

# Container Deposit Scheme Review

# IMPROVING SOUTH AUSTRALIA'S RECYCLING MAKES CENTS

Consultation summary report



August 2022

## Consultation summary report – Improving South Australia’s Recycling Makes Cents

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# Executive summary

In January 2019 the state government announced a review of South Australia's container deposit scheme (CDS) and released the *Improving South Australia's Recycling Makes Cents* scoping paper for public consultation.

The scoping paper sought feedback from the community, industry and stakeholders on the range of the issues to be considered by the review.

From 13 January to 22 February 2019, the Environment Protection Authority (EPA) received more than 1,170 responses from members of the public, CDS stakeholders, environment and community groups, and the beverage manufacturing and supply, resource recovery and recycling, and government sectors. A summary report of responses was released in August 2019.

Following this initial consultation, including an independent review of the feedback received from the community and stakeholders, a discussion paper was developed to present options for modernising the CDS and furthering resource recovery and recycling towards a circular economy.

In September 2021 the state government released the discussion paper *Improving South Australia's Recycling Makes Cents*.

From 25 September to 30 November 2021 the EPA received 250 submissions from the community, CDS stakeholders, environment and community groups, the beverage manufacturing and supply sector, the resource recovery and recycling sector, and across government.



# 1 Introduction

This report summarises the submissions received in response to the consultation on the discussion paper *Improving South Australia's Recycling Makes Cents*. The purpose of the consultation process was to identify business stakeholder and community views on proposed improvements to the container deposit scheme (CDS) in South Australia.

This report describes the consultation process undertaken by the Environment Protection Authority (EPA) and provides a summary of the feedback.

The consultation engagement objectives were to provide information, gather feedback and comments, and record the nature, topic and results of these interactions.

The process fulfilled the engagement objectives set out in the [Engagement Charter](#), which outlines the EPA's commitment to engagement, listening to communities and involving them in decisions that affect them. Engagement regarding the CDS review was extended by directly inviting submissions from stakeholders who had previously expressed an interest in the review.

## 2

# Background

The CDS was introduced in South Australia in 1977 to address significant volumes of beverage containers in the litter stream, and broadly coincided with the introduction of non-refillable beverage containers such as cans and then later plastic soft drink bottles.

Forty-five years later, South Australia's CDS continues to be a highly successful program aimed at both litter reduction and resource recovery. Each year South Australians return more than 600 million beverage containers (more than 40,000 tonnes) for refund and recycling.

While the SA CDS has led the way, it needs modernising given that much has changed since the commencement of the scheme. There is now an opportunity to build on South Australia's achievements – to further improve and modernise the mechanisms for resource recovery and recycling to move toward a circular economy and maintain the state's national and international leadership status with CDS.

The discussion paper *Improving South Australia's Recycling Makes Cents* identified several options and opportunities provided by the community, industry and government sectors. The discussion paper sought feedback on:

- furthering the objectives of the CDS regarding the recovery and recycling of container materials within domestic circular economies
- the scope of beverage containers included in the CDS
- scheme approvals (including container application fees) and container markings
- CDS container return rates, including deposit value, container return and payment of the refund
- governance of the CDS and its relationship to schemes in other jurisdictions.

# 3

## Consultation process and engagement approach

Consultation during the nine-week public comment period was designed to encourage and support written submissions from the community and stakeholder groups.

### 3.1 Consultation materials

The EPA prepared the discussion paper, *Improving South Australia's Recycling Makes Cents*. This incorporated background information on South Australia's CDS, described a range of options to improve the scheme and sought feedback on the options proposed.

Other supporting documents available during the consultation period included:

- [Improving South Australia's Recycling Makes Cents scoping paper 2019](#)
- [Container Deposits EPA webpage](#)
- [How the CDS Works video](#)
- [How the CDS Works in South Australia fact sheet](#)
- [How the CDS Works diagram](#)

### 3.3 Media and social media

The state government issued a media release on 25 September 2021 to announce the release of the discussion paper [Improving South Australia's container deposit scheme makes cents](#).

Media coverage included 35 reports across metropolitan radio and television, and regional television.

To raise further awareness the consultation was promoted via social media to encourage feedback by directing people to the [YourSAy](#) online engagement website and [EPA website](#).

### 3.2 Direct stakeholder engagement

Consultation occurred with:

- the SA CDS Review Reference Group
- key stakeholders and industry experts involved in the manufacture, retail, collection, recovery, processing and recycling of beverage container products and materials
- environment and community groups
- key state government agencies
- the community
- those who had previously provided feedback about the SA CDS

### 3.4 EPA website

The [EPA website](#) featured a dedicated CDS page with links to the discussion paper, key issues documents, FAQs and information on how the CDS works. The website also included a link to the YourSAy website.

The EPA website CDS page received **1,562** hits during the consultation period.

### 3.5 YourSAy website

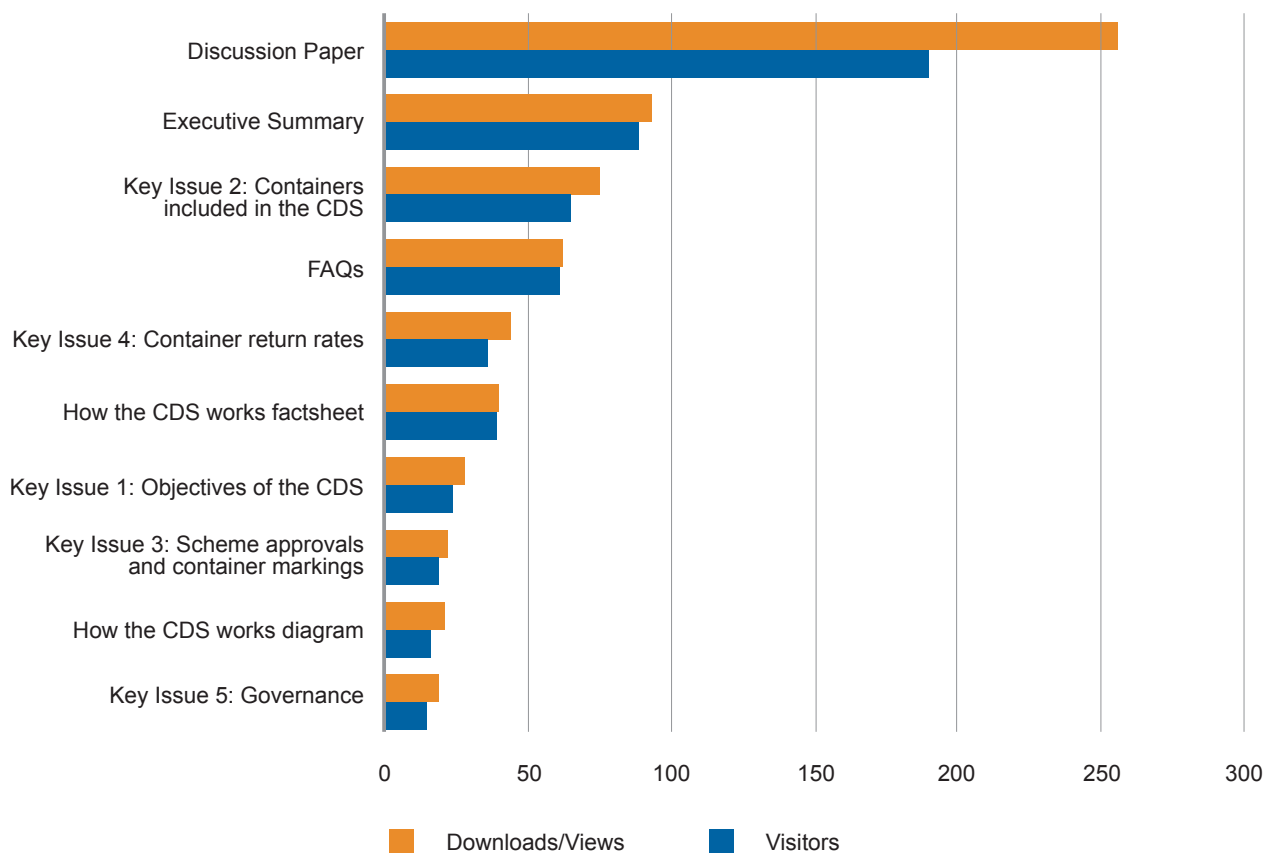
The [YourSAy website](#) featured a dedicated page during the consultation period, which provided links to the discussion paper, key issues documents, FAQs and information on how the CDS works.

The consultation received **107** comments via the YourSAy forum. Most comments were in response to 'Key Issue 2: Beverage containers included in the CDS'.

The site recorded **1,800** visits with **558** resulting in the downloading of further information, detailed below.

The discussion paper was downloaded more than 250 times, followed by the Executive Summary.

The most downloaded Key Issue document was 'Key Issue 2: Containers included in the CDS'.





**Table 1 Consultation timeline**

Date	Activity
January 2019	<ul style="list-style-type: none"> <li>The state government announces a review of South Australia's CDS and releases the <i>Improving South Australia's Recycling Makes Cents</i> scoping paper for public consultation.</li> <li>Consultation on the scoping paper runs from 13 January to 22 February 2019. The EPA receives 1,170 submissions, including 1,000 responses from the online survey.</li> </ul>
May 2019	<ul style="list-style-type: none"> <li>The EPA Board hosts a CDS Summit where key issues relating to the governance of the CDS are explored with local government, NGOs, collection depots, super collectors, retailers and producers.</li> </ul>
August 2019	<ul style="list-style-type: none"> <li>The EPA releases the consultation summary report from the <i>Improving South Australia's Recycling Makes Cents</i> scoping paper.</li> </ul>
January 2019	<ul style="list-style-type: none"> <li>The EPA establishes a CDS Review Reference Group comprising key industry stakeholders.</li> </ul>
June 2020	<ul style="list-style-type: none"> <li>An <a href="#">audit report</a> on the CDS and non-CDS container types placed into kerbside household bins is completed.</li> <li>A <a href="#">report on consultations</a> with collection depots and a survey with licensed establishments is completed.</li> </ul>
July 2020	<ul style="list-style-type: none"> <li>A <a href="#">survey</a> of the South Australian local councils that explored the benefits, values and impacts of the CDS and the likely impacts to council of potential changes to the CDS is completed.</li> </ul>
December 2020	<ul style="list-style-type: none"> <li>An <a href="#">economic review</a> of the CDS, <i>Container Deposit Scheme Economic Analysis Review</i>, is completed.</li> </ul>
January 2021	<ul style="list-style-type: none"> <li>An <a href="#">addendum report</a> to the CDS economic analysis review is completed.</li> </ul>
September 2021	<ul style="list-style-type: none"> <li>The state government releases the <i>Improving South Australia's Recycling Makes Cents</i> discussion paper for public consultation.</li> <li>The EPA sends information to key stakeholders advising of the consultation period, attaching the discussion paper and inviting submissions.</li> <li>The EPA consultation page on South Australian Government consultation and engagement portal YourSAy goes live.</li> <li>The designated Container Deposit page of the EPA website is updated with information regarding the consultation including links to YourSAy website, the discussion paper, key issues, FAQs and details on how to submit feedback.</li> <li>The EPA continues discussions with key stakeholders during this feedback period.</li> <li>The EPA meets with industry stakeholders to seek feedback on the discussion paper.</li> </ul>
November 2021	<ul style="list-style-type: none"> <li>Consultation on the <i>Improving South Australia's Recycling Makes Cents</i> discussion paper period closed.</li> </ul>



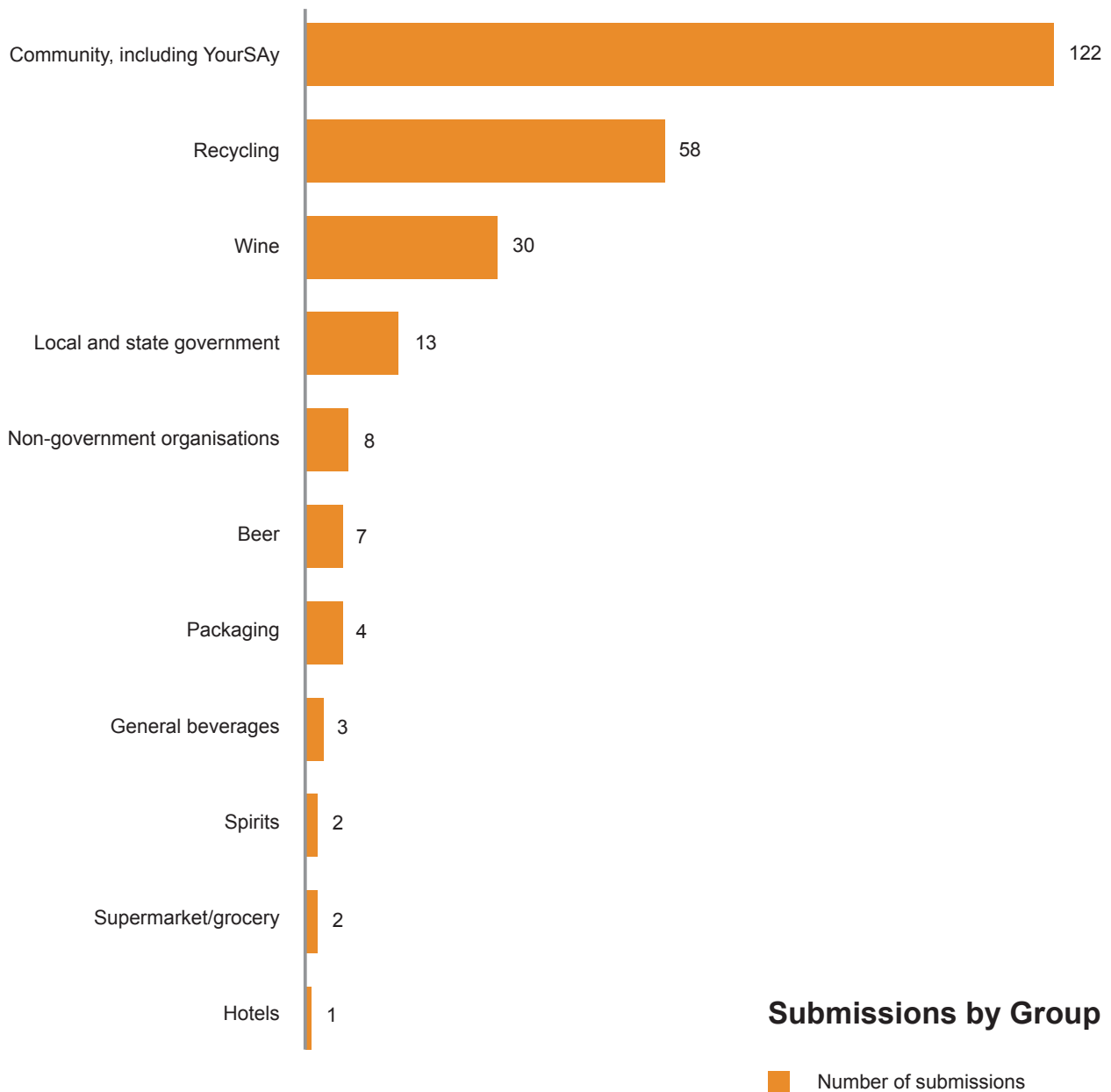
# 4

## Evaluation

### 4.1 Summary of submissions

Submissions were received either via an online form available on the EPA website, YourSAy website, as a written letter (including those sent directly to then Minister for Environment and Water) and via email.

The EPA acknowledges the time and effort individuals and organisations have put into preparing submissions, which provided important and detailed feedback.



# 5

## Summary of responses

This section provides a summary of responses for each of the key issues and preferred options outlined in the discussion paper. An analysis has been undertaken of all the comments received to measure the level of support for each key issue.

The submissions came from stakeholders who collectively brought a range of views about the issues.

Submissions from the general public made up the largest component in the survey. Broadly, these responses were supportive of the inclusion of more beverage containers in the scheme and increasing the accessibility of depots and return points. The other main area of response from the community was in relation to the refund amount; while there were varied responses, most supported an increase.

The largest industry group represented in the survey was the resource recovery sector. Broadly, it supported efforts to improve the CDS in relation to increasing its scope and improving the governance framework. Key submissions included an end to weight-based payment systems, establishing better processes for dispute resolution, fair, transparent and consistent pricing, and supporting a single super collector bound by a single set of rules.

The second-largest industry group response was from wine sector representatives, who largely rejected the discussion paper proposal for the inclusion of more glass beverage containers in the CDS. They argued that wine bottles represent less than 0.05% of littered beverage containers and that other resource recovery options, such as a fourth kerbside bin dedicated to all glass containers, should be considered.

The next largest industry represented in the survey was breweries. As a sector already represented in the scheme with both large and small/craft producers, it broadly supported the discussion paper's objectives to clarify the role of the CDS in litter control, resource recovery, product stewardship and in a circular economy. While many of the smaller/craft producers argued for the inclusion of all beverage containers, larger businesses argued that any expansion of the scheme would need to be made in conjunction with other jurisdictions and require adequate impact assessment. Overall, the sector supported the suggestion that the scheme's administration be straightforward and cost effective.

Respondents from the packaging sector also supported expanding the scope of the scheme, increasing the accessibility of depots and return points, modernising the CDS to align with other jurisdictions and establishing transparent reporting systems.

Local councils were largely supportive of the discussion paper and broadening the scope of the scheme but did not support a fourth kerbside bin for glass. They argued that it would be an added cost burden for local government and was not an effective mechanism for the recovery of glass.

Respondents from non-government organisations (NGOs) were mainly supportive of the proposals made by the discussion paper, particularly broadening the scope of the scheme and adopting changes for South Australia to continue its leadership role with recycling, including a strong, independent and transparent governance framework.



## Key Issue 1: Objectives of the CDS

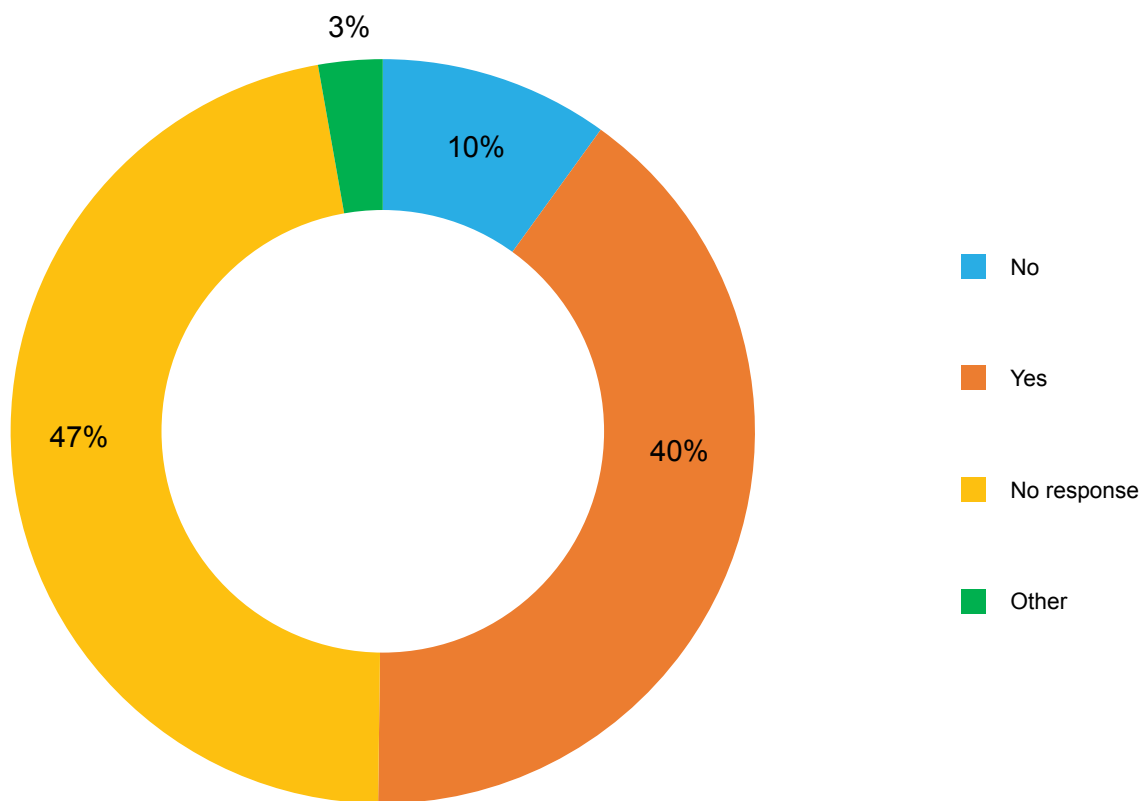
### **Proposed option: Modernise the features of the CDS**

The first key issue outlined in the paper related to the overall objectives and benefits of the CDS, particularly in its role in a circular economy. The discussion paper proposed that the update should aim to modernise and build on the success of the current scheme by clarifying the purpose of the CDS to improve its role in litter control, resource recovery and product stewardship. These clarifications would better recognise and further the expanded powers introduced in 2017 under the *Environment Protection Act 1993* to drive better material flow and waste hierarchy outcomes, and to promote a strong market for recovered resources.

### **Feedback**

The survey results (Figure 1) revealed that there is strong agreement among respondents to clarify the objectives of the CDS to emphasise resource recovery and recycling, which indicates that the CDS is widely regarded for its capacity as a resource recovery mechanism in South Australia.

**Figure 1: Question 1** – 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?



Opposition to this proposal was mostly from the wine sector, whose products in glass containers are not currently included in the CDS, along with a small number of submissions by representatives from spirit distillers and cordial producers whose products are also mostly not included.

While it is recognised that existing schemes nationally and worldwide assign cost and accountabilities to beverage companies, the wine sector argued that the SA CDS is ‘not truly circular because not all of the beneficiaries contribute to its operation’. The wine sector representatives suggested that involving participation of businesses along the entire supply chain would increase incentives

and deliver recycling outcomes more efficiently at reduced cost to participants.

In summary, most responses were positive and supportive of strengthening the objectives of the CDS to increase resource recovery in South Australia. For example, the resource recovery sector argued that while the overarching objectives of the CDS are a priority (such as maximised recycling rates, diversion from landfill and litter reduction), the CDS also plays a role in a circular economy by maximising its access and convenience, aiming for world’s best practice recovery rates, and providing employment opportunities, community engagement and fundraising.

## Key Issue 2: Beverage containers included in the CDS

### **Proposed option: Review and clarify the CDS scope to support the circular economy principles**

The second key issue outlined a reconsideration of the size and range of beverage containers accepted into the scheme. Broadening the range of beverage containers will increase the level of resource recovery, particularly by removing glass from the kerbside bin system.

The discussion paper proposed:

1. adding all currently excluded glass beverage containers to the CDS (eg wine, spirit and cordial bottles)
2. including all fruit/vegetable juice and cordial containers (up to 3 litres) to remove the inconsistency and confusion of what is in and out of scope, and increase recovery of high-value plastics (PET and HDPE) used as feedstock in remanufacturing
3. removing beverage volume thresholds to include container sizes of up to 3 litres (for all beverage containers currently in the scheme)
4. continuing to exclude unflavoured milk
5. excluding beverage containers less than 150 mm to align with most other jurisdictions.

In conjunction with progressing alignment with the scope of beverage containers included in CDS across Australia, it is intended to undertake a coordinated national awareness and container return education campaign to divert containers away from the kerbside waste collection system and bolster their return to depots and return points.

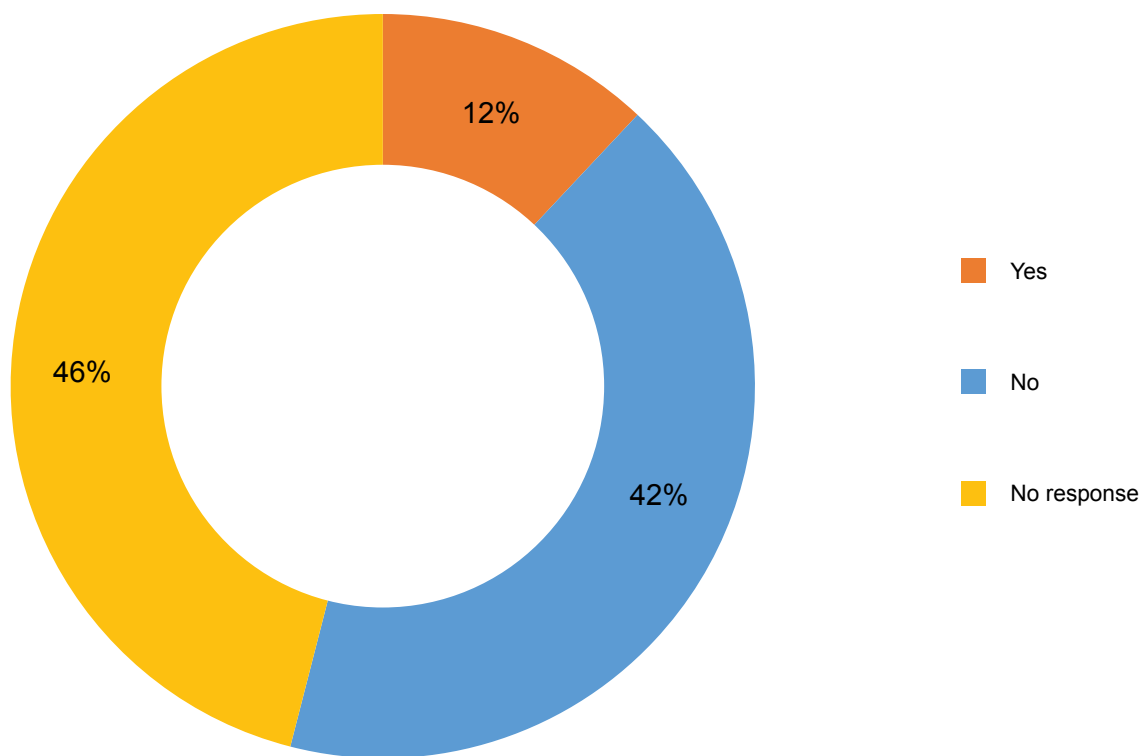
### **Feedback**

The results of the survey for Key Issue 2 reveal that there is a broad consensus across the community and business, including the resource recovery sector, for broadening the range of beverage containers captured by the CDS, along with strong support for an awareness campaign. However, there was varied feedback from industry groups, with those currently participating in the CDS supporting a broadened scope and those not currently participating not supporting the inclusion of their beverage containers in the scheme.

The survey results for Question 2.1 (Figure 2) revealed that only 12% of respondents supported the continued exclusion of unflavoured milk containers from the scheme.

**Figure 2: Question 2.1 – Should plain unflavoured milk containers up to 3 litres continue to be excluded from the CDS? If not, why not?**

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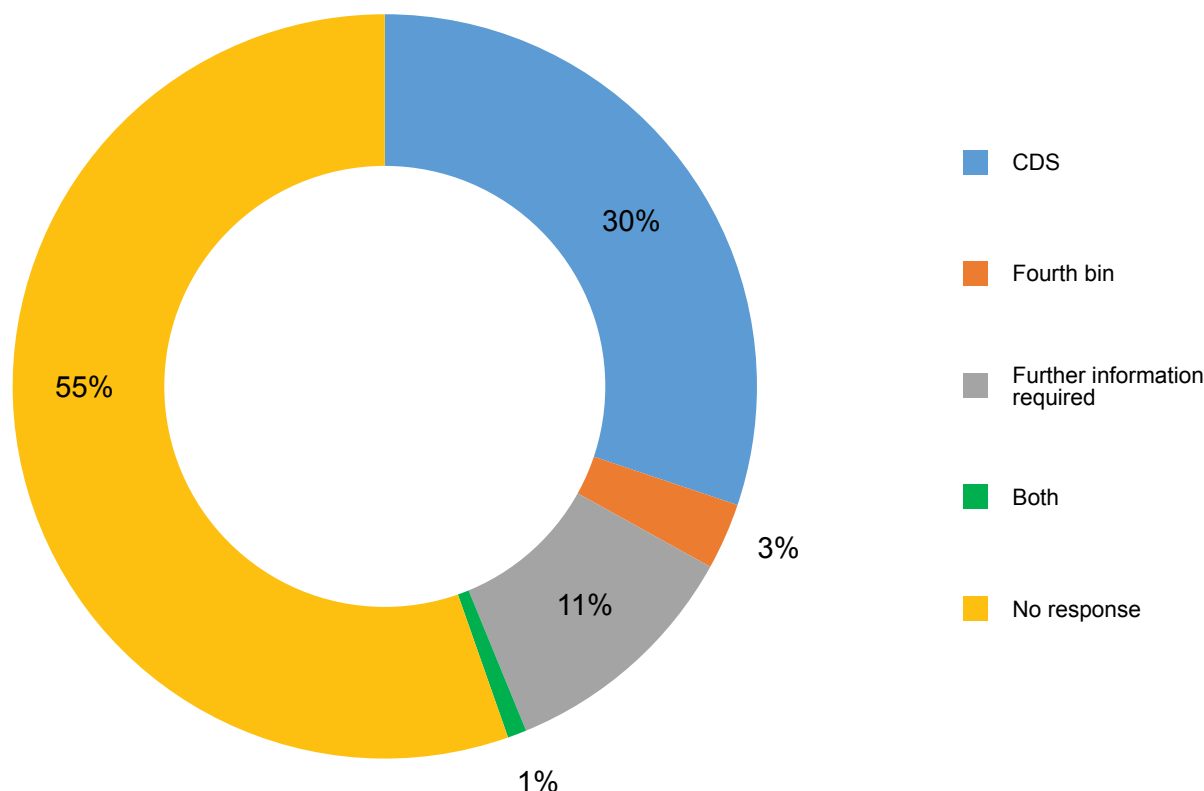


A total of 42% of respondents considered that all beverage containers, including plain milk, should be included in the CDS as it provides an important mechanism for reducing waste and recovering resources. The submissions by those in the packaging sector were also in favour of including plain milk in the CDS. In contrast,

those responses supporting a continued exemption for plain milk argued that these containers are not a litter problem and are easily captured in the existing recycling stream. Most of these respondents were from the resource recovery sector and local government.



**Figure 3: Question 2.2:** Do you think the diversion of glass from the co-mingled recyclables bin is best achieved through the CDS or a fourth kerbside bin dedicated to glass?



Most submissions did not respond to the issue of the diversion of glass from co-mingled recyclables. Of those that did, the CDS was the preferred method of diversion over a fourth kerbside bin. Resource recovery and local government were the major sectors to prefer the CDS, with local government submissions citing the high costs of a fourth kerbside bin to the community as well as associated logistical concerns. Those that had concerns with a fourth kerbside bin also said that such a method would not remove the problem of glass breaking, causing contamination and reducing the recovery of high-value cullet for remanufacturing.

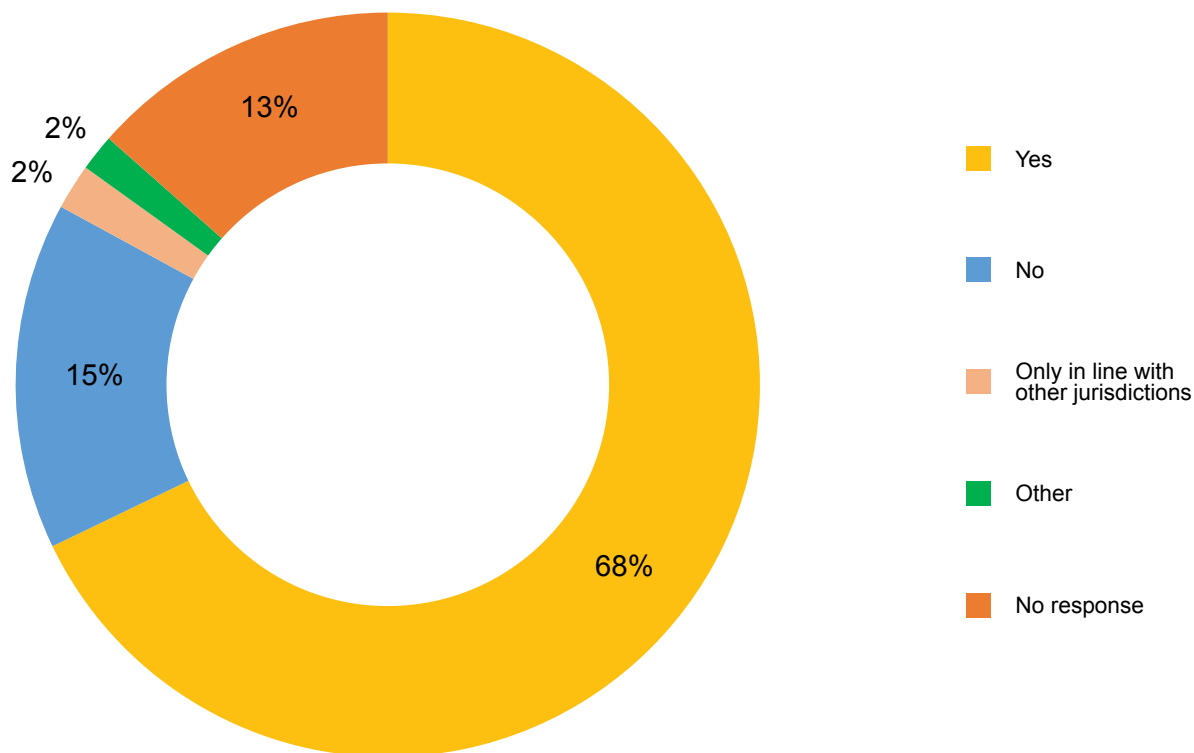
The wine sector stated that further information was required before question 2.2 could be

considered, while a small number from the wine spirit industry were in favour of a fourth kerbside bin.

Those in favour of a fourth bin cited convenience for households and the ability to collect other glass products for recycling as the main factors in their response.

Regarding the inclusion of all glass beverage containers up to 3 litres (Figure 4), 15% of respondents stated that the current exclusions should continue, with the majority (75%) of these respondents from the wine sector and the remainder (25%) from spirit distillers, cordial representatives, the beverage sector and members of the community.

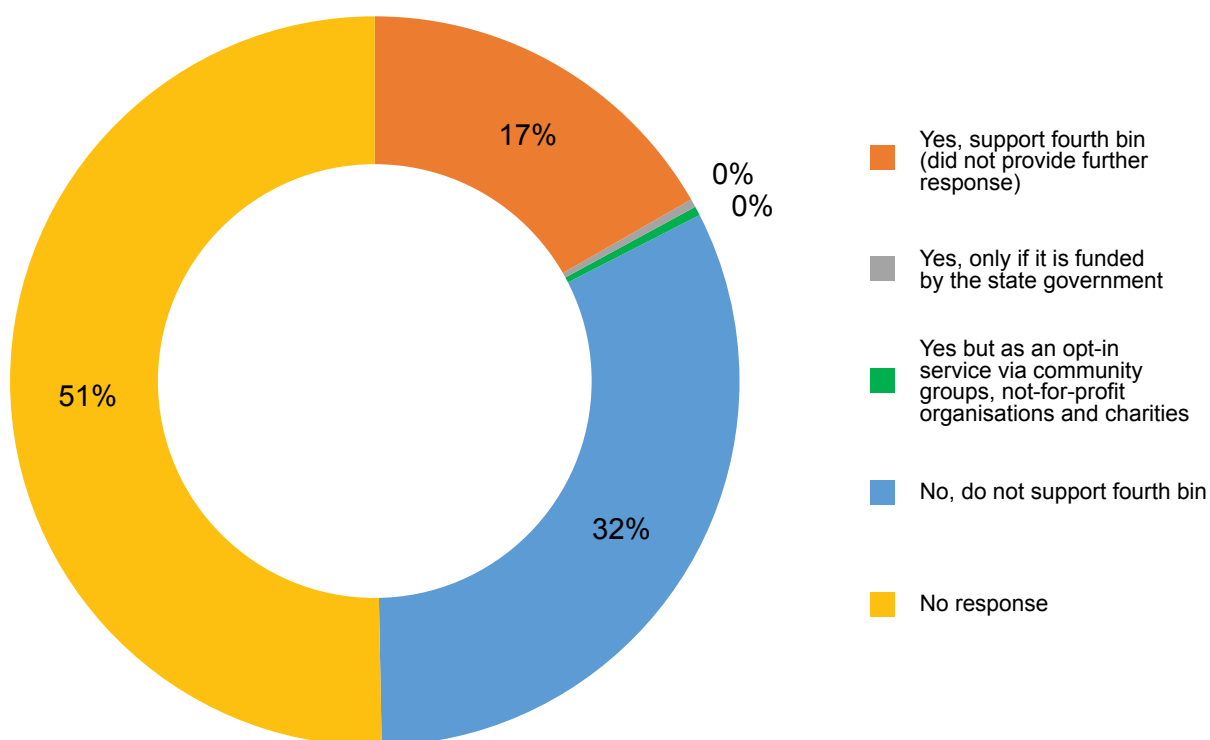
**Figure 4: Question 2.2a – Do you agree that all glass beverage containers up to 3 litres should be included in the CDS (wine, spirit, and cordial)? If not, why not?**



An issue raised by the wine sector was that the cost burden would be unsustainable for individual businesses to participate in the scheme. In addition, the sector argued that the cost burden is disproportionately placed on the beverage producer rather than everyone in the chain of beverage production, packing and supply, including those who produce the beverage containers.

In summary, there was strong overall support for the inclusion of glass beverage containers, including wine and spirits bottles (68%). Representatives from the resource recovery sector were keen to expand recycling capacity and capability, while the beer and cider sectors advocated sharing the role of product stewardship with other alcoholic beverage producers.

**Figure 5: Question 2.2b** – Alternatively, if a fourth kerbside bin collection system dedicated to glass was made available, who should pay for it?



There was a mixed response regarding the inclusion of a fourth kerbside bin to capture all glass containers.

(Figure 5). The wine industry was the main supporter of this inclusion (this sector made up three-quarters of the 17% who agreed).

Of the 32% which did not support the fourth kerbside bin, resource recovery made up 67%, followed by community (15%) and local councils (12%). They were against this proposal largely due to the high costs and logistical issues for councils and residents. They also maintained that a fourth bin would not remove the problem of broken glass occurring when the bins are tipped into trucks, which would cause contamination and reduce the recovery of high-value cullet for remanufacturing. This would continue the

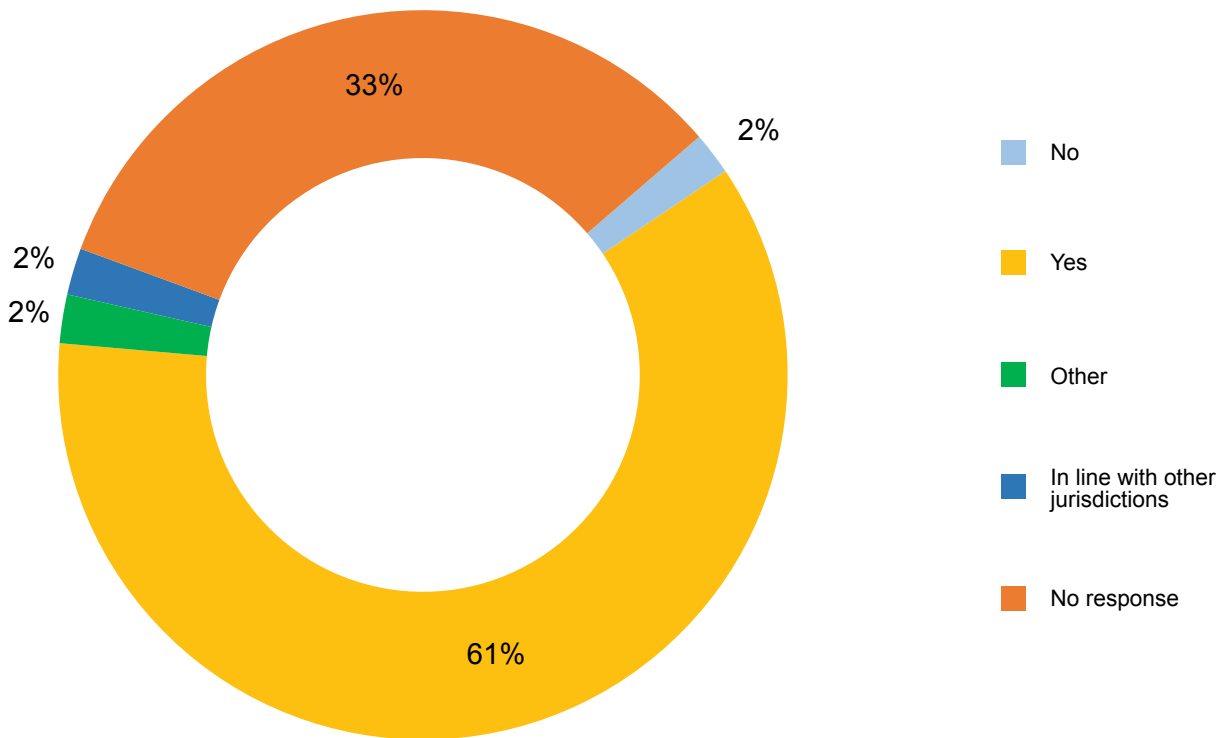
substantial amount of glass ending up in lower value recovery outcomes or landfill.

The wine and spirit sectors provided some suggestions regarding how a fourth bin could be funded, with one respondent suggesting that the costs could be covered by municipal waste levies.

There was strong support for the inclusion of plastic fruit/vegetable juice and cordial containers, in addition to soft drinks, fruit juice drinks and water up to 3 litres in size (Figure 6).

The respondents supporting this proposal included those from the community (29%), resource recovery (23%), government (5%), packaging (1%), and cider and beer sectors (1%). Only a small number of individuals were against this proposal, with a total of 1.5% from the wine, beverage and cordial sectors.

**Figure 6: Question 2.3 – Do you agree that all plastic fruit/vegetable juice and cordial containers (in addition to soft drinks, fruit juice drinks and water) up to 3 litres should be included in the CDS? If not, why not?**



Only one respondent raised concerns about the proposal of removing smaller beverage containers from the scheme to align with other state and territory jurisdictions. They argued that these containers would fall through the current sorting facilities and end up in landfill.

All of the responses to the final question about a CDS education and awareness campaign

were supportive. Many of those who argued against the inclusion of specific beverage containers, such as those containing wine and spirits, agreed that education was a better way to improve the uptake of recyclables into the recycling stream. For the majority, an education program was viewed as a natural accompaniment for any changes to the scope of containers.

## Key Issue 3: Scheme approvals and container markings

### **Proposed option: Maintain the current refund marking, replace the container application fee, introduce limited term for approvals and subsidise smaller beverage producers and suppliers**

The third key issue relates to the processes for scheme approvals and container markings. The South Australian model of processing scheme approvals has differences to other container deposit schemes that have since been introduced across Australia. This section looks at ways in which South Australia can both improve the intrinsic administrative efficiency of its CDS and better align with other states to create efficiencies for both government and CDS participants.

The proposed changes to simplify container approvals and the CDS cost recovery system include removing the application fee for container and refund marking approvals, establishing a scheme compliance fee (payable through a scheme coordinator handling fee), introducing term limits for new and retrospective approvals, subsidising initial scheme preparation costs for new-entrant small-to-medium beverage suppliers and producers, and continuing to work with other states and territories regarding cross-jurisdictional approval processes. It is proposed to retain the current refund container markings but commit to work with other states and territories to review the markings to promote CDS branding and circular economy awareness.

### **Feedback**

This section did not receive as many responses as the other key issues because it related specifically to those industries participating in, or proposed to be included in, the CDS. The results varied across respondents, which indicates that the scheme's operating processes are experienced differently by participants.

Responses from beverage industries did not support the proposed options in relation to the first three questions:

1. regarding subsidies for new-entrant small-to-medium beverage suppliers and producers
2. a scheme compliance fee paid by the super collectors
3. the removal of the container approval application fee and incorporation of these assessment costs as part of the scheme compliance fee.

These respondents stated that the discussion paper did not provide sufficient detail about proposed costs or the subsidies. In responding to the first question, one representative of the beverage sector argued that small-to-medium beverage producers require support, including lower entry costs, and this should be subsidised by the EPA rather than other participants in the scheme.

In contrast, another small-scale beverage producer argued that, as small producers have a greater proportion of stock-keeping units as packaged products (greater cost per container, remuneration of application cost over volume, and compliance enforcement costs) than large producers, the CDS should subsidise new entrants and small-to-medium producers.

Existing participants of the system and potential new CDS participants (eg wine and spirit sectors) expressed the view that the CDS fee system should be reviewed. Many individual views were provided about how this should be achieved. For example, one respondent representing spirit distillers suggested a fairer and more transparent means for calculating and processing fees:

Any fees and charges, such as handling fees, should only be calculated on a cost-recovery basis and should be independently audited, with a published report available to all stakeholders to verify the calculation of these costs.

Another response from a beverage sector argued that the complexity of participating in the CDS in South Australia as well as with other state and territory jurisdictions is challenging for businesses:

Feedback we receive from beverage manufacturers is often related to the complexity and multiple touch points associated with the overall scheme compliance process. This includes not only the container registration process and processes to sign waste management agreements, report volumes and pay CDS costs, but also the frustration at the lack of

harmonisation across each jurisdiction. [We] therefore [recommend] continuing the work to establish a national product registration process along with other harmonisation of beverage manufacturer processes.

There were many positive responses regarding the question on a limited term for approvals, particularly for a 10-year term as in the Northern Territory CDS. One of the concerns over shorter terms and extensions of approvals was that it may result in new and additional fees for producers, with the opportunity for perpetual registration provided:

... red tape reduction needs to be aligned to the producer, and we are concerned that it could result in additional administrative burden for participants, and therefore we believe that the option for perpetual registration needs to remain for products where this may be appropriate.

The responses to the fifth question, regarding aligning the container markings nationally, were strongly supportive. Respondents who participate in the CDS were of the view that South Australian CDS should align and integrate with those in other jurisdictions.

## Key Issue 4: Container return rates

### Proposed option: Maintain the alignment of the deposit value and refund amount, and maximise CDS container return point accessibility

The fourth key issue relates to a review of the refund rate of beverage containers in the scheme, and the ease of accessibility for people to return beverage containers, along with the ability of community groups to use the scheme for fundraising. Running parallel to this review is a behavioural research study coordinated by the EPA on behalf of the Heads of EPAs (a network of EPAs or equivalent across Australia and New Zealand).

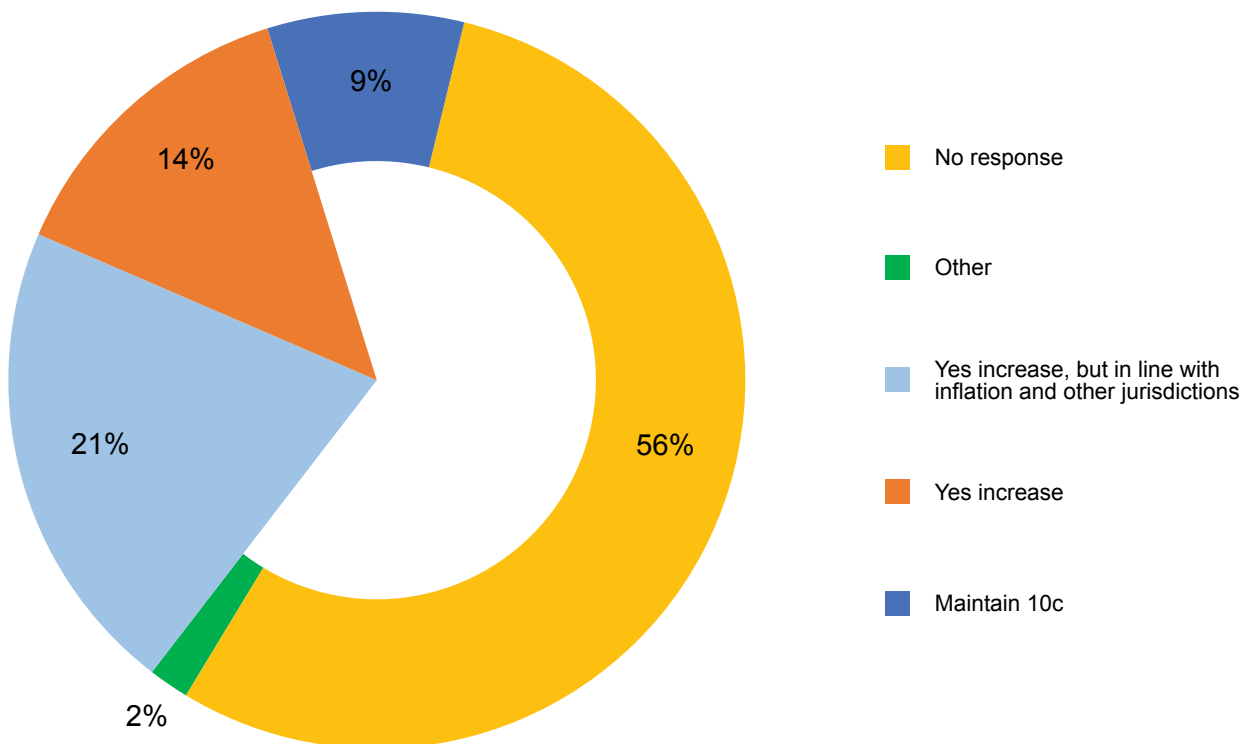
The behavioural study is exploring the influences of the deposit value, the ease of

container return, convenience of return points, and other factors that motivate people and community groups to participate in CDS. Along with the information gained through the CDS review, the behavioural study will also inform decision making about the most cost-effective options to incentivise participation in CDS across Australia.

### Feedback

Responses to this section of the survey were mostly from the resource recovery sector, NGOs and community. Those from the community mainly addressed the first question regarding whether there should be an increase in the refund amount, which generated a wide range of responses (Figure 7).

**Figure 7: Question 4.1.1 – 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?**



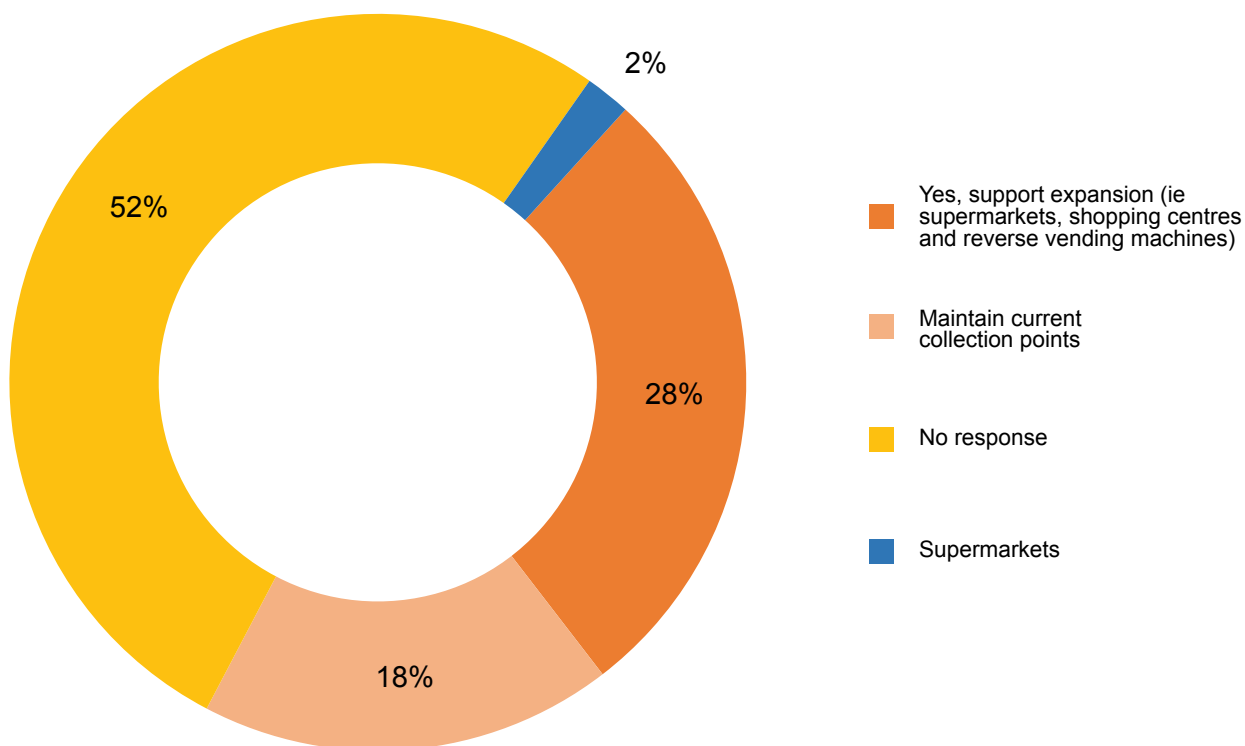
Those in favour of maintaining the current deposit amount argued that it adequately influences people to participate in the scheme. Those in favour of an increase framed their responses through a comparison of CDS in other countries (that Australia's rate is comparably low), and that it did not reflect Australia's inflated dollar. The responses from the resource recovery sector, which comprised the largest number of responses on this subject (19%), argued that both factors should be used to determine any increase in the deposit:

... two key metrics should determine the timing of an increase in the deposit. Firstly, the real value of the deposit should be

tracked against inflation with a view that the real value of the deposit should not drop below 40 percent of the value when that deposit amount was adopted. Secondly, the purchasing power parity (PPP) value of deposits in schemes from countries around the world should be tracked, with Australia seeking to maintain its deposit in the upper 50 percent of the comparative schemes.

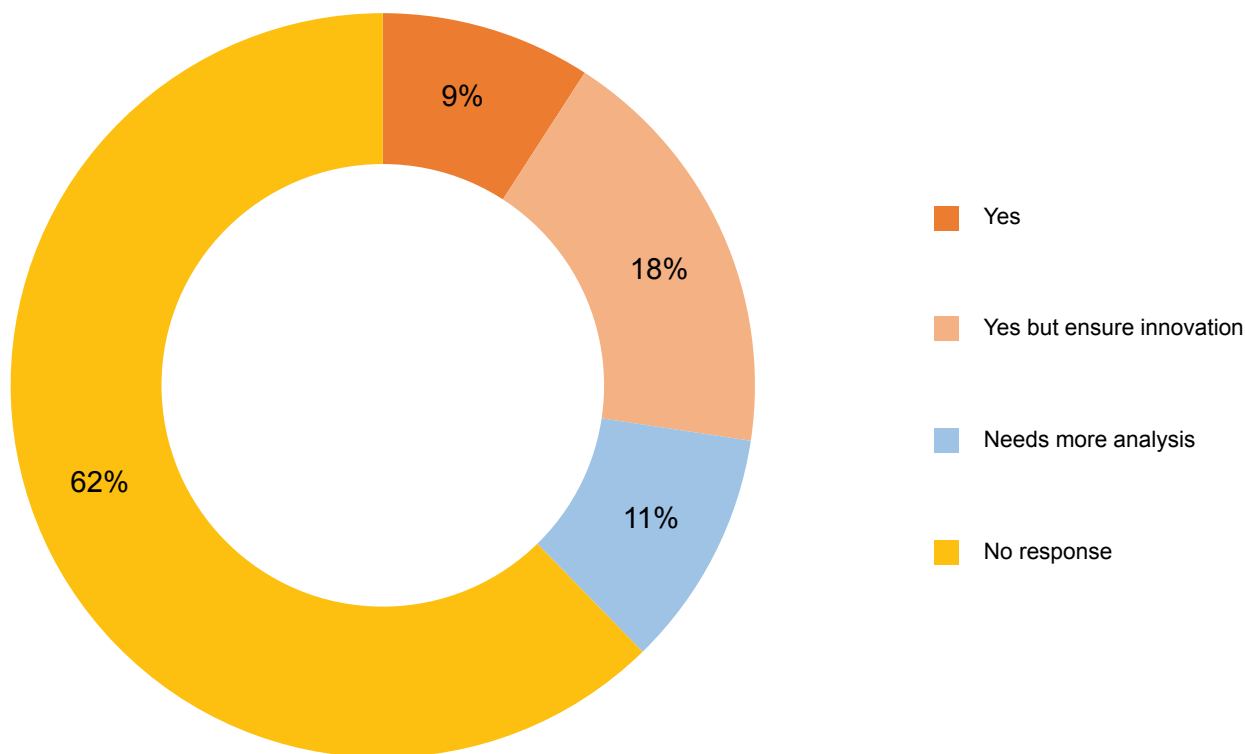
Regarding the questions relating to the ease of container return, the majority of those who responded were supportive of complementing the existing depots with new ranges of return points, illustrated in Figures 8 and 9.

**Figure 8: Question 4.2.1 – If the existing depots were supplemented with new return points, which ranges of locations would you find the easiest to return eligible beverage containers to?**





**Figure 9: Question 4.2.2 – Would you use self-service return points (for example, reverse vending machines or ‘drop and go’ stations) to divert more of your containers from the kerbside waste system to the CDS?**



Many of the responses in favour of broadening the range of return points supported all the suggestions, including return points at supermarkets, shopping centres and reverse vending machines. Responses from the supermarket sector were supportive but offered the caveat that retailer involvement should be voluntary.

The resource recovery sector (18% of respondents) argued that depots should continue to be the base of the CDS network because they have greater coverage in terms of the range of recyclables that can be collected and processed. This sector was also unconvinced about the need for greater accessibility of collection points in South Australia because it already has substantial coverage. Other ranges of collection points, it argued, typically deal with smaller numbers of beverage containers and are less efficient.

There was strong feedback both for and against in relation to promotion and consistent branding. Most stakeholder groups said promotion and branding were key to increasing the profile of the CDS. Those against were from the existing resource recovery sector. Their view was that consistent branding and promotion are not major drivers of consumer interaction with the scheme in South Australia, but that collection points have always been operated by a range of businesses with their own unique branding and business models.

The submissions also indicated that there is strong support for the CDS to be more user-friendly for local community groups to adopt for fundraising, and for alternatives to cash for refund payments to be better facilitated and more broadly encouraged.

## Key Issue 5: Governance arrangements

### Proposed option: Modernise the CDS governance to increase transparency and accountability

The fifth key issue considered was how to best modernise the governance framework of the CDS in South Australia, including learning from and building on other state and territory jurisdiction examples and experiences.

The proposal in the discussion paper is to centralise scheme governance by establishing an independent governing body to increase transparency and accountability. There were two governance frameworks proposed to achieve this:

**Option 1:** an independent governing body appointed by the Minister for Climate, Environment and Water in consultation with relevant industry stakeholders to oversee the existing multiple super-collector system. This model retains the for-profit multiple super-collector model and incorporates an independent body appointed by the Minister on behalf of the SA Government to direct and oversee the scheme's performance.

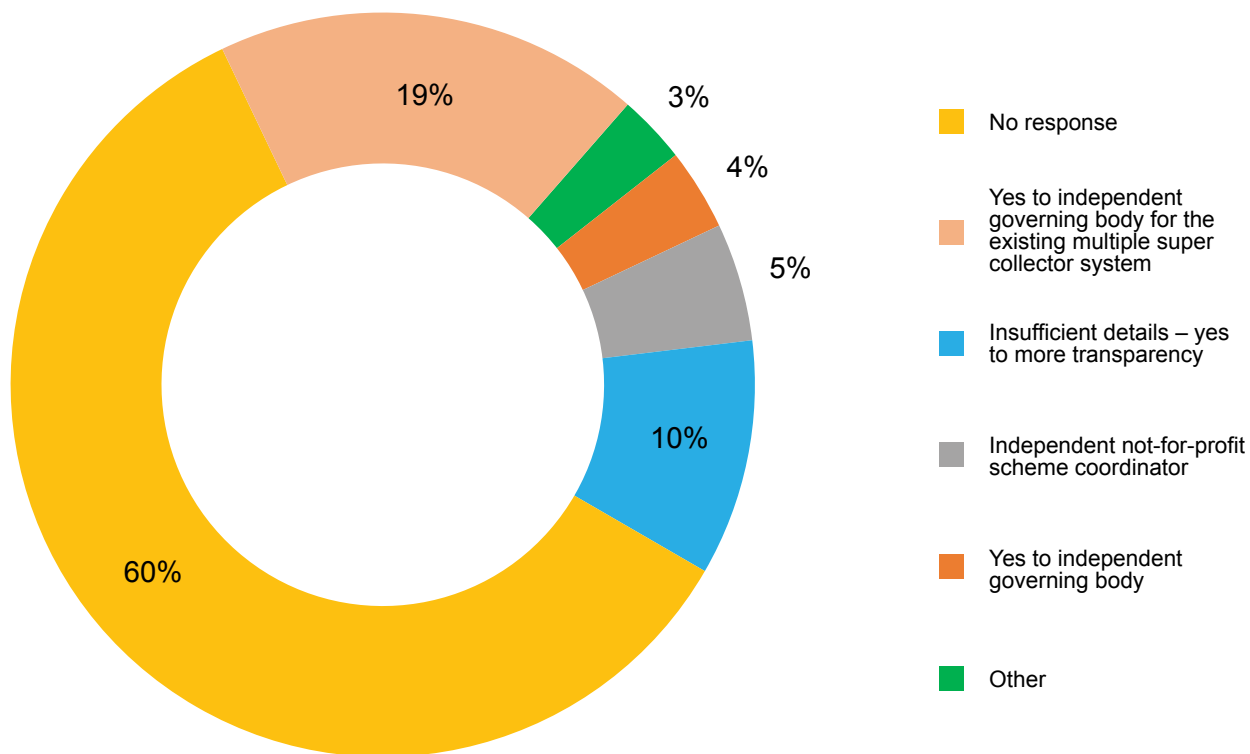
**Option 2:** a single independent not-for-profit scheme coordinator appointed by the Minister for Climate, Environment and Water in consultation with relevant industry stakeholders. This model replaces the current three super collectors with a single independent not-for-profit scheme coordinator appointed by the Minister on behalf of the SA Government (similar to the Western Australian and Queensland schemes).

### Feedback

This section of the survey generated discussion from the industry sectors affected by the governance arrangements of the CDS, including the beverage, resource recovery, packaging and retail sectors, and NGOs. There were only a small number of responses to this issue from the community and local government but they indicated there is support for governance reform. The responses to the question about scheme oversight (Figure 10) were highly supportive of introducing an independent governing body, particularly to ensure greater transparency and accountability, and to align the CDS governance with other state and territory jurisdictions. Most responses from the resource recovery sector, including those respondents who were super collectors, supported an independent governing body for the existing multiple super-collector system.

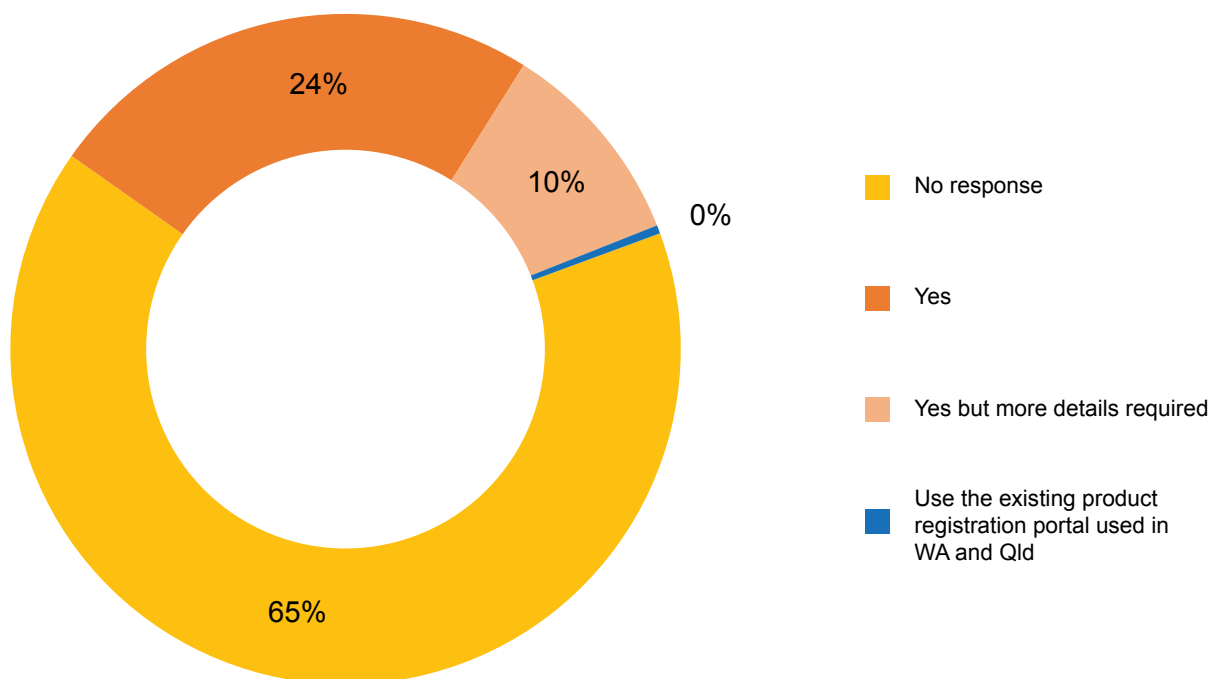
The other responses to this question were more varied in their support, and while some specifically preferred an independent not-for-profit scheme coordinator, others were more general in their support for an independent governing body focused on transparency and national alignment. For example, an NGO advocated for an independent governing body, the removal of the current super collector system and greater public engagement to support transparency. Most from the wine sector (10% of respondents) argued that there should be greater transparency in the governance framework but did not provide a preferred model.

**Figure 10: Question 5.1 – 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? If so, do you think the proposed governing body membership is appropriate? If not, what would you suggest?**

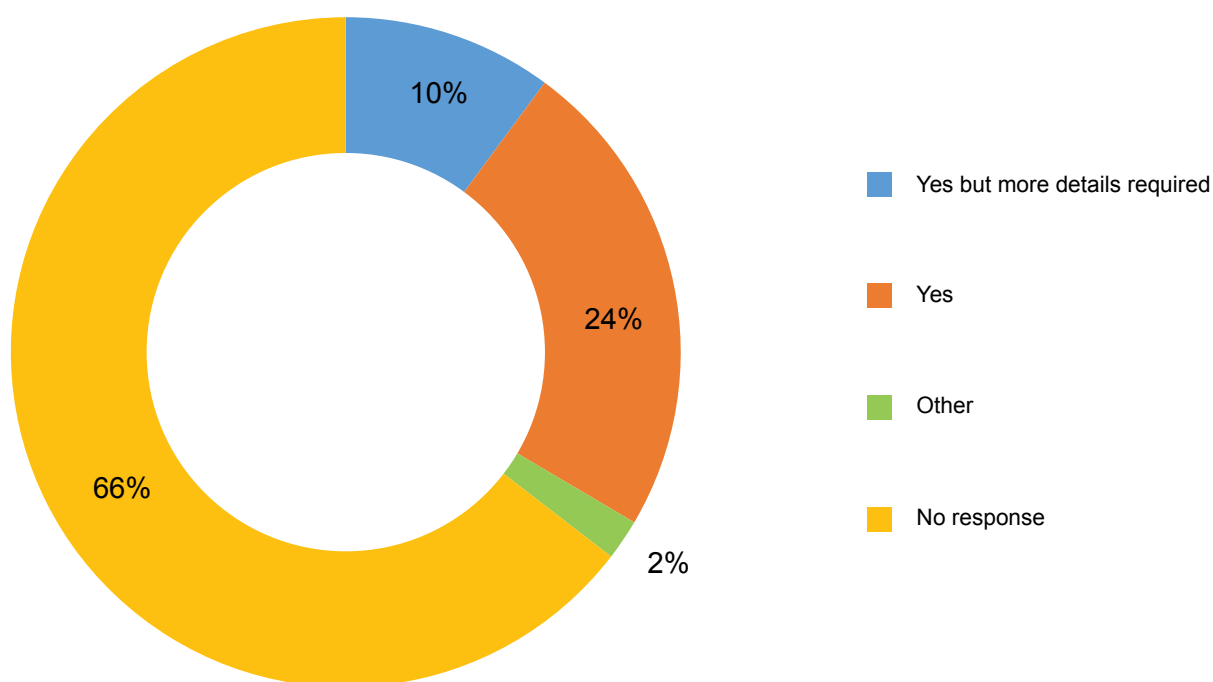


In relation to scheme auditing and reporting, responses were similarly supportive of the establishment of a single waste management arrangement between depots, including a centralised IT platform for auditing, reporting and barcoding. While there was resounding support for systems to support barcodes (Figures 11 and 12), there was a view that depots needed to maintain alternative non-barcode-reliant systems to overcome issues such as how to accept damaged containers where the barcode is no longer present or readable.

**Figure 11: Question 5.2** – 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?



**Figure 12: Question 5.3** – 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?



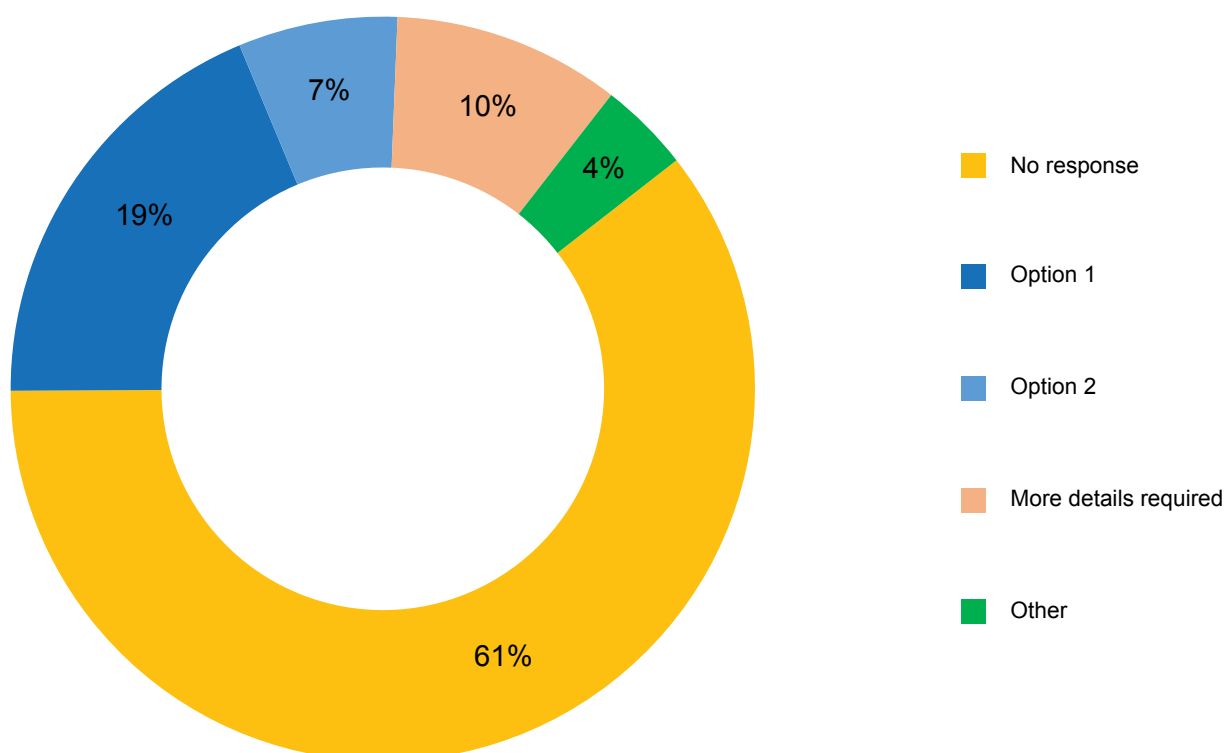
The most suggested alternative for container registration and tracking was the use of image recognition and machine learning that can identify beverage containers without barcodes and/or labels and those which are damaged, deformed or crushed. Other suggestions included using the systems used in other jurisdictions, IT systems that pass count data from refund points to a centralised platform, random spot audits, and the equivalent of what is in place in Ireland, Reward4Waste’s CryptoCycle, in which unique identifying codes are placed on beverage containers and consumers record their recycling via an app.

In relation to the proposal to centralise the scheme governance by establishing an independent governing body, Option 1 was the most supported of the proposed models (Figure 13). The establishment of a single waste management arrangement between depots to contract a single super collector (Option 2) and removing sorting by container brand also garnered strong support. The proposed transition to a container-count methodology from weight-based conversion to report on container return rates and payment for returns was also largely supported.

**Figure 13: Question 5.4 – 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?**

- What do you see as the risks and benefits of each of these scheme coordination options?
- What would be the impacts of the different options on your business?

If Option 1 was the model chosen to coordinate the scheme, how should accountability for meeting scheme performance indicators, such as return rate targets, be shared among the super collectors?



Finally, there was strong support for geographical performance targets. While agreeing that geographical targets are useful, it was pointed out that there needs to be consideration of the low population densities in regional South Australia and that rigid targets for collection points may not be appropriate.





