurisdictions and agrees that a second stage of modernisation may be required for SA, we would urge the SA government to take the lead – as it has over the last 40 years of the scheme’s operation – to proactively expand the scope now, in order to set a framework that would encourage other jurisdictions to follow suit. As the EPA has noted in its review process that commenced in 2019, there is strong widespread support for the expansion of the scope of the scheme.</p>
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		<p>WMRR also supports a contemporary CDS education campaign as SA continues to build on its CDS and scope of products for inclusion, to not only eliminate confusion, but to also inform and educate community about how to make circular choices. A fully funded education and marketing campaign with centralised, consistent, up-to-date and easy-to-access information is important.</p> <p>WMRR does not support the idea of rolling out a fourth kerbside bin dedicated to glass; it is unnecessary, illogical, and would represent a retrograde step when one considers the data presented that highlights that currently there is almost three (3) times as many beverage glass containers going through the CDS scheme at present than kerbside. Why would a polluter-pays scheme that successfully collects and recovers the amounts it does be replaced by an unsustainable fourth recycling bin, which will be paid for by ratepayers? A fourth bin creates additional cost, as well as GHG emissions (transport miles), and will detract from maximising community participation in the CDS. Further, as SA already has a good and well-known network of collection depots covering the state, upgrades could be made to existing depots to enable these sites to accept other materials into the future. The way forward should not be imposing unnecessary costs onto ratepayers by setting up new infrastructure (bins, collection, to name a few) for a fourth bin, undermining an extremely successful polluter-pays scheme that has real potential benefit of increasing funds back to the SA community; rather, SA's proven CDS should be expanded to capture the materials proposed above.</p>
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<p>3. Scheme approvals and container markings</p>	<ul style="list-style-type: none"> a) As a beverage producer or supplier, do you support the CDS subsidising new-entrant small to medium beverage suppliers and producers in the form of scheme induction and initial preparation costs? If not, why not? b) As a beverage producer or supplier, do you agree with the application of a scheme compliance fee paid by the super collectors to cost recover the scheme compliance and enforcement costs? If not, why not, and what alternative method of cost recovery could be applied? c) As a beverage producer or supplier, do you support the removal of the container approval application fee and incorporation of these assessment costs as part of the scheme compliance fee? If not, why not? d) If the SA government introduces a limited term for approvals, do you think a five-year term, in line with other state and territory schemes, is a suitable time period? If not, why not, and what would you suggest? e) As a beverage producer or supplier, super collector or depot operator, do you support the alignment of CDS-eligible beverage container refund markings nationally, and why? f) What potential container branding would you recommend that could be used to promote and raise awareness of the CDS and the circular economy? 	<p>WMRR agrees that the current markings should be retained but would encourage SA to continue working with other jurisdictions on nationally consistent branding.</p> <p>To promote and raise awareness of the CDS and the circular economy, WMRR also advocates for clear and consistent labelling about what is made from Australian recycled material, including the percentage of recyclable materials containers comprise. This would assist consumers in making informed choices about purchasing Australian recycled materials, which would drive market demand for recycled products.</p>
<p>4.1 Deposit value and refund amount</p>	<ul style="list-style-type: none"> a) Does the current deposit amount of 10 cents influence whether you return empty beverage containers for recycling via CDS depots? If so, how does it influence your participation? If not, why not? 	<p>As the refund amount is historical, WMRR believes that it has failed to keep up with the increased costs of beverage, which diminishes the deposit as a proportion of the total drink value. In Europe, the refund amount is €0.25, which is set against the number of containers required to be returned to gain a full container.</p>

		<p>Although WMRR supports a review and subsequent increase of the refund amount, we agree that any increase should be undertaken nationally for consistency and efficiency, to eliminate confusion, and to mitigate the risk of refund fraud. WMRR also encourages the SA EPA to continue coordinating its behavioural research study to understand the impacts of an increase and to share the findings through HEPA in order to determine and agree on a nationally consistent refund amount.</p>
<p>4.2 Ease of container return</p>	<p>a) If the existing depots were supplemented with new return points, which types of location(s) would you find the easiest to return eligible beverage containers to? For example:</p> <ul style="list-style-type: none"> ➤ Supermarket or shopping centre ➤ Local retail outlet for example, newsagency or convenience store ➤ Entertainment and sporting events ➤ Waste transfer stations ➤ Home pick-up service (for fee). <p>b) Would you use self-service return points (for example, reverse vending machines or 'drop and go' stations) located in one of the above locations to divert more of your containers from the kerbside waste system to the CDS?</p> <p>c) Will promotion and consistent branding of return points, including information about location, operating hours and beverage container return requirements, assist you in returning eligible containers and assessing the refund?</p> <p>d) As a community organisation such as a charity, school or sports club, how do you or would you like</p>	<p>As a number of other jurisdictions have now rolled out what might arguably be more contemporary CDSs, SA has the advantage of looking at these schemes to identify a suite of approaches that will deliver an accessible and modern scheme across the state. WMRR submits that it has become apparent, due to the development of these schemes in other jurisdictions, that a real mix of collection point infrastructure including Reverse Vending Machine (RVMs), over the counter (OTC), and even home pick-ups, which are available in the ACT, NSW and Queensland, should be incorporated to enable the greatest access and convenience to be able to participate.</p> <p>Increasing the number of return points to obtain the further 3% of containers is supported. It is recommended that consideration be given to increasing per head of population services in SA, possibly using a mix of access points described, which may be more appropriate in the metro areas. Key to the success of such an infrastructure mix is a well-planned network of sites that enables sufficient throughput to ensure financial viability.</p>

	<p>to participate in, and benefit from, the CDS? For example:</p> <ul style="list-style-type: none"> ➤ By building and operating refund collection points yourself. ➤ By partnering and hosting refund collection points with approved CDS depots. ➤ By carrying out a collection of containers to take to a local collection point. ➤ By registering with the scheme as a nominated donation partner that is eligible to receive electronic funds donations through automated reverse vending machines. ➤ Through mobile or 'pop up' refund points as part of a fundraising drive. <p>e) The handling fee payable to depots and return operators is one lever to influence accessibility and servicing of return points within a community. What other levers and incentives could be used?</p> <p>f) What would be the best mechanism to ensure the CDS achieves return rate targets and accountability standards for metropolitan, non-metropolitan, and remote areas of the state?</p>	<p>On determining the locations of this suite of approaches, SA could start by setting service standards (hours of operation, etc) as well as using the following location metrics that WMRR has proposed to other jurisdictions:</p> <ul style="list-style-type: none"> • Major regional centres – one (1) refund point per 20,000 population within a five (5) km target (maximum travel distance). • Regional areas – one (1) refund point per town of 2,000 population (with an additional refund point for each additional 10,000 population) within a thirty (30) km target (maximum travel distance). • Remote/very remote areas – one (1) refund point per town of 500 population within a 50km target (maximum travel distance - remote) and 100km target (maximum travel distance - very remote). <p>We have also seen in other jurisdictions the use of technology to provide additional incentives to return; for example, customer loyalty program and the ability to donate refunds to charities, schools and sporting groups, which are great aspects to not only increase returns but develop a sense of community.</p>
4.3 Payment of refund method	<p><i>General</i></p> <p>a) How would you like to receive your refunds for containers?</p> <ul style="list-style-type: none"> ➤ Cash. ➤ Electronic funds transfer (EFT)/online payment. ➤ Direct electronic funds transfer to a donation partner of your choice. 	<p>In keeping up with advancements in payment systems and payment preferences, and to ensure convenience to customers, WMRR supports the expansion of payment refund methods to capture non-cash refund methods (such as EFT, vouchers, donations to charities) while also retaining cash options.</p>

	<ul style="list-style-type: none"> ➤ Vouchers (for example, for use at local stores). ➤ All refund options as above. <p>b) Is the addition of non-cash refund methods likely to increase the level of convenience for you when returning empty beverage containers to a CDS depot?</p> <p><i>For depot owners</i></p> <p>c) Will you need to change the operation of your business to provide for non-cash refund methods such as EFT? If yes,</p> <ul style="list-style-type: none"> ➤ What do you expect to be the nature and cost of providing non-cash refund methods? ➤ What would this look like at your depot and how long would this take (for example, one year or less, up to two years)? <p>d) Do you anticipate that a partnership with at least one donation partner could support your local community and increase the customer base at your depot?</p>	
<p>5. Governance arrangements</p>	<p><i>Scheme oversight</i></p> <p>a) Do you think the SA government should appoint an independent governing body for the existing multiple super collector system or independent not-for-profit scheme coordinator who will have oversight of the scheme, and make recommendations on the performance targets, container return rate targets, scheme costs and the reporting and accountability framework to the SA government?</p> <ul style="list-style-type: none"> ➤ If so, do you think the proposed governing body membership is appropriate? If not, what do you suggest? 	<p>The economic analysis that has been undertaken as part of this review shows significant annual net benefits in moving to a single coordinator, including more jobs, less materials disposed to landfill, greater return rates, and decreased overall costs, which would benefit community and local government. Thus, WMRR supports the EPA's proposal to restructure the scheme's governance arrangements, and the preferred model is option two (2): a single independent not-for-profit scheme coordinator appointed by the Minister for Environment in consultation with relevant industry stakeholders. As highlighted in the paper, the coordinator will be governed by an independent board, which should</p>

	<p><i>Scheme auditing and reporting</i></p> <p>b) It is proposed to require registration of beverage containers (and barcodes if available) within a centralised IT platform as a condition of container approval to enable tracking and counting of containers. If a barcode is not used, what alternative tracking and counting methods would you suggest and where are they in use?</p> <p>c) It is proposed that beverage producers and suppliers, depots, and super collectors or the single scheme coordinator must utilise a centralised IT platform for auditing and reporting purposes in accordance with the supplier arrangement. Do you agree with this? If not, why not?</p> <p><i>Scheme coordination</i></p> <p>d) Which of the scheme coordinator options (option 1: multiple super collectors or option 2: single independent not-for-profit scheme coordinator) do you prefer and why?</p> <ul style="list-style-type: none"> ➤ What do you see as the risks and benefits of each of these scheme coordination options? ➤ What would the impacts of the different options on your business? ➤ If option 1 was the model chosen to coordinate the scheme, how would accountability for meeting scheme performance indicators, such as return rate targets, be shared amongst super collectors? <p>e) The establishment of a single waste management arrangement between depots and at least one super collector (for option 1) or single independent scheme coordinator (for option 2) is proposed to</p>	<p>comprise stakeholders from state and local government, the WARR industry, and the beverage sector.</p> <p>WMRR supports the independent single scheme coordinator being responsible for auditing the scheme, recovering and paying all scheme costs from the beverage industry, and administering suppliers into the scheme and invoicing them the net costs. It would also be responsible for auditing and paying MRFs. Additionally, the scheme coordinator should have procurement targets to ensure buy-back of containers. Scheme targets are a mechanism for ensuring these goals are achieved; however, these must be backed by realistic and commensurate penalties or consequences (equivalent to the benefits that producers may receive due to underperformance in the scheme).</p> <p>A single independent scheme could reduce handling, sorting and transportation costs given the existence at present of effectively two (2) coordinators in SA. It will also assist with improved scheme coordinator reporting, registration of beverage containers, standardising supply agreements, and understanding the costs of the scheme and redemption rates. A single coordinator would also bring closer alignment with most other Australian states. To that end, SA could implement this via similar legislation that has been introduced in NSW, the ACT, and Queensland.</p> <p>However, if the EPA does select option one (1), WMRR agrees that the government should appoint an independent governing body, which should also comprise stakeholders from state and local government, the WARR industry, and the beverage sector.</p>
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	<p>enable depots to contract with a single super collector and remove sorting by container brand.</p> <ul style="list-style-type: none"> ➤ Do you agree with this change as a way of addressing these concerns? If not, why not? If not, what alternative approach would you suggest? <p>f) The weight-based conversion of container material weight to container number has been the subject of disputes over containers returned. It is proposed to transition to a container-count methodology to report on container return rates and payment for returns.</p> <ul style="list-style-type: none"> ➤ Do you foresee any issues with this method of payment for returned containers? ➤ How would smaller depots with low container return volumes achieve container counting? <p>g) Do you think the CDS scheme should establish geographical performance targets, including distribution of container return points per region and return rates for regional and remote areas?</p>	<p>Regardless of which option is chosen, there must be weighted emphasis by government on local market development. Further, the WARR industry has experienced the detrimental impacts of allowing the scheme coordinator to control material sales through “portals” developed by the scheme coordinators who effectively compete with MRFs, having a broader impact on the recycling markets beyond CDS. In moving to a central IT platform, any possibility of such a portal in SA must be considered and mitigated, otherwise there may also be an impact on the four (4) SA MRFs to see material, as well as challenges in obtaining sufficient material locally to enable investment in capacity in SA.</p> <p>WMRR supports a clear move to a container count methodology and is opposed any weight-based count for payments. All other jurisdictions utilise the container count methodology, given that this links to transportation and handling payments as well. The ability for super collectors to utilise a weight-based methodology makes auditing the scheme very challenging given the payment is made per container.</p> <p>WMRR agrees that the CDS should establish geographical performance targets, including distribution of container return points per region and return rates for regional and remote areas. NSW has a prescriptive network that has certain benefits; the state government has created zones, specifying locations, maximum travel distances and population access, minimum hours of operation (35 per week with daily minimums), and a minimum number of operating facilities - all aimed at ensuring maximum access and convenience to the community. Ultimately, the SA</p>
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		government should determine and plan for network zones and provide clear minimum service standards to ensure adequate coverage and to drive performance of the scheme.
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