

10th November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Darke Peak Bottle Yard**

We are the operator of the Darke Peak Bottle Yard located at 8 Darke Terrace, Darke Peak, SA 5642. We are a small business, and employ 1 STAFF who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).
2. Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.
3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.
4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.

## Key Submissions

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.
2. We strongly support the proposed increased in scope, to include a broad range of containers. Broadening eligibility will reduce confusion for customers and make sorting easier for depot staff.
3. The concept of a fourth kerbside collection bin for glass should be rejected.
4. We strongly support the removal of weight-based payment of depots by super collectors in favour of payment by declared count, with suitable auditing arrangements.
5. Scheme approvals should be detailed in a searchable database containing a broad range of data about containers including images, dimensions and barcode detail.
6. Container refund marking should be a simple, consistent pictogram.
7. Determination of additional collection point opportunities should be on the basis on an identified need, which is clearly articulated.
8. Where new return points are required, their operation should be determined based on a hierarchical system, as follows:
  - where a gap is identified, existing operators are invited to fill it;
  - where existing operators do not/cannot address the gap, it is put to the open market; and
  - where the market will not fill gaps, the governance model fills the gaps itself.
9. Depots should be free to adopt technology to assist with counting and sorting which meets their needs (and the needs of their customers). Technology options should not be prescribed, beyond having to meet reasonable standards for accuracy, safety and interface with the scheme IT system.
10. Relationships with charities should be encouraged, but not mandated.
11. The scheme should operate on a common IT system, managed by the super collectors with equipment and software being standardised and supplied by super collectors.
12. The provision of an independent governance body, sitting above all scheme participants and having responsibility for contractual arrangements, pricing and scheme performance is strongly supported.
13. The governance body should also oversee dispute resolution
14. Depot operators should have representation on the governance body.
15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.
16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## Closure

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.

In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

A solid grey rectangular box used to redact a signature.

Darke Peak Bottle Yard

18 November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Daws Road Recycling**

We are the operator of three recycling depots in the Adelaide metropolitan area located at:

- 76 Daws Road, Edwardstown;
- 114 Mooringe Avenue Plympton; and
- 59 Oaklands Road, Somerton Park.

We have operated recycling depots for over thirty years. We are a small business and employ 45 staff who assist us to operate our depots.

The Edwardstown depot is one of the busiest, if not the busiest, depot in South Australia by both volume of materials recovered and the number of customers. Like many depots it has been expanded over time through the purchase of adjacent land and ongoing upgrades to the facilities and services provided.

Our depots provide services to a broad range of customers, both the public and commercial customers, and in addition to bottles and cans within the CDS, we also collect ferrous and non-ferrous metals, cardboard, plastic, e-waste, clothing and textiles, gas bottles and various other 'difficult' waste products from the community.

Our facilities are representative of many depots, where the collection of CDS containers provides a core reason for our customers to visit, allowing us to form ongoing relationships which allow us customers to direct a broad range of unwanted goods to us for resource recovery.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).



2. Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.
3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.
4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. As an example, we have expended considerable time and money in the development of a 'bag drop' system that is suitable for operation at both depots and remote site. However, we would stress that notwithstanding other opportunities for augmented accessibility, depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. As set out in the introduction, depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.

### **Key Submissions**

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.
2. We strongly support the proposed increased in scope, to include a broad range of containers. Broadening eligibility will reduce confusion for customers and make sorting easier for depot staff.
3. The concept of a fourth kerbside collection bin for glass should be rejected.
4. We strongly support the removal of weight-based payment of depots by super collectors in favour of payment by declared count, with suitable auditing arrangements.
5. Scheme approvals should be detailed in a searchable database containing a broad range of data about containers including images, dimensions and barcode detail.
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7. Determination of additional collection point opportunities should be on the basis on an identified need, which is clearly articulated.
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9. Depots should be free to adopt technology to assist with counting and sorting which meets their needs (and the needs of their customers). Technology options should not be

prescribed, beyond having to meet reasonable standards for accuracy, safety and interface with the scheme IT system.

10. Relationships with charities should be encouraged, but not mandated.
11. The scheme should operate on a common IT system, managed by the super collectors with equipment and software being standardised and supplied by super collectors.
12. The provision of an independent governance body, sitting above all scheme participants and having responsibility for contractual arrangements, pricing and scheme performance is strongly supported.
13. The governance body should also oversee dispute resolution
14. Depot operators should have representation on the governance body.
15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.
16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## Closure

Depots like ours at Edwardstown, Plympton, Somerton Park and Lonsdale have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.

In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely



Director – Daws Road Recycling

25 September 2021

**Attn: CDS Review Discussion Paper**

Environment Protection Authority

GPO Box 5607

ADELAIDE SA 5001

[epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

To whom it may concern,

**IMPROVING SOUTH AUSTRALIA'S RECYCLING MAKES CENTS**

The East Waste Board congratulates the South Australian Government on taking the leadership and depth with which it has reviewed the Container Deposit Scheme (CDS) and the associated legislation. Since its inception in 1977, the CDS has led the way in litter reduction and recycling and with the proposed changes South Australia will not only continue to lead the nation but importantly drive improved resource recovery and economic benefit to the state.

East Waste is a regional subsidiary of seven Councils, being Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood Payneham & St Peters, City of Prospect, and the Corporation of the Town of Walkerville. On behalf of these Member Councils, East Waste manage approximately 20% of Adelaide's kerbside municipal waste, organics, and recycling with a modern fleet and shared services model and completes over 9 million kerbside bin collections every year. East Waste has long been involved in the waste industry with our origins commencing over 90 years ago in 1928.

This submission builds on, and is consistent with, the responses and themes East Waste has provided to the EPA in February 2019 through the *'Improving South Australia's Recycling Makes Cents'* Scoping Paper. We have provided an individual response to the five key issue areas of the paper below. Overarching all of this, East Waste is a strong supporter of the position the paper takes, particularly in relation to the inclusion of wine and spirit bottles into the scheme and the increased resource recovery this will drive.

*Key Issue 1: Objectives of the CDS*

East Waste is a supporter of the broadening of the objectives of the CDS. CDS has been invaluable since its inception in assisting with litter prevention and this should always remain a fundamental objective. The demonstrable reduction in litter, the increasing number of returned items, the enhanced resource recovery and associated job creation and value add to the South Australian economy speak for themselves and are undeniable. However, it is now time, and appropriate, to broaden the scope to include a focus on improved resource recovery, which negates the chance of products being sent to landfill and/or their recyclability being compromised through the kerbside recycling process.

South Australia is fortunate to now have three world class Material Recovery Facilities (MRFs) which are able to produce clean and high-quality source separated resources. The CDS initiatives and improvements

should absolutely complement these and be the leading pathway provider of high-quality source separated glass and cullet.

Provisions for community groups, not-for-profit organisations and charities to participate and drive further benefits back to grass root community groups and the vulnerable should also be explored to their full extent, in turn broadening the economic and social benefits of the scheme.

## *Key Issue 2: Containers included in the CDS*

Resource Recovery and retention of the material at its highest possible value for the longest possible time, must form the basis of all decision making. With respect to the inclusion of additional items into the CDS, the information and figures detailed in the paper on pages 24-35 speak for themselves, particularly the inclusion of wine and spirit bottles into the scheme. The analysis, which matches our own audits, showing that 50% by weight of all beverage containers discarded through kerbside collections are wine and spirit bottles, currently represents an enormous lost resource. While a percentage of this material is recovered through the kerbside collection process, it is clear from the data presented that only 11% is retained at its highest order and the remaining material either down-cycled to civil applications or landfill. East Waste contends that the figure of 85% making its way to reuse is significantly higher than actual. Kerbside recycling is not the most effective or efficient means of recycling glass to retain it at its highest resource value. With 99% of CDS glass ultimately being recovered for sale as cullet (effectively retaining it at its highest value), it is self-evident and imperative that wine and spirit bottles be included in the CDS as soon as practically possible. There exists an opportunity for South Australia to lead the nation with the inclusion of these items.

Inclusion of these items will also provide financial savings in processing for our Member Councils. Our 2019 kerbside audit showed that across all Member Councils, the weight of wine and spirit bottles accounted for 13.5% of the total weight and for some Council's was closer to 20%. Diversion of these items and the subsequent decline in weight generation would provide a welcome financial relief to our Member Councils.

On top of this benefit, with significantly less glass in the mix, the quality and value of other commodities through the MRF process will be much higher. Quite simply, from a resource recovery and community perspective, there are no negatives associated with the inclusion of wine and spirit bottles into CDS – the significant gains cannot be understated.

The inclusion of all fruit/vegetable juice and cordial containers up to 3 litres to increase resource recovery and ease of scheme interpretation is encouraged and supported by East Waste.

With respect to small beverage containers (those less than 150 milliliters), which are currently included in the scheme, but slated for exclusion due to alignment with interstate jurisdictions, our view is that for consistency of the South Australian CDS they should be retained within the scheme. South Australian residents have become accustomed to recycling these items and they should therefore remain within the scheme. These small items will, if removed from the scheme, end up in landfill, rather than be recycled. If they are recycled, due to their size, they are most likely to have a low recovery rate through a MRF process.

In relation to the fourth bin concept, being a dedicated glass recycling bin, **East Waste strongly opposes this concept**. The economics and resource recovery potentially simply do not stack up. Recovery of glass at its highest resource value, requires the material to stay as whole (or large) as possible and be able to be easily



separated into the respective colours (brown, green and clear). A dedicated fourth bin for glass recycling through the collection and processing phase will ensure almost 100% of the material is down-cycled into civil construction uses. While the use of glass in civil projects as a replacement for existing resources is supported, it should never be an accepted first priority outcome. The material (glass) must be retained at its highest value and the focus be on the glass being returned into new glass products.

From an economic perspective the collection costs of a fourth bin, even if it was to be undertaken on a monthly collection cycle, would cost the seven East Waste Councils alone in excess of \$1.75m annually. It is important to note that this does not include the cost of the bin or rolling out the bins. These are simply costs that Local Government cannot absorb, particularly when there are reduced circular economy, environmental and social outcomes.

Logistically, many residents across our Councils do not have storage capacity for an additional bin. With the Government's objectives on increased urban infill, many of our Council's are observing the creation of smaller blocks, reduced gardens and larger houses resulting in less storage areas for kerbside bins (with the current three bin system). There are a significant number of properties that forgo food and garden organics kerbside bins from the property to make room for other types of storage, therefore supplying a fourth kerbside bin would not be feasible for a large number of properties across metropolitan Adelaide. A 240L bin filled with glass only would be potentially too heavy to move and lift and could create significant noise pollution in suburban streets on collection day.

Inclusion of increased glass products in the CDS is, and always will be, far superior than a dedicated fourth glass recycling bin. To reiterate East Waste strongly opposes any further investigation or consideration of a fourth bin for South Australia.

East Waste is a strong advocate of community education and as you would be aware over the past five years, through our *Which Bin?* and *Why Waste It?* campaigns, have been a leader in this space. We strongly advocate for an education and awareness campaign to be rolled out ahead of any changes to the CDS to ensure resource recovery is maximised from day one and would welcome working with the State Government to deliver such messaging.

### *Key Issue 3: Scheme Approvals and Container Markings*

East Waste is largely supportive of the matters raised in this section and makes no further comment given the focus of it on beverage producers and suppliers.

## *Key Issue 4: Container Return Rates*

In our response to the 'Improving South Australia's Recycling Makes Cents' Scoping Paper in February 2019, East Waste advocated for consideration of the deposit value to be increased to 20 cents. This was based on the premise that the data showed, that the increase in refund from 5 cents to 10 cents, resulted in a step change increase of people engaging in the scheme. Since this time, with the introduction of CDS schemes in most other jurisdictions across the nation at 10 cents and from a consistency viewpoint it makes sense to retain the value at its current rate in line with the nation. The primary objective of the review should be on increasing the scope of containers covered by the scheme and resource recovery and this should not be compromised by an increase in the refund amount.

Through the amount of containers currently returned, it is clear the existing collection depot scheme works well. However with the community becoming increasingly busy, consideration should be given to opening up complementary avenues for the return of CDS products. Ultimately the inclusion of additional collection points to maximise resource recovery, whilst maintaining the overall sustainability of the scheme should be considered.

Similar to the above, consideration needs to be given to broadening the current payment method options from cash or credit note only. Payment direct into bank accounts, on card or to nominated charities are all easily implemented and are likely to increase participation and the flow on social benefits of the scheme.

## *Key Issue 5: Governance*

East Waste is largely supportive of the matters raised in this section and makes no further comment given the focus is beyond our daily remit.

Once again thank you for giving East Waste the opportunity to provide input into the Container Deposit Scheme review. We have appreciated assisting with additional information through the process and are willing to continue this as you need, in order to develop the most comprehensive and effective program for South Australia which drives multiple benefits.

Should you wish to discuss any element of this submission further, please don't hesitate to contact East Waste's General Manager, [REDACTED]

Yours sincerely,

[REDACTED]  
**CHAIRMAN**

15 November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

RE: CDS Review Discussion Paper – Submission by [REDACTED] Eastern Eyre Recycling.

We are the operator of the Eastern Eyre Recycling located at Cleve, Arno Bay and Port Neill. We have operated the facility since 1<sup>st</sup> November 2019. We are a small business, and employ 2 who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

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## Key Submissions

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## Closure

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.



In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

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Eastern Eyre Recycling.



EPA SA  
GPO Box 2607  
Adelaide  
SA 5001

16 November 2021.

**RE: Reviewing the Container Deposit Scheme**

Dear Sir/Madam.

I write regarding the above review. The CDS in South Australia has proven the case for a beverage scheme of this type and shown that a deposit system works to reduce litter and beverage container waste.

Most other jurisdictions have now followed South Australia's lead and introduced their own scheme, based upon the SA model-at least in terms of the scope of containers collected.

With many new changes happening or forecast in the beverage market and the need to improve upon resource recovery of many associated items, it's timely that SA has chosen to review its CDS scheme and arrangements.

It is also the case that any improvements SA chooses to make will mean that other jurisdictions will follow that lead. What SA does on CDS should become standard practice nationally.

**Recommendations**

1. The CDS has proven to be the most effective method of collecting beverage containers for recycling, with SA regularly collecting slightly less than 80% of eligible containers. Unfortunately, this collection rate has not improved in recent times. I would suggest that the SA scheme should have a return rate above 95%, as the world's best schemes are achieving. To achieve this would require SA to expand upon the convenience of the collection network and allow more automated collection points, ideally sited at retail centres. The use of more Reverse Vending Machines (RVMs) would both modernise and complement the existing collection network and improve collection rates through adding more consumer convenience.

2. The scope of eligible containers has largely remained the same for 40 years. Other jurisdictions have copied this list to be consistent with SA. It is time that the scheme expanded upon its list of eligible containers by including wine and spirit bottles, milk containers and including larger containers of fruit juices (1ltr).
3. The CDS should not be seen as simply a litter reduction measure, but given its effectiveness, it should be considered as a complement to kerbside recycling. It can assist kerbside by expanding collection to items deemed problematic in kerbside, particularly glass. Including glass jars and bottles for products other than beverages (e.g., jam, condiment, sauces, and cordials) could improve glass collection rates considerably. It would also create opportunities around reuse of these products rather than simply recycling.
4. Similarly with soft plastics regarded as problematic, there's a need for more extensive collection services for these items. In addition to supermarket collection services (which should be the main collection option) could the CDS collection network also be able to collect soft plastics, under a fee for collection arrangement with suppliers?
5. Reuse rather than recycling is a better resource recovery option. I believe it's time that the CDS considered collection for reuse. In Germany over 50% of bottles are collected for refill. Austria, in announcing a scheme, has put requirements on refill collection as a component of the scheme. This suggestion is not without precedent. The SA scheme could introduce a collection for refill capacity at refund points. I would suggest that, at the very least, a trial refill collection be instigated. The most obvious products would be beer and wine bottles with interested local brewers and wine makers involved.
6. Deposit fees and other fees under the CDS are important drivers of both return rates and participation. To increase return rates, I think the government should consider a future increase to the deposit, particularly if aiming for a higher return rate
7. Similarly financial incentives/disincentives should be used to (1) promote recycled content of containers and (2) deter products more difficult to recycle. I think the deposit level should be focused on consumer participation rates, so the use of network internal fees may provide that price driver. For example, an additional recycling fee being charged on difficult to recycle items compared to those with increased recycled content.



EPA SA  
GPO Box 2607  
Adelaide  
SA 5001

23 November 2021.

**RE: Reviewing the Container Deposit Scheme**

Dear Sir/Madam.

I would like to add that bottles tops should also be included in a list of collected items in the future.

My apologies for not including in my original submission (16 November 2021)

[REDACTED]  
Eco Matters  
Brisbane 4061  
[REDACTED]  
[REDACTED]



3 - 5 Tanunda Road, Nuriootpa  
South Australia 5355  
T +61 8 8568 7878  
F +61 8 8568 7879  
E [elderton@eldertonwines.com.au](mailto:elderton@eldertonwines.com.au)  
ABN: 21 008 065 834  
[www.eldertonwines.com.au](http://www.eldertonwines.com.au)

16 November

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607, Adelaide SA 5001  
Email: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

Subject: CDS Review

We are pleased to submit our response to the Discussion Paper that was released as part of the review of the Container Deposit Scheme (CDS).

We support and agree with the submission that has been made by the South Australian Wine Industry Association and refer to their submission.

In particular, we support maintaining the *status quo* in respect of the exemption of glass wine bottles from the scheme.

This is because:

- The CDS is a litter prevention program that focuses on collection and not recycling. Wine bottles have been exempted from the Container Deposit Scheme (CDS) in South Australia since its inception in 1977 because they represent less than 0.05% of littered containers.
- Some of the proposed changes to the CDS will introduce new unknown costs to new entrants and these have not been explained in the Discussion Paper.
- Options other than extending the scope of containers included in the CDS have not been sufficiently considered, such as a separate glass kerbside bin despite the economic modelling showing it will return the greatest economic impact.
- The true costs to wine businesses like mine would be significant and debilitating when considered on top of all the other difficulties that the industry is currently facing.
- For a significant increase in cost, the benefits seem marginal to say the least, with the Discussion Paper proposing a target improvement in return (not even recycling) rate from 77% to only 78%.

We urge the Government to reject the proposals of the Discussion Paper and reconsider a greater range of alternative options for achieving the most cost-effective and maximum increase possible, in recycling of packaging materials.

Your sincerely



# FLAGCAN DISTRIBUTORS PTY LTD

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ACN 007 983 520 ABN 89 007 983 520

246 Brighton Road  
Somerton Park SA 5044  
p 08 8376 0555 f 08 8376 0559  
e flagcan@gibsonpartners.com.au

19 November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir/Madam

## **RE: SUBMISSION ON CDS REVIEW DISCUSSION PAPER – FLAGCAN DISTRIBUTORS PTY LTD**

Flagcan Distributors Pty Ltd ('Flagcan') is pleased to provide this submission on the Discussion Paper – Improving South Australia's Recycling Makes Cents.

Flagcan is generally supportive of the proposed reforms to the South Australian Container Deposit Scheme ('CDS'), however, seeks to provide input on a number of the issues raised in the discussion paper, most particularly in respect of the proposed governance arrangements.

Flagcan believes that it is critically important that the reform process has adequate regard to the existing structure of the CDS, and the interests of existing stakeholders. Since its inception, the South Australian CDS has been delivered primarily by for-profit private sector companies. The reform process needs to have clear regard to the companies that have built their operations on the existing structure of the CDS.

### **About Flagcan**

Flagcan has existed as a super collector in the SA CDS for over thirty years.

Throughout its existence Flagcan has remained independent of the beverage industry. It provides the opportunity for fillers and suppliers (particularly smaller independent operations) who don't wish to deal with their competitors to choose an independent super collector. Reasons for fillers and suppliers making such a decision vary but include the required provision of sensitive commercial data to the super collector contracted.

Flagcan is privately owned, with stakeholders throughout the industry as shareholders.

Flagcan trades as a for-profit commercial entity.

Flagcan is a 50 per cent shareholder of NTC coordinators, which operates as an independent coordinator in the NT CDS.

Flagcan is also the owner of Flagglass, which is the primary purchaser of glass containers for recycling in SA. This includes the purchase of approximately 45,000 tonnes of cullet to be reprocessed into containers by Orora. Flagglass has an ongoing commercial arrangement with both Orora and the depots in the South Australian CDS for glass supply.

## **Our Submission**

Flagcan's primary interest in the CDS is as a super collector who remains active in the scheme and wishes to continue to provide services to depots. Accordingly, this submission focuses on the governance of the scheme, in particularly the options for future governance arrangements.

Notwithstanding Flagcan's primary interest, this submission also makes comment on the other key issues as set out in the discussion paper where appropriate. We have arranged our responses in alignment with the manner in which the issues are set out in the discussion paper.

## **Key Issue 1 – Objectives of the CDS**

The review provides the basis for the South Australian Government and the EPA to confirm the position of CDS as a material recovery and extended producer responsibility scheme. Over its lifetime, the scheme has transitioned from a scheme primarily targeting litter reduction in the public realm to a scheme that plays an integral role in the recovery of commodities. This should be celebrated and affirmed.

Flagcan believes that the revised objectives of the scheme will provide the basis for improved management of a broad range of recyclables over time. The existing depot network provides a ready base for the provision of a wide range of services to the community, including the collection of difficult products such as paint, fluorescent light tubes, batteries, gas bottles and textiles. Providing an easy pathway for the management of these items, which too often end up in landfill, or illegally dumped, the collection point network can provide significant additional benefits beyond just recovering deposit containers. The CDS also provides the opportunity for future deposits on these products.

CDS will play a significant ongoing role in the circular economy through the provision of price signals to encourage behaviours which are consistent with high levels of resource recovery.

## **Key Issue 2 – Containers Included in the CDS**

Flagcan believes that the scope of the scheme should be broadened, with minimal exemptions. This approach will reduce confusion amongst consumers, simplify processes at collection points, reduce the potential for fraud through the presentation of ineligible containers and also support the efficiency of the scheme through leveraging economies of scale.

The stated option for a fourth kerbside collection bin should be rejected. Such an option would require households to accommodate storage for a fourth bin, create additional confusion of households in respect of which product goes in which bin, further clutter kerb space for collections and require additional commercial vehicle movements to occur through residential areas. It would also result in a duplication of costs to Council and ratepayers with services already provided via the CDS.

Flagcan supports the inclusion of wine and spirit bottles, which are predominantly glass, into the scheme. Such an inclusion will support additional recovery and circularity of high-quality recovered glass, reduce litter from the additional containers in scope and reduce contamination in co-mingled kerbside recycling.

Flagcan, through its subsidiary Flagglass, has a key interest in the recovery and recycling of high quality glass. Having regard to the imposition of the costs of the scheme on new products, the relative impost of the deposit and handling fee on wine and spirits will be considerably less as a proportion of the total retail price of these products.

The inclusion of a broader range of fruit/vegetable juice and milk containers is also supported. These containers, particularly fruit/vegetable juices and flavoured milk, cause considerable confusion for consumers, and are challenging to identify when being sorted at collection points. These challenges flow through to super collectors when ineligible containers are inadvertently included in with deposit containers due to the confusion.

### **Key Issue 3 – Scheme Approvals and Markings**

Flagcan considers that the administrative and legislative cost of container approvals should be simplified and funded through the overall cost of the scheme as part of the handling/logistics/administration costs. Administration costs should be set by the governing body as a fee per container, based on sales, which generates sufficient income to fund the administrative costs of the SA EPA and the Governance model.

### **Key Issue 4.1 – Deposit Value and Refund Amount**

Flagcan recognises that deposit value is one issue which encourages participation in the scheme. The value of the deposit should be reviewed periodically to ensure that inflation does not cause it to decline to a level where it no longer provides an appropriate incentive for the public to participate in the scheme.



## **Key Issue 4.2 – Ease of Container Return**

The operation of the scheme in South Australia over more than four decades has shown that where the benefits of the scheme are clear, real and easily obtained, the scheme will engender strong community support and participation. High levels of support and participation become self-reinforcing as the performance of the scheme increases, engendering even higher levels of support.

Flagcan has been actively involved in research and innovation projects which seek to increase scheme accessibility. Flagcan has developed a payments platform which allows for electronic payments to be credited to customers that register to participate. This system, which is ready to deploy in South Australia at any time, provides the opportunity for a broader range of augmented collection points, particularly bag drops, allowing customers a wider range of opening hours and locations for the return of their containers.

During the development of these technologies, Flagcan has found that the existing structure of the scheme provides significant barriers to innovation. Key issues have included the requirement to sort containers by brand, and, until recently, the requirement for payments to be made in cash.

For these reasons, Flagcan strongly supports the proposal to move away from weight-based payment by super collectors to depots to payment based on actual count. This approach has been utilised in all jurisdictions which have introduced a CDS since 2017 and works successfully in all of these locations.

In considering how best to ensure that the scheme meets performance targets, as detailed above, Flagcan considers that a broad range of factors influence participation. While handling fees are an important lever in ensuring that appropriate accessibility to collection points is available, such an approach in isolation will not achieve the stated outcomes.

The fundamental challenge, particularly in these regional and remote areas, is how do you get depots where they are not viable? In simple terms, there is a requirement, in a small number of locations, where the scheme will need to financially support collection points. The Governance body will need to oversee how these sites remain viable.

In the remainder of South Australia, Flagcan strongly believes that if barriers to innovation are removed and the scheme provides competitive tension and a scheme design which encourages innovation, particularly in respect of technology, then the market will rapidly move to provide accessibility which meets, or exceeds, prescribed targets.

## **Key Issue 5.1 – Scheme Oversight**

Flagcan strongly supports increased oversight of the scheme by government, in the form of an independent body which sits above all scheme stakeholders.

Flagcan believes the governance body needs to monitor and have the authority to ensure sustainable arrangements are in place for the following scheme costs:

- handling fee for each commodity
- processing fee;
- transport and logistics fees across state (which will vary based on locality of each depot for each commodity);
- transfer fees between super collectors;
- promotional activities; and
- administration costs.

Whilst fees may still be subject to commercial negotiation, they should be subject to review and approval by the governance body to ensure that they are reasonable and fair and will contribute to achieving the objectives of the scheme.

Flagcan considers that the composition of governance body needs further consideration, with there being key stakeholder representation from super collectors / coordinators.

### **Key Issue 5.4 and 5.5 – Scheme Coordination**

The Discussion Paper presents two options in respect of the scheme, being the retention of multiple super collectors, with a governance body ‘over the top’ or a single super collector, managed by the governance body.

Flagcan strongly supports the first option, where multiple super collectors continue to operate, but with suitable ‘crossover’ arrangements meaning that a depot only needs to contract with a single super collector. This option has a number of advantages in ensuring the scheme achieves its objectives and is as efficient as possible.

These advantages include:

- the governance body being truly independent;
- competitive tension between super collectors;
- choice for depots/collection points; and
- fostering innovation.

Given the financial benefits modelled show that a significantly improved financial outcome can be achieved, whilst retaining the existing scheme participants, Flagcan strongly supports this approach, but with additional oversight through the governance body sitting above the super collectors, and by the provision of crossover agreements so that depots only need an agreement with a single super collector.

In Flagcan's preferred scheme design, the purpose of the governance body is to provide independent governance oversight of the scheme responding to the government objectives. This would include the review and approval of fees to ensure fairness and consistency with the objectives of the scheme.

Retaining the existing scheme participants allows for a managed transition which will not result in existing commercial businesses being regulated out of existence. The transition will provide for the imposition of the governance model, with oversight of all commercial arrangements to achieve fairness in the scheme, freedom of choice for depot operators and competitive tension between key stakeholders.

### **Key Issue 5.2 and 5.3 – Scheme Auditing and Reporting**

Flagcan supports an integrated IT platform across the scheme. This platform will allow for consistent reporting and auditing processes across scheme participants. Flagcan consider that this is easily achieved through the implementation of an IT Platform as has been the case in Queensland and Western Australia.

The IT system should be a common system across the scheme that provides for the input of data as collection points receive containers from customers, and then providing for tracking and auditing of the containers and associated payments as they move through super collectors, logistics providers, processing and sale for salvage value.

A key outcome in the implementation of an IT platform is to ensure that it provides a consistent platform for the capture, aggregation and movement of data, whilst being accessible and providing for a choice of technology for scheme participants. Technology opportunities exist at multiple levels of the scheme, including at collection points, processing facilities and logistic providers. An IT system that supports the integration of multiple technological solutions will support innovation through the development of technology which is specifically targeted to the operations of the South Australian CDS.

Flagcan supports an integrated container registration system, operating on the scheme IT platform, that provides for a variety of functions, including container registration and approval and search of container eligibility.

## Closure

Whilst Flagcan is supportive of the CDS reform process, it is critically important that the governance structures put in place address the current shortcomings in the system, whilst, at the same time, having due regard to the commercial position of existing stakeholders.

Flagcan, as a longstanding super collector and participant in the scheme, does not consent to being legislated out of business. Whilst it is possible that other super collectors may consent to this, doing so may be more a function of their not being truly independent from the beverage industry.

In reforming the CDS, the best approach is to focus on the issues that do not currently work well, including a requirement for depots to contract with multiple super collectors, commercial negotiation of contracts, dispute resolution and payment by weight. Flagcan strongly believes that all of these issues can be resolved through the establishment of a truly independent governance structure over the CDS with that governance body having the role of actively overseeing the operation of the system.

Flagcan seeks to continue, and expand its role, in the reformed CDS in the provision of additional collection point opportunities and payment frameworks which will make the CDS more accessible to the community and simplify operations for depots with whom Flagcan contracts.

Flagcan has an excellent relationship with depots, evidenced by it having perpetual contracts with the depot network and no dispute history. Flagcan looks forward to building on this success in a reformed CDS.

Flagcan welcomes the opportunity to provide this submission and would be pleased to provide any further input the EPA requires as the reform process continues. Please do not hesitate to contact the writer in this regard.

Your Sincerely



Director – Flagcan Distributors Pty Ltd.

16th November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by G and C Recyclers Peterborough**

We are the operator of the G & C Recyclers Peterborough located at 43 Kitchener Street, Peterborough. We have operated the facility since 10/08/2012. We are a small business, and employ 2 staff who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).
2. Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.
3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.
4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.

## Key Submissions

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.
2. We strongly support the proposed increased in scope, to include a broad range of containers. Broadening eligibility will reduce confusion for customers and make sorting easier for depot staff.
3. The concept of a fourth kerbside collection bin for glass should be rejected.
4. We strongly support the removal of weight-based payment of depots by super collectors in favour of payment by declared count, with suitable auditing arrangements.
5. Scheme approvals should be detailed in a searchable database containing a broad range of data about containers including images, dimensions and barcode detail.
6. Container refund marking should be a simple, consistent pictogram.
7. Determination of additional collection point opportunities should be on the basis on an identified need, which is clearly articulated.
8. Where new return points are required, their operation should be determined based on a hierarchical system, as follows:
  - where a gap is identified, existing operators are invited to fill it;
  - where existing operators do not/cannot address the gap, it is put to the open market; and
  - where the market will not fill gaps, the governance model fills the gaps itself.
9. Depots should be free to adopt technology to assist with counting and sorting which meets their needs (and the needs of their customers). Technology options should not be prescribed, beyond having to meet reasonable standards for accuracy, safety and interface with the scheme IT system.
10. Relationships with charities should be encouraged, but not mandated.
11. The scheme should operate on a common IT system, managed by the super collectors with equipment and software being standardised and supplied by super collectors.
12. The provision of an independent governance body, sitting above all scheme participants and having responsibility for contractual arrangements, pricing and scheme performance is strongly supported.
13. The governance body should also oversee dispute resolution
14. Depot operators should have representation on the governance body.
15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.
16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## Closure

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.

In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

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G & C Recyclers Peterborough

7th November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Golden Grove Recycling**

We are the operator of the Golden Grove Recycling located at 69 Greenwith Road, Golden Grove. We have operated the facility since December 2012. We are a small business, and employ 6 staff who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

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We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

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Golden Grove Recycling

## GRACE'S RESPONSE TO DISCUSSION PAPER - IMPROVING SOUTH AUSTRALIA'S RECYCLING MAKES CENTS

### Review of South Australia's Container Deposit Scheme

- 1.1** 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 by:

**1.1.a** supporting and building on existing beverage container resource recovery investments and infrastructure

**1.1.b** optimising the recovery of high-value beverage container materials that support a circular economy

GRACE and its members support the South Australian (SA) Government's aim to modernise its container deposit scheme (CDS), which has led the way for over 44 years. The South Australian CDS is one of the longest running and successful product stewardship schemes in Australia. It is considered by some in the beverage industry as one of the most effective container deposit schemes in the world.

Separate collection is an important step in the transition to a circular economy, as it increases the volume and the quality of materials available for recycling.

We are encouraged by and strongly support South Australia's desire to strengthen the container deposit scheme to incorporate modern technology, establish transparent reporting systems, and apply circular economy objectives to make more high-value materials available for remanufacturing in domestic markets and nationally.

There are three key drivers for determining high-value other than the clean and colour-sorted materials referred to under *Key Issue 1*:

- Commodity prices are volatile and fluctuate based on supply and demand and mustn't be the sole determinant for high value.
  - In alignment with the objectives of the South Australian CDS it is critical that product stewardship and resource recovery & recycling don't undermine protecting the environment. In particular, the extraction and production of certain materials for use in packaging and their recycling can be greenhouse gas intensive. To this end it is highly recommended that for the greater public good, the objectives as well as the language of the South Australian CDS should be amended to refer to a 'low-carbon circular economy' rather than circular economy alone. Accordingly, the determinants of 'value' must foster a transition to packaging materials which have a low carbon footprint over their entire lifecycle.
  - A focus on fiscal value for (clean and colour-sorted) commodities alone may present barriers to innovation in and market entry for new packaging materials.
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- 2.1** Should plain unflavoured milk containers up to 3 litres continue to be excluded from the CDS? If not, why not?
- 2.2.a** 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?
- 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?

We believe that DRS should work for all packaging types and not just for a few selected packaging types considered for deposit. By doing so, this will enable those in the recycling value chain to increase economies of scale and consumer participation in collection by reducing complexity.

It is our view that a low-carbon circular economy is best supported by maximising recovery of recyclable materials, and that allowing all beverage containers regardless of size or material to be eligible under a CDS best supports this outcome. GRACE also advocates for a harmonization of all CDS schemes so that they can be effectively and efficiently implemented across the country.

Critically, GRACE is coordinating its members effort to boost local recycling capacity for beverage cartons. saveBOARD,<sup>1</sup> our recycling partner, will process beverage cartons into ready-to-use construction material for internal and external use in buildings. saveBOARD has received funding<sup>2</sup> from the Australian Government's Recycling Modernisation Fund and Remanufacture New South Wales, to build their first local recycling facility in Australia. This facility will be operating by Q3 next year (2022). The saveBOARD process has "full carton" capability, that is the entire used beverage carton, including any on-pack straw, neck and cap can be recycled together.

We are now awaiting the outcome of funding applications from other State governments to expand recycling capacity across Australia.

Allowing all beverage cartons to be eligible under the CDS is critical because a secure supply of clean sorted beverage cartons is key to the commercial success of the local recycling capacity.

Regarding the continued exclusion of plain unflavoured milk there are three key considerations:

- It is important to recognise that plant-based beverages such as soy, almond, oat and hemp milk are consumed as a health and lifestyle choice. These are ambient products not requiring refrigeration and easily differentiated from plain unflavoured milk. They must be included in the CDS.
- UHT milk, which is almost exclusively packed in beverage cartons, is also an ambient product and therefore easily distinguished from fresh chilled milk. No HDPE is used for this category and therefore inclusion of ambient UHT milk does not impact existing collection or recycling of HDPE.
- Beverage cartons have an important and growing role to play in de-carbonising packaging because they are made mostly of paperboard, which is renewable plant fibre. Material

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<sup>1</sup> [Home | saveBOARD - Sustainable Building Materials | New Zealand](#)

<sup>2</sup> [Saveboard gets grant to set up facility - Inside Waste](#)

Economics<sup>3</sup> work, 'Sustainable packaging - the role of materials substitution,' shows that a 65% reduction in emissions is possible for fibre-based packaging whereas even with a high recycling rate, emissions from the production of plastic packaging fall by just 20%. They recommend substitution of plastics with fibre-based packaging as one of the largest potential levers to decarbonise packaging. In this light, leaving fresh plain unflavoured chilled milk in HDPE exempt, highlights the conflict between the objectives of resource recovery and recycling and protecting the environment.

**4.2.1** 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:

- supermarket or shopping centre
- local retail outlet, for example, newsagency or convenience store
- entertainment and sporting events
- waste transfer station
- home pick-up service (for fee).

We agree that convenience and accessibility of the depots for people wanting to return their empty beverage containers is a significant factor in the level of participation in the CDS.

We support all the options to increase return points for used beverage containers because this will maximise the volume of clean and source separated containers available for recycling. It also allows for businesses and community organisations to participate as redemption points and broadens awareness of the value of recycling. Leveraging existing collection infrastructure for other products under product stewardship such as batteries, e-waste and household chemicals may support convenience and therefore higher participation.

In addition, we would encourage the CDS regulation to make it mandatory for all beverage retailers, especially those with multiple outlets be obliged to accept returned beverage containers.

**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?

**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?

**5.4.b** What would be the impacts of the different options on your business?

GRACE members supports Option 2: a single independent not-for-profit scheme coordinator appointed by the Minister for Environment and Water in consultation with relevant industry stakeholders.

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<sup>3</sup> [Sustainable Packaging - Material Economics](#)

We believe that Option 2 is the way for us to understand transparently what the scheme costs are per container per material. This is important because it effects commercial decisions on our part, as a packaging supplier, but also importantly those of our customers, the food and beverage manufacturers, choosing packaging materials based on their known and transparent performance in the CDS. The two key elements which support this outcome are that the independent not-for-profit scheme coordinator board must provide the Minister with an annual report that includes, for the reporting period:

- financial statements that have been audited by an independent auditor (option 2 only); and
- total operating cost and revenue breakdown (option 2 only).



ABN 76 149 388 126

Level 4  
81-95 Waymouth Street  
Adelaide SA 5001

GPO Box 1047  
Adelaide SA 5001

Tel +61 8 8204 2051  
Fax +61 8 204 1911

[www.greenindustries.sa.gov.au](http://www.greenindustries.sa.gov.au)

Mr Tony Circelli  
Chief Executive  
Environment Protection Authority  
Via email: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

Dear Tony

Thank you for the opportunity to comment on *Improving South Australia's Recycling Makes Sense – a discussion paper to review South Australia's container deposit scheme* (the Discussion Paper).

Green Industries SA (GISA) acknowledges the considerable research, investigations, analysis and consultation effort that has supported and informed the release of this important Discussion Paper and appreciates being involved in the process to date as a member of the Container Deposit Scheme (CDS) Reference Group. I am pleased to provide you with the following comments and feedback on issues raised in the Discussion Paper.

GISA supports modernisation of South Australia's (SA) CDS within the context of government policy settings that have evolved since the CDS was first introduced, including areas such as the Circular Economy. GISA notes that the outcomes of the review will provide significant benefits and help maintain SA's strong and well established leadership role in resource recovery.

The preferred options stated in the Discussion Paper are fully supported by GISA.

Of particular interest to GISA is the preferred option to review and clarify the CDS scope to support the circular economy principles. In particular, the proposal to consider options of how to remove glass from the kerbside bin system, including adding all currently excluded glass beverage containers, for example, wine, spirit and cordial bottles, to the CDS.

In GISA's view, the Discussion Paper presents an extremely compelling case for inclusion of glass beverage containers such as wine, spirit and cordial bottles to the CDS when compared with a potential fourth kerbside bin for glass – a concept that GISA does not support. The economic benefits including job creation, alongside the supply of higher value materials for glass remanufacturing, through an increase in glass beverage containers included in the CDS is consistent with circular economy principles and objectives.

Through the Recycling Modernisation Fund (RMF), the SA and Australian governments have provided significant grants to support investment in the state's resource recovery sector, including glass processing and beneficiation capacity.

\$8 million in RMF grant funding has supported Orora Limited's investment in the construction of a \$19 million glass beneficiation plant at its Gawler site. The beneficiation plant will enable Orora to source more used beverage glass through established sources and new container deposit schemes to increase the amount of recycled content in glass packaging manufactured at Gawler.



Utilisation of more recycled glass during packaging production will deliver sustainability benefits, including a reduction in the amount of energy (and CO2 emissions) and in virgin materials used to manufacture glass, and will divert waste away from landfill.

Within a circular economy, the potential for beneficial bottle to bottle recycling outcomes are considerably enhanced by the inclusion of an expanded scope of glass beverage containers in SA's CDS.

GISA notes that in relation to CDS scope (and deposit value) it is intended to progress this through working with other states and territories to maintain national alignment across Australia.

It is GISA's view that draft legislation and scheme amendments to be formulated as a result of the rigorous and thorough CDS review process to date and intended for release in early 2022 warrants inclusion of an expanded CDS scope alongside administrative, governance and other scheme improvements (preferred options). It may be appropriate to stipulate a delayed commencement for additional beverage containers aligned to the national discussions.

The early inclusion of an expanded scope of beverage containers will benefit state-based bottle manufacturing and other businesses that source clean streams of recyclable materials that are provided through CDS.

For further information on this matter please contact myself, or [REDACTED] Policy and Evaluation on [REDACTED]

Yours sincerely



**Chief Executive  
Green Industries SA**

Date: 24/11/2021





---

11th November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

RE: CDS Review Discussion Paper – Submission by Greenbank's Adelaide Recycling.

We are the operator of the Greenbank's Adelaide Recycling Depot located at 143 Old South Road, Reynella. We have operated the facility since 1996. We are a small business, and employ eleven staff who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

- 1.unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).
- 2.Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.

3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.

4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.

#### Key Submissions

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.

2. We strongly support the proposed increased in scope, to include a broad range of containers. Broadening eligibility will reduce confusion for customers and make sorting easier for depot staff.

3. The concept of a fourth kerbside collection bin for glass should be rejected.

4. We strongly support the removal of weight-based payment of depots by super collectors in favour of payment by declared count, with suitable auditing arrangements.

5. Scheme approvals should be detailed in a searchable database containing a broad range of data about containers including images, dimensions and barcode detail.

6. Container refund marking should be a simple, consistent pictogram.

7. Determination of additional collection point opportunities should be on the basis on an identified need, which is clearly articulated.

8. Where new return points are required, their operation should be determined based on a hierarchical system, as follows:

- where a gap is identified, existing operators are invited to fill it;
- where existing operators do not/cannot address the gap, it is put to the open market; and
- where the market will not fill gaps, the governance model fills the gaps itself.

9. Depots should be free to adopt technology to assist with counting and sorting which meets their needs (and the needs of their customers). Technology options should not be prescribed, beyond having to meet reasonable standards for accuracy, safety and interface with the scheme IT system.

10. Relationships with charities should be encouraged, but not mandated.

11. The scheme should operate on a common IT system, managed by the super collectors with equipment and software being standardised and supplied by super collectors.

12. The provision of an independent governance body, sitting above all scheme participants and having responsibility for contractual arrangements, pricing and scheme performance is strongly supported.

13. The governance body should also oversee dispute resolution

14. Depot operators should have representation on the governance body.

15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.

16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

#### Closure

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements. In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

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Greenbanks Adelaide Recycling

11th November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Greenbottles Recycling**

We are the operator of the Greenbottles Recycling located at Eighteenth Street, Orroroo. We have operated the facility since 2015. We are a small business, and employ nil who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

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## Closure

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We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

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Greenbottles Recycling

Hackham Recyclers  
12-16 Cottage Lane, Hackham SA 5163  
P.O. Box 554, Noarlunga Centre 5168  
Telephone: (08) 8384 8667  
Facsimile: (08) 8384 7676  
[hackhamrecycle@hackhamrecycle.com.au](mailto:hackhamrecycle@hackhamrecycle.com.au)

November 9, 2021

## CDS Review Discussion Paper

Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by [REDACTED] of Hackham Recyclers**

We are the operator of the Hackham Recyclers located at 12-16 Cottage Lane Hackham, SA 5163. We have operated the facility since January 31, 2012 . We are a small business, and employ 18 staff who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

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### **Key Submissions**

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13. The governance body should also oversee dispute resolution
14. Depot operators should have representation on the governance body.
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16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## Closure

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements. In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

[Redacted Signature]

Hackham Recyclers

## Enquiry # 74791

### Caller Details

Anonymous Enquiry Indicator: N

Company Name: Hahndorf Hill

Title:

Given Name:

Surname:

Property Details: Po Box 474

Unit #:

Street #:

Street Name:

Street Type:

Suburb: HAHNDORF

Postcode: 5245

Contact Phone Number: 08 8388 7512

Contact Phone Number 2:

Fax Number:

Email Address: admin@hahndorfillwinery.com.au

Follow up required: Y

Follow up Notes:

### Enquiry Details

Enquiry Date/Time: 29/09/2021 14:22

Enquiry Description: Container Deposit Scheme Review Dear Sir/Madam,  
Thank you for the opportunity to comment of the proposal to include empty wine bottles in the container deposit scheme. I believe that this is a very heavy-handed and punitive strategy given that empty wine bottles form an extremely small part of the National/ State waste problem. The significant burden and hardship that will be inflicted upon the wine industry will be way out of proportion to any benefit that this will have on the overall big-picture of State or National waste issues. There are far more pressing problems that should first be dealt with before this should even be considered ? such and the mountains of disposable wipes, disposable nappies, car tyres, disposable plastic gloves and the entire

pandemic of disposable masks, syringes, vaccine bottles ? none of which are going to disappear anytime soon. These are just a few of the many problem items that loom large above the tiny issue of empty wine bottles. Very best regards, [REDACTED]  
[REDACTED]

Enquiry Category: Bottle Deposit

Enquiry Type: Container Labelling

12<sup>th</sup> November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Hampshire Recycling**

We are the operator of the Hampshire Recycling located at 24 Pleasant Grove Holden Hill. We have operated the facility since 1973. We are a small business and employ 15 Staff who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

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## Closure

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We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

A solid grey rectangular box used to redact a signature.

Hampshire Recycling

HAVACHAT BOTTLE CAN & SCRAP DEPOT  
ABN: 30582741635

8 November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Havachat Bottle Can & Scrap Depot**

We are the operator of the Havachat Bottle Can & Scrap Depot located at Lot 33 Addison street Kingscote. We have operated the facility since *11/2 years* We are a small business, and employ 5 staff members who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

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HAVACHAT BOTTLE CAN & SCRAP DEPOT  
ABN: 30582741635

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HAVACHAT BOTTLE CAN & SCRAP DEPOT  
ABN: 30582741635

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#### **Closure**

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Thank you for your consideration of our submission

Your Sincerely,



15th November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Hawker Recycle**

We are the operator of the Hawker Recycle located at Lot 379 Wilpena Road, Hawker. We have operated the facility since 2005. We are a very small business, and therefore employ no staff to assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

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3. The concept of a fourth kerbside collection bin for glass should be rejected.
4. We strongly support the removal of weight-based payment of depots by super collectors in favour of payment by declared count, with suitable auditing arrangements.
5. Scheme approvals should be detailed in a searchable database containing a broad range of data about containers including images, dimensions and barcode detail.
6. Container refund marking should be a simple, consistent pictogram.
7. Determination of additional collection point opportunities should be on the basis on an identified need, which is clearly articulated.
8. Where new return points are required, their operation should be determined based on a hierarchical system, as follows:
  - where a gap is identified, existing operators are invited to fill it;
  - where existing operators do not/cannot address the gap, it is put to the open market; and
  - where the market will not fill gaps, the governance model fills the gaps itself.
9. Depots should be free to adopt technology to assist with counting and sorting which meets their needs (and the needs of their customers). Technology options should not be prescribed, beyond having to meet reasonable standards for accuracy, safety and interface with the scheme IT system.
10. Relationships with charities should be encouraged, but not mandated.
11. The scheme should operate on a common IT system, managed by the super collectors with equipment and software being standardised and supplied by super collectors.
12. The provision of an independent governance body, sitting above all scheme participants and having responsibility for contractual arrangements, pricing and scheme performance is strongly supported.
13. The governance body should also oversee dispute resolution
14. Depot operators should have representation on the governance body.
15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.
16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## Closure

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.

In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

A solid grey rectangular box used to redact a signature.

Hawker Recycle

10 November 2021

**Attn: CDS Review Discussion Paper**

Environmental Protection Authority

GPO Box 2607

Adelaide SA 5001

Via email – [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au) (CDS Review)

**Attention:** Mr Tony Circelli

Dear Mr Circelli,

The City of Holdfast Bay is pleased to respond to the “Improving South Australia’s Recycling Makes Cents” discussion paper to review SA’s container deposit scheme (CDS).

As a coastal council and home to Adelaide’s most popular beaches, the City of Holdfast Bay is aware of the affect that containers can have on our environment.

Please find below the Council endorsed responses to key issues questions within the discussion paper relevant to Local Government. The responses align with a number of sentiments of the response to the Scoping Paper submitted in February 2019.

**Key Issue 1: Objectives of the CDS**

The City of Holdfast Bay agrees that the objectives listed under Question 1.1 will assist South Australia in supplying recovered materials to remanufacturers and to achieve state and national resource recovery targets.

**Key Issue 2: Containers included in the CDS**

- 2.1 Yes. Unflavoured milk containers should continue to be excluded from the CDS as they are effectively recycled via the kerbside bin system and not an item of litter significance.
- 2.2 Diversion of glass is better and more practically achieved through expansion of the CDS rather than introduction of a fourth kerbside bin. Council does not believe the volume of glass within waste streams warrants an additional separate collection because the environmental benefits of separation would be decreased due to increased emissions from the use of a separate collection truck. Appropriate verge space for collection and property storage space would also cause problems particularly in high density living locations.



- 2.2A Yes. The scheme should be expanded to include all types of glass beverage containers up to 3 litres. Inclusion of these glass containers would not only reduce the contamination issues associated with glass fines in the kerbside recycling stream but drive the recycling sector to invest in more technologies (potentially locally) for recycling glass.
- 2.2B Administration do not support the introduction of a fourth kerbside bin for glass. However, if this option was made available then State Government should fund the roll out and operational costs with the funds collected from waste levies.
- 2.3 Yes. Expanding the scheme to include plastic flavoured milk and juice containers up to three litres should also be included in the CDS as larger containers are still a litter concern and of resource recovery significance.
- 2.4 Council believe that whilst contemporary media platforms such as newspapers, television and radio advertisements are of value, these types of media are expensive and have significantly reduced in outreach in recent years due to the rise of streaming services. A proposed CDS education campaign should include a diverse array of media platforms including a heavy focus on digital outlets such as social media which is cost effective, interactive and easy to analyse. Use of QR codes on CDS containers should also be utilised. However, in order to reach all parts of the metropolitan population, such a campaign should use all communication means available, including print media such as bus shelter adverts and letterbox drops. In addition, the State Government should provide support to Local Government to assist and respond to the inevitable spike in queries about the changes.

Council also believe that if a spokesperson(s) is to be used, information is better received from members of the general public rather than actors or well-known individuals (influencers) who are paid for their time. A recent “Weekly FOGO” focus group undertaken by the City of Holdfast Bay found that “there was an overall perception that the best ambassadors for the waste focused program were neighbours and local businesses leading change with their behaviour”.

The scoping paper also recommends that smaller beverage containers should be removed from the current CDS. We do not support this and recommend that they are included.

### **Key Issue 3: Scheme Approvals and Container Markings**

- 3.4 Yes. A five-year approval term in line with other states and territory schemes is suitable.
- 3.5 Use of QR codes on CDS containers that link to a website explaining the importance of CDS, list CDS container collection locations, along with what happens to CDS containers could be useful along with the current approved refund markings.

#### **Key Issue 4.1 Deposit Value and Refund Amount**

Council believe that whilst a proportion of the Holdfast Bay community would be influenced by the current 10 cent deposit to return CDS containers for a refund for financial reasons, a proportion of the community would also be influenced to return CDS containers for a refund as they are aware of the additional environmental benefits to the waste stream when doing so. Council also believe that being a medium-high socio-economic demographic, 10 cents per container may not be enough of an incentive for some residents who would rather place their CDS containers in a kerbside co-mingled or landfill bin as it is more convenient. Increasing the refund would be beneficial across SA.

#### **Key Issue 4.2 Ease of Container Return**

- 4.2.1 Council agree that increasing the number of return points in high profile locations including those listed will assist in increasing the return rate to above 80%.
- 4.2.2 Council agree that the Holdfast Bay community would benefit from the introduction and use of self-service reverse vending machines in high profile locations within the listed locations.
- 4.2.3 Yes. Consistent branding and promotion is key to the community accessing return points. QR codes on containers that link to a list of return locations would be highly utilised.
- 4.2.5 Discount vouchers for South Australian businesses and additional entry to future ballots (such as SA Great State Vouchers) could be additional incentives on top of the refund that may encourage higher participation rates in the CDS.
- 4.2.6 Increasing the number of reverse vending machines and exploring increasing the refund amount at the same time other jurisdictions do are the two key mechanisms that will ensure the CDS achieves return rate targets and accountability standards.

#### **Key Issue 4.3 Payment of Refund Method**

- 4.3.1 Council believe that all listed options to receive CDS refunds would be utilised by the Holdfast Bay community.
- 4.3.2 Yes, the City of Holdfast Bay agree that the introduction of additional non-cash refund methods would increase the level of convenience for the Holdfast Bay community when returning CDS containers.

#### **Key Issue 5: Governance Arrangements**

Council has no strong opinion on governance options but supports amendments that increase transparency, centralisation and accountability and reduce costs.

If you require and further information, please contact Councils Environmental Officer

on

Yours sincerely,

**Chief Executive Officer**



19 October 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
Adelaide SA 5001

Via email to: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

### **Independent Brewers Association response to the South Australian Container Deposit Scheme Review**

The Independent Brewers Association (IBA) is the peak national industry body representing Australia's 600 independent brewers, 65% of these being small businesses based in regional and rural Australia.

Australia's 600+ independent brewers contribute an estimated \$1.93 billion in economic output to the Australian economy and employ 6,891 people, representing 51% of all employment in the brewing industry.

For every direct job in the brewing industry, a further 3.8 jobs are created in associated industries such as agriculture, logistics, manufacturing, hospitality and services. This means that the independent brewing industry is responsible for supporting over 33,000 jobs reflecting its significance to the Australian economy.

In South Australia, our contribution to the economy in 2020 was (conservatively) estimated at \$117 million supporting 2,013 jobs.

In response to your enquiry, we would offer the following commentary:

- The general principle of recovering as many containers as possible aligns well with the values espoused by our members and sustainability in its entirety is a key strategic pillar for the IBA, therefore **we do not oppose the concept of a Container Deposit Scheme and acknowledge the leadership illustrated by the South Australian Government** in this regard.
- While the results achieved are significant, the current scheme **requires modernisation** and closer alignment to other state schemes in order to be effective - as the Committee has acknowledged.
- For an independent, Australian owned small business such as our members, navigating the **range of different schemes** in place across the country is not only challenging and **time consuming but costly**.

- At present, containers that can be recycled include: beer bottles and cans whereas the **scheme does not cover other containers such as wine bottles, spirit containers, some milk containers and many other food items**. This does not seem to be a fair and equitable playing field nor maximise the amount of containers that can be recycled and therefore too many **are going to landfill**.
- We would request that this **bias towards certain manufactures** be rectified through this review and that the **emphasis** is returned to **waste management** rather than revenue generation.
- As mentioned earlier in this submission, a producer wishing to sell their goods outside of South Australia is required to meet the needs of **a different CDS scheme in each state**. Not only is this a costly exercise but it burdens small business with the significant time and effort it takes to navigate these schemes.
- We would recommend that this review consider **removing regulatory burden** from these Australian owned small businesses **by aligning to the most successful components** of other schemes as well as considering a **national register**.
- This change would allow business to grow, to **provide more job opportunities** and the time to address innovation and **introduce environmentally sustainable** business practices.
- Unlike other states, the South Australian scheme offers a contract with a super collector (of which there are 4) so each time one of our members makes a new product (which is very often as that is the nature of our industry), it **attracts another contract** which requires the producer to go through the same **8 step process** each time.
- THEN to add to the **administrative load**, the producer is required to **report each month** on the number of containers sold not in units but in a non-metric measurement of a dozen. Given our members produce a large range of products in varying sizes cartons eg. 12 packs, 4 packs or 16 packs, the system necessitates that each brewery review all cartons sold data and covert into a dozen to comply with the current reporting requirements.
- To add to what seems a cumbersome and antiquated system for all, each super collector offers a **different system for reporting** – all of which is a **manual process** therefore we would recommend this review consider the introduction of **one common electronic system**.
- As noted in your comprehensive report, small producers have a greater proportion of SKU's of packaged product compared to large producers therefore the **overall cost is higher** for those that should not be penalised for being small, artisan producers.
- To ensure all benefit from the environmental aims of the scheme we would ask that all **application fees be abolished** for all participants and that a **new scheme is introduced without passing the cost burden** on to its users.

- Refund markings are already aligned and nationally recognised, so the IBA does **not see any benefit in changing the container refund marking** as outlined in your paper as this adds yet another cost for producers.
- There is also **no reason to increase the deposit amount** as our members already pass on part of this cost to consumers to remain viable. We would also **debate whether the increase would yield a greater return** of containers and would ask for evidence to illustrate this proposed change.
- Having participated in the development of the Victorian and Tasmanian schemes as well as reviews of NSW & Qld we would recommend that the South Australian government **take learnings from the successful components of each of these schemes when developing the new model for SA**. There seems no point in reinventing the wheel when others have done the work to understand a balanced model that works for users as well as delivering maximum benefit for the environment. For example:
  - NSW, the ACT Qld and WA have adopted an electronic reporting system where all containers are reported in units sold and all new products can be uploaded remotely.
  - New product uploads are free for Qld and WA and in NSW the cost is a fraction of that in SA at \$13.50.
  - These portals also offer the option to set a due date of release, which means a brewery can upload upcoming new releases well in advance without having to worry about forgetting to do so.
  - Our preferred mechanism of CDS is scheme that is currently in place in Qld.
- Further, we acknowledge that there is currently a review being undertaken by Deloitte to **investigate aligning the container approval application processes** for beverage manufacturers/suppliers. We fully support this model and hope that this review considers a national register as one of its recommendations.
- We also feel that improvements could be made for all participants by **developing central collections points** which could be facilitated at supermarkets and other retail outlets (or generally well populated sites) as evidenced overseas.
- In response to the question around refund method, we would request that **cash transactions still be offered** as there are many elements of society, including children that rely on returning containers.

Thank you in advance for your time in considering our submission. I can be contacted on [REDACTED] should you require any further information.

Yours sincerely,



**Chief Executive Officer**

Friday 12<sup>th</sup> November 2021

Dear Sir / Madam

**RE: CDS Review Discussion Paper** – Submission by [REDACTED]

We are the operator of the Jamestown Recycling located at 42 Mannanarie Road, Jamestown SA, 5491

We have operated the facility since 1<sup>st</sup> July 1995. We are a small business, and employ 6 who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however, there is always room for improvement.

#### **Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).
2. Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.
3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.
4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as our selves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.

### **Key Submissions**

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme but is no longer its fundamental purpose.
2. We strongly support the proposed increased in scope, to include a broad range of containers. Broadening eligibility will reduce confusion for customers and make sorting easier for depot staff.
3. The concept of a fourth kerbside collection bin for glass should be rejected.
4. We strongly support the removal of weight-based payment of depots by super collectors in favour of payment by declared count, with suitable auditing arrangements.
5. Scheme approvals should be detailed in a searchable database containing a broad range of data about containers including images, dimensions and barcode detail.
6. Container refund marking should be a simple, consistent pictogram.
7. Determination of additional collection point opportunities should be on the basis on an identified need, which is clearly articulated.
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  - where existing operators do not/cannot address the gap, it is put to the open market; and
  - where the market will not fill gaps, the governance model fills the gaps itself.
9. Depots should be free to adopt technology to assist with counting and sorting which meets

their needs (and the needs of their customers). Technology options should not be prescribed, beyond having to meet reasonable standards for accuracy, safety and interface with the scheme IT system.

10. Relationships with charities should be encouraged, but not mandated.

11. The scheme should operate on a common IT system, managed by the super collectors with equipment and software being standardised and supplied by super collectors.

12. The provision of an independent governance body, sitting above all scheme participants and having responsibility for contractual arrangements, pricing and scheme performance is strongly supported.

13. The governance body should also oversee dispute resolution

14. Depot operators should have representation on the governance body.

15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.

16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

### **Closure**

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements. In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely



Jamestown Recycling





# KAY BROTHERS

19<sup>th</sup> November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607, Adelaide SA 5001  
Email: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

Subject: CDS Review

We are pleased to submit our response to the Discussion Paper that was released as part of the review of the Container Deposit Scheme (CDS).

As expressed in our previous communications regarding this review, Kay Brothers is an enthusiastic supporter of sustainable business in terms of stewardship of the land that we manage in trust for future generations and also financial sustainability such that we can continue to gainfully employ people.

Having read the discussion paper and various submissions made by other elements of the wine industry we must express our extreme concern at the analysis that has been conducted and conclusions subsequently drawn. It appears that the EPA has entered this process with a firm view of what it wants to achieve and who it wishes to target and is only paying lip service to true analysis of the broader issue and transparent decision making.

We support and agree with the submission that has been made by the South Australian Wine Industry Association and refer to some key elements of their submission:

- The CDS is a litter prevention program that focuses on collection and not recycling. Wine bottles have been exempted from the Container Deposit Scheme (CDS) in South Australia since its inception in 1977 because they represent less than 0.05% of littered containers.
- Some of the proposed changes to the CDS will introduce new unknown costs to new entrants and these have not been explained in the Discussion Paper.
- Options other than extending the scope of containers included in the CDS have not been sufficiently considered, such as a separate glass kerbside bin despite the economic modelling showing it will return the greatest economic impact.
- The true costs to wine businesses like ours would be significant and debilitating when considered on top of all the other difficulties that the industry is currently facing. This is particularly so for small business such as ours which will be disproportionately impacted.
- For a significant increase in cost, the benefits seem marginal to say the least, with the Discussion Paper proposing a target improvement in return (not even recycling) rate from 77% to only 78%.

What is particularly concerning is the number of errors, apparent confusion and the resulting general misleading nature of the report. It does not give much credibility to any argument or proposal the EPA puts forward.

The original reason for the CDS is no longer suitable to drive good product stewardship and needs a more thorough and transparent review and redesign. We would strongly support such a comprehensive review and strongly suggest it needs to cover the issue from a materials used viewpoint (e.g. all glass containers) and not specific uses of those materials.





# KAY BROTHERS

As such, until such a review is thoroughly and accurately conducted, we support maintaining the *status quo* in respect of the exemption of glass wine bottles from the scheme.

We urge the Government to reject the proposals of the Discussion Paper and reconsider a greater range of alternative options for achieving the most cost-effective and maximum increase possible, in recycling of packaging materials.

Your sincerely,



General Manager



# KAY BROTHERS

19<sup>th</sup> November 2021

Hon Steven Marshall MP  
Premier South Australia  
Unit 2, 90-94 The Parade  
Norwood  
SA 5067  
Email: [dunstan@parliament.sa.gov.au](mailto:dunstan@parliament.sa.gov.au)

Re: Review of Container Deposit Scheme

Dear Premier,

We are writing to you to convey our concern at aspects of the recently published Discussion Paper from the review of the Container Deposit Scheme (CDS), particularly the possibility of extending the scope to include glass wine bottles.

As expressed in our previous communications regarding this review, Kay Brothers is an enthusiastic supporter of sustainable business in terms of stewardship of the land that we manage in trust for future generations and also financial sustainability such that we can continue to gainfully employ people.

Having read the discussion paper and various submissions made by other elements of the wine industry we must express our extreme concern at the analysis that has been conducted and conclusions subsequently drawn. It appears that the EPA has entered this process with a firm view of what it wants to achieve and who it wishes to target and is only paying lip service to true analysis of the broader issue and transparent decision making.

The CDS review's Discussion Paper does not provide information that might allow us to determine if the proposed changes are justified, either in terms of cost efficiency or improvements in recycling. The proposed changes to the structure and governance of the scheme will cause the costs to change and the amount of change is not quantified. No business can make a rational decision about such a change in legislation and regulations when the costs are not provided or unknown.

The review appears to have been too narrow in focus and ambition. For example, why did it just single out wine bottles and not look at all glass containers? Why was the possibility of a separate glass kerbside bin dismissed so readily when the economic modelling done as part of the review found that option to return the greatest economic benefit? Why was the target improvement for recovery rate so small at only 1%, and why was there no target for a recycling rate (to make new containers)?

The original reason for the CDS (the reduction in litter) is no longer suitable to drive good product stewardship and needs a more thorough and transparent review and redesign. We would strongly support such a comprehensive review and strongly suggest it needs to cover the issue from a materials used viewpoint (e.g. all glass containers) and not specific uses of those materials.

As such, until such a review is thoroughly and accurately conducted, we support maintaining the *status quo* in respect of the exemption of glass wine bottles from the scheme.

We urge you and your colleagues to critically review the impacts of the proposals for change to the CDS that has been presented in the Discussion Paper. Further, we urge your Government to reconsider the



# KAY BROTHERS

review to more carefully evaluate a wider range of options in order to arrive at sound evidence-based policy proposals that will actually drive improved product stewardship and recycling and in which costs are shared across the complete product life.

Your sincerely,



General Manager

12/11/2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by [REDACTED]**

We are the operators of the Keith Recycling Depot located at Keith. We have been operating the facility since 2001. We are a small business, and employ 2 people who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

### **Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).
2. Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.
3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.
4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the

collection of CDS eligible containers.

## **Key Submissions**

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.
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14. Depot operators should have representation on the governance body. 15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.
16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## **Closure**

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.

In particular, ending weight-based payment for depots, providing improved dispute resolution

processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission



Keith Recycling Depot

17<sup>th</sup> November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Kimba Bottle Yard**

We are the operator of the Kimba Bottle Yard located at 20 Vintage Drive, Kimba. We have operated the facility since 1/04/2007. We are a small business, and employ 0 personnel who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).
2. Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.
3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.
4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.

## Key Submissions

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.
2. We strongly support the proposed increased in scope, to include a broad range of containers. Broadening eligibility will reduce confusion for customers and make sorting easier for depot staff.
3. The concept of a fourth kerbside collection bin for glass should be rejected.
4. We strongly support the removal of weight-based payment of depots by super collectors in favour of payment by declared count, with suitable auditing arrangements.
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12. The provision of an independent governance body, sitting above all scheme participants and having responsibility for contractual arrangements, pricing and scheme performance is strongly supported.
13. The governance body should also oversee dispute resolution
14. Depot operators should have representation on the governance body.
15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.
16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## Closure

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.



In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

A grey rectangular box used to redact a signature.

Kimba Bottle Yard

12th November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by KINGSTON RECYCLING DEPOT**

We are the operator of the KINGSTON RECYCLING DEPOT located at 10 RAILWAY TERRACE KINGSTON SE SA 5275. We have operated the facility since 1st JULY 2003.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).
2. Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.
3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.
4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.



## Key Submissions

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.
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## Closure

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public has been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.

In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will

significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thankyou for your consideration of our submission

Your Sincerely

[Redacted signature]

KINGSTON RECYCLING DEPOT

[Redacted contact information]

19 November 2021

**CDS Review**

Environment Protection Authority

Via: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

To Whom It May Concern

**Re: Container Deposit Scheme (CDS) Review Discussion Paper**

I write on behalf of Langhorne Creek Grape and Wine Inc. (LCGW), the representative body for wine grape growers and wine producers of one of South Australia's largest wine production regions, Langhorne Creek.

LCGW appreciates the opportunity to provide feedback to the CDS Review Discussion Paper. Acknowledging submissions by fellow South Australian wine region associations and the South Australian Wine Industry Association, LCGW reiterates the following matters in relation to the CDS Review.

- Support for a robust and true Product Stewardship and Circular Economy model.
- Support for a system that focusses on product **material** not product **type**.
- A call for equitable cost distribution across all participants.
- Concern that the modelling to indicate the true cost to wine producers is severely lacking and does not lead to confidence in the proposal.
- A request to reconsider timing of further development and or implementation of CDS changes due to extreme profitability concerns for wine businesses.
- Acknowledgement of potential national harmonisation benefits, but concern at the lack of detail especially in consideration of cross-border recognition and payments.
- Concern at the lack of detail to convince LCGW that the CDS will develop recycling streams.
- With the current level of detail, apparently many unknowns, and concern that the cost to wine producers has been significantly underestimated by flawed modelling, LCGW does not support inclusion of glass wine bottles at this time.
- The potential benefit cited to the litter and recovery stream would appear to be a mere 1%, gain, representing a lot of *pain* for little *gain* when a true recycling and circular economy and product stewardship process could be developed with greater equity for all.

LCGW looks forward to collaborating towards a CDS that contributes to a rounded Product Stewardship and Circular Economy initiative in which the wine industry can proudly and equitably take part.

Yours Sincerely,



Executive Officer

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Langhorne Creek Grape and Wine Inc.

ABN: 59 544 241 984

79 Bridge Road, Langhorne Creek

South Australia – Australia 5255

T: +61 8 8537 3362 | E: [lian@langhornecreek.com](mailto:lian@langhornecreek.com) | [www.langhornecreek.com](http://www.langhornecreek.com)





142 Findon Road  
FINDON SA 5023

Phone: 8445 2318  
Email: [admin@robsfuels.com.au](mailto:admin@robsfuels.com.au)

11 November 2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Leo's Can & Bottle Recycling**

We are the operator of the Leo's Can & Bottle Recycling located at 142 Findon Road, Findon SA 5023. We have operated the facility since 1977. We are a small business, and employ approximately 10 staff who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS, and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. Unequal bargaining power between depot operators (which are predominantly micro and small-businesses) and super collectors (two of which are subsidiaries of multinational corporations).
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4. Limited oversight of the parties to the scheme by, or on behalf of, government.

5. In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.

### Key Submissions

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.
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16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## **Closure**

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.

In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thank you for your consideration of our submission

Your Sincerely ,



**Director**  
**LEO'S CAN & BOTTLE RECYLING**





142 Findon Road  
FINDON SA 5023

Phone: 8445 2318  
Email: [admin@robsfuels.com.au](mailto:admin@robsfuels.com.au)

12 November 2021

[REDACTED]  
Executive Chairman  
Recyclers of SA Association

**By email:** [REDACTED]

Dear [REDACTED]

**Re: CDS Review Discussion Paper**

In general, I have appreciated having CDS as our voice over many years and for the moderate changes which have been implemented so far.

With respect to the new draft, I am in favour of the majority of the improvements to the recycling depots you have outlined in your attached "draft submissions" but I am concerned that we may not have adequate protection in the long term.

I believe this submission requires more careful consideration by all depots especially in relation to additional collection points.

I am cautious that introducing additional collections points will have an effect on the turnover in our existing depots. Our yards only peak one to two months of the year and at other times are managed well and our current depots cater sufficiently for the demand.

I can see bigger organisations taking advantage of this proposal once you have declined the opportunity to "fill the gap" which did not need to be filled in the first place. The Submission is too broad and who decides and influences our future?

We have nurtured this industry for over 40 years. If we let our guard down now, we may see ourselves becoming unprotected.

Let us see the growth first and revisit this in the future and not jump into implementing unnecessary changes at this point in time.

Please find attached my RSA Member Submission with points 7 and 8 deleted.

Yours faithfully,

[REDACTED]  
**Director**

Copy to: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)



19 November 2021

By email: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

Dear Minister

### **South Australia Container Deposit Scheme Review – Discussion Paper**

Lion Pty Ltd (“Lion”) welcomes the opportunity to provide our input and feedback to the Environmental Protection Authority South Australia in relation to the discussion paper to review and improve South Australia’s Container Deposit Scheme.

We acknowledge the commitment of the South Australian Government to litter reduction and resource recovery over a long period of time and the work undertaken as part of this review.

We support the Government’s approach to modernise and improve the South Australian scheme and broaden objectives whilst at the same time seeking to maintain the many positive aspects of the current scheme structure that has been so successful to date.

As majority shareholders in Marine Stores Pty Ltd (“Marine Stores”), one of the scheme supercollectors, we are proud to have played an integral role in the success of the scheme over the last 44 years, and look forward to continued involvement and making a positive contribution to further enhancing what is the best performing scheme in the country.

We note that Marine Stores has made a separate submission, which we have appended for reference. As majority shareholders of Marine Stores, we support this submission and the feedback contained within.

We provide the following additional feedback on key issues of concern for Lion for your consideration, and we look forward to ongoing engagement and collaboration with the EPA SA and SA Government as the scheme is enhanced.

Yours faithfully

CDS Director  
Lion

+61 2 9320 2200  
+61 2 9320 2264  
[www.lionco.com](http://www.lionco.com)

**Lion**  
Level 7  
68 York Street  
Sydney  
NSW 2000  
Australia

Locked Bag 14  
Royal Exchange  
Sydney  
NSW 1225  
Australia

Lion Pty Ltd  
ABN 50 128 004 268



## **Key Issue 2: Containers Included in the CDS**

While Lion does not have a position in principle in terms of circular economy outcomes as our containers are already covered, we do have concerns that costs of expanding the scope are incurred by current producers. Our main concerns around any increase in the scope of containers are:

- The potential for additional costs to be levied on current CDS participants for logistics and processing costs as a result of the inclusion of materials such as wine bottles that are significantly larger/heavier (and therefore more expensive to collect) than current materials such as beer bottles.
  - Appropriate consideration should be given to allocation of costs prior to the inclusion of any such containers so current participants are not subsidising the inclusion of the additional scope of containers
- Any changes in scope must be made in unison with other jurisdictions, to prevent cross-border arbitrage opportunities and fraud, resulting in higher costs for South Australian suppliers

## **Key Issue 3: Container Markings**

Whilst we are supportive of current labelling arrangements and see no need for change at this point in time, we would also support a national approach to labelling such as the ARL, if a suitable, correct and clear CDS messaging label can be adopted nationally. Current drafts that we have seen appear confusing and in some jurisdictions incorrect.

Any labelling changes should be transitioned with adequate notice and transition time in order for manufacturers to manage potential cost implications which for Lion, can run into the millions of dollars across our portfolio of products.

## **Key Issue 4.1: Deposit Value and Refund Amount**

Lion applauds the Government's approach to maintain the 10c deposit value, and undertake further analysis to better understand the various drivers of redemption behaviour to analyse what will most efficiently deliver incremental gains in redemption rates.

We note that the main factors impacting redemption are:

- Awareness and education;
- Convenience;
- Consumer cultural attitudes towards recycling/environment; and
- Incentive (ie the refund amount).

Changes proposed by the Government in this discussion paper address all items above other than incentive, and it is noted that the relative cost of implementing initiatives in these areas is considerably lower than an increase in the refund amount.

It is important that the impact of these changes are observed and assessed before further consideration is given to changing the refund amount,



particularly given the relative incremental cost of additional returns through increasing the refund amount (as outlined in the Marine Stores submission).

### **Key Issue 5: Governance Arrangements**

Lion supports the transition to a single scheme coordinator as opposed to any model that maintains multiple supercollectors.

We do not believe that a governing body that would operate between the current supercollectors and Government would be able to deliver a number of the improvements that the Government is seeking to achieve through the scheme review, including increasing accountability for targets and key performance indicators, reducing material splits, and introducing technology, branding, marketing and scheme promotion. These can be delivered through a single scheme coordinator that has overall responsibility for scheme operations and the achievement of scheme objectives, targets and performance measures.

The South Australian scheme has been a long running and successful example of a true product stewardship scheme with producers taking responsibility for the collection of their packaging. Producer responsibility should remain at the core of the entity that is appointed as scheme coordinator.

This should be supplemented with independent representation within the scheme collector board of directors as is the case in jurisdictions including NSW, ACT, QLD and WA. Ministerial approval for some of these independent roles provides appropriate oversight and input for Government and ensures accountability for the independent involvement.

### **Transition Considerations**

We strongly support the Government's approach to phasing or staggering changes to the scheme. A number of the changes proposed are significant changes that will require significant time and effort to implement, will involve multiple stakeholders and a number of interdependencies. It is critical that these changes are planned and implemented in a way that ensures that:

- there is no impact to the ongoing operation of the scheme; and
- that structural changes are as simple as possible to ensure transition costs and effort are minimised and as efficient as possible

Our experience from multiple scheme mobilisations is that the best results are achieved through a truly collaborative process between Government, EPA and scheme coordinator, with strong project management structures and governance, and adequate time in which to implement and deliver outcomes.



## MARINE STORES PTY LTD

*Recyclers for the Beverage Industry*

18 Wilson Street, Royal Park 5014

Phone: 8447 6744 Fax: 8240 3766

Email: [admin@marinestores.com.au](mailto:admin@marinestores.com.au)

18 November 2021

By Email: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

Dear Minister,

Marine Stores Pty Ltd ("Marine Stores") appreciates the opportunity to make a submission to the Environmental Protection Authority South Australia (EPA SA) regarding the discussion paper to review South Australia's Container Deposit Scheme (CDS).

We acknowledge the commitment of the South Australian Government to litter reduction and resource recovery over a long period of time and the work undertaken as part of this review.

### Executive Summary

Marine Stores' view is that the South Australian CDS continues to work well and leads the way in Australia for resource recovery and cost effectiveness. Any changes to the South Australian scheme should, as far as practicable, ensure increased harmonisation across CDS systems nationally.

#### Modernise the CDS governance

Marine Stores supports the preferred option to modernise the CDS governance, introduce an IT-based platform and enable increased community involvement. Marine Stores' view is that greater harmonisation and the objectives outlined within the discussion paper cannot be efficiently achieved through the proposed governance model with multiple super collectors and accepts that a governance option with a single coordinator is the most likely outcome.

#### Increase Education and Awareness

Marine Stores believes that increased South Australian CDS education and awareness through a targeted contemporary campaign is, together with improved convenience, the most effective method to increase return rates and support any changes in CDS scope to ensure the resource recovery objectives are achieved.

#### Maintain Deposit Value and Refund Amount

Marine Stores supports maintaining the current 10c deposit value and refund amount, with significantly more cost-effective methods available for increasing return rates.

### Improve Accessibility and Convenience

Marine Stores supports increasing CDS container return points, establishing customer service standards and would embrace the inclusion of alternative return point options including bag drops, mobile depots, and reverse vending machines (RVMs).

### Sequence the Scheme Changes

Marine Stores strongly recommends that any governance transition should be one of the first steps of any of the changes, allowing for the effective management of all further changes.

## Marine Stores Response

Marine Stores' view is that the South Australian CDS continues to work well and leads the way in Australia for resource recovery and cost effectiveness. However, Marine Stores does support the proposal to modernise the scheme such that further improvements can be made that lead to improved environmental outcomes, more effective governance, a more efficient scheme, less regulatory burden for industry, and the lowest possible costs being borne by consumers, without compromise to the scheme aims.

As similar schemes have been introduced around the country, Marine Stores believes that any changes to the South Australian scheme should, as far as practicable, ensure increased harmonisation across CDS systems nationally. Marine Stores' view is that greater harmonisation and the objectives outlined within the discussion paper cannot be efficiently achieved through the proposed governance model with multiple super collectors. Furthermore, establishing an independent governing body over the current supercollectors will impact the ability of the Marine Stores Board to appropriately manage the company's affairs.

Marine Stores as a stand-alone entity, would likely not continue operating under the proposed single coordinator option. However, we would aim to remain involved in the new governance structure, and work through the options to minimise the impact on both our business and our stakeholders. This would ensure that our extensive knowledge and experience within the South Australian CDS is utilised and the transition can be effectively managed. We also strongly recommend EPA SA canvases the views of our Shareholders (Coopers Brewery Limited and Lion Pty Ltd).

Regardless of the governance option selected, the governance transition should be one of the first steps of any of the changes. This would allow for the deployment of the IT-based platform, management of all further operational changes, and the updating of waste management agreements and other contracts. Based on Marine Stores' knowledge and experience within the SA scheme, to achieve the modernisation objectives proposed within the discussion paper, the IT-based platform used in the Queensland and Western Australia schemes would be required.

Marine Stores has reviewed the discussion paper and provides the following comments in relation to the questions for each key issue, with responses to each question included in Appendix A. Marine Stores also met with Steven Sergi and Nick Stewart of the EPA SA on 29 October to provide feedback and discuss concerns with the data used and assumptions made within the Hudson Howells economic analysis referenced in the discussion paper. Some of this economic analysis feedback has been included with the following comments where applicable.



## Key Issue 1: Objectives of the CDS

It is a policy decision for the Government what they wish to be objectives of the South Australia CDS. Based on current beverage container collection rates and the percentage of beverage containers in litter, the South Australian scheme has been effective in achieving the objective of reducing litter.

Marine Stores supports the preferred option to modernise the features of the South Australian CDS. Marine Stores also supports CDS as a key pathway for recovering materials and achieving resource recovery targets, provided it is the most efficient and economic method for that material.

When reviewing the objectives of the CDS, it should be noted that the economic outcomes and employment numbers provided in the discussion paper are based on incorrect data and assumptions. Examples of incorrect data include the Admin Fee overestimated by 200% and the FTE for super collectors overestimated by 500%. This data should be validated with super collectors before being referenced for any other purpose.

### Increased community involvement

Marine Stores supports enabling opportunities for community groups, not-for-profit organisations and charities to benefit from CDS. Based on our knowledge and experience, the best method is that utilised by the Queensland and Western Australia schemes in which refunds can be allocated to community groups, not-for-profit organisations and charities of choice. Maximising the number of community groups, not-for-profit organisations and charities that can participate in the scheme provides the best opportunity to achieve higher return rates and community benefit.

## Key Issue 2: Containers included in the CDS

### Container Scope

Marine Stores supports reviewing and clarifying the CDS scope of containers but believes that the scope of the South Australian CDS should align with the scope of adjacent state schemes to avoid opportunities for cross-border arbitrage which could lead to increased costs for South Australian producers. Any further changes in CDS scope to support the circular economy principles should be confirmed as the most efficient and cost-effective method of resource recovery for that container.

### Analysis of potential impact of container scope changes

The decision to expand the scope of containers for CDS should be based on accurate economic analysis. It should be noted that the economic analysis that supports the discussion paper is based on incorrect data and incorrect assumptions that require review and verification prior to being used as the basis for decision making. In relation CDS scope of containers, the economic analysis uses the assumption that economies of scale will result in lower handling fees. Marine Stores' view is that whilst this should be the case from a pure economic theory basis, it is an incorrect assumption that would be difficult to implement in practice at the individual depot level. This could be validated through asking depot owners if they would accept a lower handling fee for an increased volume.

Further, Marine Stores believes adequate consideration of the cost impact of widening scope should be considered and factored in the design of any scope changes. For example, containers such as glass wine bottles have a significantly higher weight than existing glass containers (beer and soft drink bottles) within the scheme. The increased costs per unit associated with transport and processing should be considered, with the inclusion likely to increase the scheme costs for existing participants if not allocated on a fair basis.

### Timing of any container scope change and impact on efficient running of scheme

Marine Stores supports the proposal for any expansion of the CDS scope of containers to be considered as a second phase of changes. For example, expanding the container scope to include wine bottles is a significant change and should therefore not be undertaken at the same time as other proposed scheme changes such as transition of the governance structure and introduction of an IT-based platform.

### Education and Awareness of scope of containers

Marine Stores believes that increased South Australian CDS education and awareness through a targeted contemporary campaign is, together with improved convenience, the most effective method to increase return rates. A campaign can address the current confusion identified as a barrier to participation and will be critical to support any changes in CDS scope to ensure the resource recovery objectives are achieved. Furthermore, an education and awareness campaign is the most cost-effective method to increase return rates, incurring a fraction of the cost for other proposed changes such as increasing the deposit amount.

The existing return rates vary significantly by material, from the world-class 88% for glass (over 90% with MRF recovery included) to 53% for liquid paper board. This variation is evidence that returns are driven by knowledge, awareness, and consumption behaviours, rather than financial incentive. The gap in return rates should be addressed by reducing confusing through simplifying the scope, increasing convenience, and conducting education and awareness campaigns.

The education and awareness campaign should also highlight any environmental benefits achieved via CDS versus kerbside. The campaign should incorporate all media platforms including television, radio, print, out of home billboards, video, digital search, and social media, as successfully utilised in Queensland and Western Australia schemes.

## Key Issue 3: Scheme Approvals and Container Markings

### Refund marking

Marine Stores supports maintaining the current refund marking and ensuring national alignment of the CDS-eligible beverage container refund marking. The current markings are well recognised by the SA community, but consideration should also be given to whether the incorporation with the ARL code can support increased resource recovery.

Based on our extensive knowledge and experience working with beverage manufacturers within the South Australian CDS and across other jurisdictions, Marine Stores strongly recommends consulting with the beverage manufacturers regarding container markings, including the costs associated with changes and any required transition periods.

### Scheme Approvals and Scheme Compliance

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. Marine Stores therefore recommends continuing the work to establish a national product registration process along with other harmonisation of beverage manufacturer processes.

If applying an approval term for eligible containers, alignment with the other state and territory schemes would be the most efficient method.



Marine Stores supports replacing the container application fee with a scheme compliance fee levied as a cost to the scheme, therefore making the cost volume based for manufacturers. Any scheme compliance fee should be transparent in nature (as with all scheme costs) and act as a cost recovery mechanism for any EPA costs that are not considered true regulatory costs (e.g. IT management costs).

#### Export Protocols

Updating of the legislation provides an opportunity for harmonisation with other jurisdictions on export protocols and the definitions of beverage supplier or first supplier. Inconsistencies in the current protocols and definitions between jurisdictions impacts the integrity of scheme data and could result in incorrect return rates and scheme costs.

### Key Issue 4.1: Deposit Value and Refund Amount

Marine Stores supports maintaining the current 10c deposit value and refund amount. The 10c refund is appropriate and strikes a balance between achieving high collection rates and managing the cost to consumers and the industry. The negative impacts on the scheme of increasing the deposit value and refund amount should be considered, including encouraging anti-social behaviour like fraud and theft, creating cash flow pressures within the scheme, and increasing the costs to consumers and the industry. There are also significantly more cost-effective methods to increase return rates than imposing an increased deposit amount, including enabling opportunities for community group involvement, providing support for remote communities, utilising education and awareness campaigns, improving the return point accessibility, and establishing customer service standards.

#### Economic Impacts of change in deposit rate

Any decision to increase the deposit value and refund amount for CDS should be based on economic impact analysis. The economic analysis that supports the discussion paper claims an increase in deposit rate from 10 cents to 20 cents will contribute \$85.69 million in unrealised value to the South Australian community. It should be noted that this is based on a number of incorrect assumptions, including that:

- An increased deposit rate will be solely responsible for increasing returns by 5.6%
- That this increase in volume will drive economies of scale which will result in lower handling fees.

Marine Stores' view is that neither would be the case.

Our experience, research and analysis suggests that an increase in the deposit rate will have limited impact on return rates, and that handling fees will not be impacted by the potential increased volume. Further, the actual costs to industry would increase by \$72 million or an incremental cost of \$1.60 per additional unit returned, to achieve a return rate increase of 5.6%.

For a material such as glass, which already has a return rate of 88%, increasing the deposit rate from 10 cents to 20 cents to achieve a 2% return rate increase would result in actual costs to industry increasing by \$20 million or an incremental cost of \$4.78 per additional unit returned.

**Table 1:** Actual Cost of increasing deposit from 10c to 20c

	Overall	Glass only
Current Volume returned (units)	620,294,296	193,936,922
Return Rate increase (%)	5.6%	2%
Return rate increase (units)	45,296,349	4,266,612
Deposit Increase	\$ 66,559,065	\$ 19,820,353
Additional other costs	\$ 6,090,217	\$ 594,090
Total Increased Cost	<b>\$ 72,649,281</b>	<b>\$ 20,414,444</b>
Incremental Cost per unit	<b>\$ 1.60</b>	<b>\$ 4.78</b>

Despite the increased cost, there is no guarantee that an increased refund and deposit amount will achieve the targeted increase in return rates.

#### Understanding true drivers of return rates

Marine Stores agrees that a behavioural study is important in establishing insight into why people participate with CDS.

Marine Stores encourages the EPA to ensure that the study is well structured to ensure focus on the important elements of:

- why consumers do not participate in CDS
- the extent to which people participate where they do return via CDS (e.g. is it all containers they consume, or only those consumed at home?); and
- whether consumers would support an increase in product prices to fund the increase in deposit value.

## Key Issue 4.2: Ease of Container Return

#### Accessibility and convenience

Marine Stores supports increasing CDS container return point accessibility, as a key lever for increasing the container return rates. Consumer research in WA<sup>1</sup> found that while the 10c refund was a factor, for many they would not go far out of their way to recycle. They identified convenience as a key motivating factor in driving recycling behaviour. Addressing the existing gaps in convenience for the SA scheme would potentially help address the lower return rates for the materials that have higher out of home consumption.

To increase convenience, Marine Stores supports modernisation (including new payment methodologies) and would continue to embrace the inclusion of alternative return point options including bag drops, mobile depots, and reverse vending machines (RVMs). Our experience from other schemes is that variety and choice within the return point network adds convenience from the consumer perspective as different options service different consumer preferences.

Marine Stores has analysed CDS return point coverage across South Australia with consideration of current depot locations, volumes and population data. We believe that in addition to any underserved areas in regional South Australia, the metropolitan areas are the greatest current opportunity for increasing return rates, both through additional depots and alternative return options. We recommend that the government should mandate relevant accessibility standards,

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<sup>1</sup> Metrix (2018), Introducing a CDS for Western Australia: Key considerations for refund point operators. Available at [https://dwer.wa.gov.au/sites/default/files/Key\\_Considerations\\_for\\_Refund\\_Point\\_Options.pdf](https://dwer.wa.gov.au/sites/default/files/Key_Considerations_for_Refund_Point_Options.pdf)

through a minimum network standard, as has been done by the WA government for their scheme, to avoid the accusation that the coordinator or supercollectors are seeking to limit return points.

#### Barriers to return point entry

As a super collector, Marine Stores receives multiple requests from potential new depot entrants, but the barriers to these new return points within a community include council approvals and other existing scheme participants. Consideration into addressing these barriers is recommended. The government should be involved in the approval any new entrants, to avoid the accusation that the coordinator or super collectors are seeking to limit return points.

## Key Issue 4.3: Payment of Refund Method

#### Modernising payment options

Marine Stores supports the incorporation of non-cash payments, through use of an IT-based payment system that supports scheme payment IDs. Based on Marine Stores' knowledge and experience from other jurisdictions, it is important to establish one consistent payment method scheme wide, including the use of a single app. This avoids confusion and poor customer experience that would likely arise should multiple payment accounts/apps be allowed to exist, and ultimately leads to higher engagement and awareness.

The challenges of utilising a voucher system need to be considered and addressed, including impact on customer experience, and ensuring any unredeemed funds are returned into the scheme in accordance with gift card/voucher legislation.

#### Maximising benefits for community groups, charities and NFPs

Marine Stores believes that aligning a depot with a single donation partner is not the best approach for increasing return rates and supporting community groups, not-for-profit organisations and charities, as evidenced by the 'Tinnies for Vinnies' campaign, which was not well supported. A scheme-wide IT platform and account system would enable each depot to be setup to allow the public to donate the refund amount to any community groups, not-for-profit organisations and charity registered with a scheme account.

Maximising the number of community groups, not-for-profit organisations and charities that can be donated to, increases scheme awareness and promotion, and provides the best opportunity to achieve higher return rates and community benefit.

## Key Issue 5: Governance Arrangements

Marine Stores supports the preferred option to modernise the CDS governance, however, does not agree that increased transparency and accountability in itself will result in the improved efficiency of the scheme and reduced scheme costs. Marine Stores' view based on our knowledge and experiences of the South Australia CDS and other jurisdictions, is that proposed changes to the South Australia CDS are likely to result in increased scheme costs on a per unit supplied basis.

#### Economic Benefit Analysis

The economic analysis that supports the discussion paper claims an improved dispute resolution will contribute \$49.8 million in unrealised value to the South Australian community and generate 93 to 220 FTE. This is based on the key assumption of the reduced time lost for Depots and Super

collectors will lead to small decreases in handling fees and the minimal changes to return rates will deliver slight reductions in the price of product. Marine Stores does not understand how this could be possible and believe it is out of proportion to the current revenue and FTE within the scheme. Marine Stores' view is that changes to the dispute resolution process will have a negligible financial impact on the scheme.

The dispute resolution clause in the Marine Stores Collection Agreement is the current dispute resolution process Marine Stores was instructed to be used by the EPA SA. It should be noted that alternate dispute resolution processes that include expert determination are difficult to achieve due to lack of independent experts in CDS. Therefore, Marine Stores' view is the focus should be on the mechanisms that avoid any potential dispute.

#### Single Waste Management Arrangement between depots and one super collector

As per written feedback previously provided by Marine Stores to the EPA in November 2019, having a single waste management agreement between depots and one super collector, to eliminate one material split, then requires transactions between super collectors. This method, currently utilised in the Northern Territory CDS, is the least transparent method, with lowest accountability, and liable to fraud, incorrect data, and significant lags in reporting.

The economic analysis that supports enabling depot owners to contract with a single coordinator includes the incorrect assumption that this option will result in a slight increase in return rates as the competitive arrangements are likely to lead to more promotion and marketing in support of the program. Marine Stores' view based on our knowledge and experience is this option would not impact return rates but increase costs due to the additional administration and fees between coordinators. This can be validated through a comparison with the Northern Territory CDS.

#### Governance model

Despite the potential impact on our business, Marine Stores' view is that greater harmonisation and the objectives outlined within the discussion paper cannot be efficiently achieved through the proposed governance model with multiple super collectors. Furthermore, the investment required to modernise the scheme would be difficult to justify under the proposed governance model with multiple super collectors. Marine Stores accepts that a governance option with a single coordinator is the most likely outcome.

The risks and benefits of each option are presented in Table 2.

**Table 2:** Risks and benefits of governance options

Option		Risks	Benefits
1	<b>Multiple Super Collectors</b>	<p>Difficulty in</p> <ul style="list-style-type: none"> <li>progressing to a modernised scheme that utilises a single IT platform,</li> <li>establishing clear branding,</li> <li>ensuring accountability of any particular Supercollector for achievement of scheme-wide objectives, including the return rate or coverage targets.</li> </ul> <p>Governance Board impacts ability of individual company boards to appropriately manage the company's affairs.</p>	<ul style="list-style-type: none"> <li>Existing businesses maintained</li> <li>Scheme remains low cost to industry and community.</li> </ul>
2	<b>Single Coordinator</b>	<ul style="list-style-type: none"> <li>Existing business impacted.</li> <li>Increased scheme costs with no guaranteed improvement to efficiency or return rates.</li> </ul>	<p>A modernised structure that supports harmonisation and increased transparency.</p> <ul style="list-style-type: none"> <li>Accountability for achievement of scheme KPIs and objectives</li> <li>Enables use of single IT-platform, scheme branding and increases scope for involvement of community groups, not-for-profit organisations and charities.</li> </ul>

Marine Stores as a stand-alone entity, would likely not continue operating under the proposed single coordinator option. However, we would aim to remain involved in the new governance structure, and work through the options to minimise the impact on both our business and our stakeholders. This would ensure that our extensive knowledge and experience within the South Australian CDS is utilised and the transition can be effectively managed.

#### Centralised IT platform

Marine Stores supports the use of a centralised IT platform as the best method for modernising the scheme, creating a container chain of custody, and making it easier to identify fraud. This IT platform will need to accommodate manual processes as the majority of existing Collection Depot Owners have indicated a preference to not use counting machine technology due to the associated cost. Based on our knowledge and experience, the best version of IT-platform that would work with the

South Australian scheme is that utilised by the Queensland and Western Australia schemes. Adopting this IT-platform for South Australia would allow for harmonisation and present an opportunity to minimise scheme costs.

#### Payment by count

While Marine Stores supports the shift to container-count methodology if done correctly through use of the IT based system, it should be noted that the same disputes over containers returned will remain, as reconciliation using weight is still required. The current weight to count conversion factor is likely in favour of collection depots, therefore the change to container-count methodology will result in depots receiving less income and the scheme return rates decreasing. Marine Stores has collated audit data in support of this.

#### Network coverage

Marine Stores supports targets such as distribution of container return points but notes that the opportunities from our data analysis of depot volumes and population data suggests that in addition to any underserved areas in regional South Australia, the greatest current opportunities are within the metropolitan area.

#### Return rate analysis

It should also be noted that return rates per region referred to in the discussion paper are not able to be accurately determined as sales data not available by region, as most sales volume is through distribution centres and does not align to final point of sale.

#### Sequencing of scheme changes

It is strongly recommended that any governance transition should be one of the first steps of any of the changes, allowing for the effective management of all further operational changes, waste management agreements and other contracts.

## Single Scheme Coordinator

It is strongly recommended the EPA SA works collaboratively with Marine Stores or Marine Stores' shareholders if establishing a single coordinator structure.

The following impacts and considerations will need to be worked through in assessing the best way to transition to a single coordinator structure while minimising transition costs and the impact on established operations and investments:

- Utilisation of existing assets/infrastructure/investments;
- Consideration of working capital funding;
- Costs of transition including systems establishment, design and development costs, branding and marketing costs, project management costs amongst others; and
- Timing of transition.

The utilisation of existing investments and infrastructure for processing of recovered materials should be a priority, delivering the most efficient transition and cost-effective outcome. Consideration for funding of the scheme through working capital is also required. A significant portion of the existing scheme infrastructure and working capital is aligned to Marine Stores' shareholders.

Funding of the transition costs is also an important issue to be considered in assessing the approach to the future state governance structure and transition plans.

Marine Stores welcomes the opportunity to proactively work with existing scheme participants including other supercollectors to help expand and modernise the scheme and ensure that any transition effectively utilises the existing employees with extensive experience and knowledge and the infrastructure built up over the past 40 years of scheme operation. Each Marine Stores team member has already been working across the past 12 months on increasing their knowledge of CDS across other jurisdictions.

To transition from the existing arrangements to a single coordinator governance structure, incorporate an IT platform and to incorporate other changes such as pay-by-count, a transition period will be required. This period will be required for the development and execution of new contracts, business structure changes and to implement likely operational changes. Marine Stores estimates that this transition could be achieved in 9-12 months from the date legislation is passed.

## Engagement options

Marine Stores would welcome the opportunity to continue to be engaged in this process.

We appreciate the opportunity to make this submission and will continue to work with the South Australian Government to improve their already successful Container Deposit Scheme.

Please contact me if you have any questions or require any further information.

Regards,



General Manager

Marine Stores Pty Ltd  
18 Wilson Street, Royal Park, SA, 5014  
Ph: +61 8 8447 6744

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## Appendix A: Marine Stores responses to Discussion Paper questions

**Table 3:** Marine Stores responses to discussion paper questions

Key Issue 1: Objective of the CDS	
<p>1.1 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 recovery targets by:</p> <ul style="list-style-type: none"> <li>a. supporting and building on existing beverage container resource recovery investments and infrastructure.</li> <li>b. optimising the recovery of high-value beverage containers that support a circular economy</li> <li>c. continuing to enable opportunities for local employment within the CDS and more broadly within the resource recovery and recycling sector.</li> <li>d. Enabling opportunities for community groups, not-for-profit or organisations and charities to benefit from the CDS through direct participation and the development of partnerships within the CDS?</li> </ul>	<p><i>Marine Stores response:</i></p> <p>Marine Stores supports the preferred option to modernise the features of the South Australian CDS. Marine Stores also supports CDS as a key pathway for recovering materials and achieving resource recovery targets, provided it is the most efficient and economic method for that material.</p> <p>When reviewing the objectives of the CDS, it should be noted that the economic outcomes and employment numbers provided in the discussion paper are based on incorrect data and assumptions. Examples of incorrect data include the Admin Fee overestimated by 200% and the FTE for super collectors overestimated by 500%. This data should be validated with super collectors before being referenced for any other purpose.</p> <p>The utilisation of existing investments, infrastructure, and employment for processing of recovered materials should be strongly considered, delivering the most efficient transition and cost-effective outcome.</p> <p>Marine Stores supports enabling opportunities for community groups, not-for-profit organisations and charities to benefit from CDS. Based on our knowledge and experience, the best method is that utilised by the Queensland and Western Australia schemes in which refunds can be allocated to community groups, not-for-profit organisations and charities of choice. Maximising the number of community groups, not-for-profit organisations and charities that can participate in the scheme provides the best opportunity to achieve higher return rates and community benefit.</p>
Key Issue 2: Containers Included in the CDS	
<p>2.1 Should plain unflavoured milk containers up to 3 litres continue to be excluded from the CDS? If not, why not?</p>	<p><i>Marine Stores response:</i></p> <p>Marine Stores supports reviewing and clarifying the CDS scope of containers but believes that the scope of the South Australian CDS should align with the scope of adjacent state schemes to avoid opportunities for cross-border arbitrage which could lead to increased costs for South Australian producers. Any further changes in CDS scope to support the circular economy principles should be confirmed as the most efficient</p>



	and cost-effective method of resource recovery for that container.
<p>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?</p> <p>a. 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?</p> <p>b. Alternatively, if a fourth kerbside bin collection system dedicated to glass was made available, who should pay for it?</p>	<p>The decision to expand the scope of glass containers for CDS should be based on accurate economic analysis. It should be noted that the economic analysis that supports the discussion paper is based on incorrect data and incorrect assumptions that require review and verification prior to being used as the basis for decision making. In relation CDS scope of containers, the economic analysis uses the assumption that economies of scale will result in lower handling fees. Marine Stores' view is that whilst this should be the case from a pure economic theory basis, it is an incorrect assumption that would be difficult to implement in practice at the individual depot level. This could be validated through asking depot owners if they would accept a lower handling fee for an increased volume.</p> <p>Further, Marine Stores believes adequate consideration of the cost impact of widening scope should be considered and factored in the design of any scope changes. For example, containers such as glass wine bottles have a significantly higher weight than existing glass containers (beer and soft drink bottles) within the scheme. The increased costs per unit associated with transport and processing should be considered, with the inclusion likely to increase the scheme costs for existing participants if not allocated on a fair basis.</p> <p>We note that trials of a fourth glass bin have been conducted in Victoria and suggest that the results of this trial could provide some guidance in response to this issue. Payment for a fourth kerbside bin should remain consistent with current kerbside bin funding.</p> <p>Marine Stores also wishes to point out that there are numerous examples of glass containers that would not fall into the proposed widened scope of a CDS, which although small from a weight perspective, would still result in contamination of co-mingled recyclables.</p>
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?	The decision to expand the scope of containers for CDS should be based on accurate analysis to determine the most efficient and cost-effective method of resource recovery for that container and remain consistent with other jurisdictions.
2.4 Do you think a contemporary CDS education and awareness campaign	Marine Stores believes that increased South Australian CDS education and awareness through a targeted

<p>that incorporates the proposed 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>contemporary campaign is, together with improved convenience, the most effective method to increase return rates. A campaign can address the current confusion identified as a barrier to participation and will be critical to support any changes in CDS scope to ensure the resource recovery objectives are achieved. Furthermore, an education and awareness campaign is the most cost-effective method to increase return rates, incurring a fraction of the cost for other proposed changes such as increasing the deposit amount.</p> <p>The existing return rates vary significantly by material, from the world-class 88% for glass (over 90% with MRF recovery included) to 53% for liquid paper board. This variation is evidence that returns are based on knowledge, awareness, and consumption behaviours, rather than financial incentive. The gap in return rates should be addressed by reducing confusing through simplifying the scope, increasing convenience, and conducting education and awareness campaigns.</p> <p>The education and awareness campaign should also highlight any environmental benefits achieved via CDS versus kerbside. The campaign should incorporate all media platforms including television, radio, print, out of home billboards, video, digital search, and social media, as successfully utilised in Queensland and Western Australia schemes.</p>
<p><b>Key Issue 3: Scheme Approvals and Container Markings</b></p>	
<p><i>Scheme approvals and scheme cost recovery</i></p> <p>3.1 As a beverage producer or supplier, do you support the CDS subsidising new-entrant small to medium beverage suppliers and produces in the form of scheme induction and initial preparation costs? If not, why not?</p>	<p><i>Marine Stores response:</i></p> <p>N/A</p>
<p>3.2 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?</p>	<p>Marine Stores supports replacing the container application fee with a scheme compliance fee levied as a cost to the scheme, therefore making the cost volume based for manufacturers. Any scheme compliance fee should be transparent in nature (as with all scheme costs) and act as a cost recovery mechanism for any EPA costs that are not considered true regulatory costs (e.g. IT management costs).</p>

3.3 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?	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. Marine Stores therefore recommends continuing the work to establish a national product registration process along with other harmonisation of beverage manufacturer processes.
3.4 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?	If applying an approval term for eligible containers, alignment with the other state and territory schemes would be the most efficient method.
<i>Container refund marking</i> 3.5 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?	Marine Stores supports maintaining the current refund marking and ensuring national alignment of the CDS-eligible beverage container refund marking.  Based on our extensive knowledge and experience working with beverage manufacturers within the South Australian CDS and across other jurisdictions, Marine Stores strongly recommends consulting with the beverage manufacturers regarding container markings, including the costs associated with changes and any required transition periods.
3.6 What potential container branding would you recommend be used to promote and raise awareness of the CDS and the circular economy?	The current markings are well recognised by the SA community, but consideration should also be given to whether the incorporation with the ARL code can support increased resource recovery.
<b>Key Issue 4.1: Deposit Value and Refund Amount</b>	
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?	<i>Marine Stores response:</i>  Marine Stores supports maintaining the current 10c deposit value and refund amount. The 10c refund is appropriate and strikes a balance between achieving high collection rates and managing the cost to consumers and the industry. The negative impacts on the scheme of increasing the deposit value and refund amount should be considered, including encouraging anti-social behaviour like fraud and theft, creating cash flow pressures within the scheme, and increasing the costs to consumers and the industry. There are also significantly more cost-effective methods to increase return rates than imposing an increased deposit amount, including enabling opportunities for

	<p>community group involvement, providing support for remote communities, utilising education and awareness campaigns, improving the return point accessibility, and establishing customer service standards.</p> <p>Any decision to increase the deposit value and refund amount for CDS should be based on economic impact analysis. The economic analysis that supports the discussion paper claims an increase in deposit rate from 10 cents to 20 cents will contribute \$85.69 million in unrealised value to the South Australian community. It should be noted that this is based on a number of incorrect assumptions, including that:</p> <ul style="list-style-type: none"> <li>- An increased deposit rate will be solely responsible for increasing returns by 5.6%</li> <li>- That this increase in volume will drive economies of scale will result in lower handling fees.</li> </ul> <p>Marine Stores' view is that neither would be the case.</p> <p>Our experience, research and analysis suggests that an increase in the deposit rate will have limited impact on return rates, and that handling fees will not be impacted by the potential increased volume. Further, the actual costs to industry would increase by \$72 million or an incremental cost of \$1.60 per additional unit returned, to achieve a return rate increase of 5.6%.</p> <p>For a material such as glass, which already has a return rate of 88%, increasing the deposit rate from 10 cents to 20 cents to achieve a 2% return rate increase would result in actual costs to industry increasing by \$20 million or an incremental cost of \$4.78 per additional unit returned.</p> <p>Despite the increased cost, there is no guarantee that an increased refund and deposit amount will achieve the targeted increase in return rates.</p> <p>Marine Stores agrees that a behavioural study is important in establishing insight into why people participate with CDS.</p> <p>Marine Stores encourages the EPA to ensure that the study is well structured to ensure focus on the important elements of:</p> <ul style="list-style-type: none"> <li>- why consumers do not participate in CDS</li> <li>- the extent to which people participate where they do return via CDS (e.g. is it all containers</li> </ul>
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	<p>they consume, or only those consumed at home?); and</p> <ul style="list-style-type: none"> <li>- whether consumers would support an increase in product prices to fund the increase in deposit value.</li> </ul>
<b>Key Issue 4.2: Ease of Container Return</b>	
<p>4.2.1 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"> <li>• Supermarket or shopping centre</li> <li>• Local retail outlet, for example, newsagency or convenience store</li> <li>• Entertainment and sporting events</li> <li>• Waste transfer station</li> <li>• Home pick-up service (for fee).</li> </ul>	<p><i>Marine Stores response:</i></p> <p>Marine Stores supports increasing CDS container return point accessibility, as a key lever for increasing the container return rates. Consumer research in WA found that while the 10c refund was a factor, for many they would not go far out of their way to recycle. They identified convenience as a key motivating factor in driving recycling behaviour. Addressing the existing gaps in convenience for the SA scheme would potentially help address the lower return rates for the materials that have higher out of home consumption.</p> <p>Our experience from other schemes is that variety and choice within the return point network adds convenience from the consumer perspective as different options service different consumer preferences.</p>
<p>4.2.2 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>To increase convenience, Marine Stores supports modernisation and would continue to embrace the inclusion of alternative return point options including bag drops, mobile depots, and reverse vending machines (RVMs).</p>
<p>4.2.3 Will promotion and consistent branding of return points, including information about locations, operating hours, and beverage container return requirements, assist you in returning eligible containers and accessing the refund?</p>	<p>Marine Stores is currently involved in a national harmonisation project reviewing the opportunity to have consistent promotion and branding across CDS jurisdictions.</p>
<p>4.2.4 As a community organisation such as a charity, school, or sports club, how do you or would you like to participate in, and benefit from, the CDS? For example:</p>	<p>Marine Stores recommends that the EPA seeks to understand how the scheme coordinators in other jurisdictions have successfully encouraged participation in such organisations.</p>

<ul style="list-style-type: none"> <li>• by building and operating refund collection points yourself</li> <li>• by partnering and hosting refund collection points with approved CDS depots</li> <li>• by carrying out a collection of containers to take to a local collection point</li> <li>• by registering with the scheme as a nominated donation partner that is eligible to receive electronic funds donations through automated reverse vending machines</li> <li>• through mobile or 'pop-up' refund points as part of a fundraising drive.</li> </ul>	
<p><i>Scheme coordinators and depot operators</i></p> <p>4.2.5 The handling fee payable to depots and return point operators is one lever used to influence accessibility and servicing of return points within a community. What other levers or incentives could be used?</p>	<p>As a super collector, Marine Stores receives multiple requests from potential new depot entrants, but the barriers to these new return points within a community include council approvals and other existing scheme participants. Consideration into addressing these barriers is recommended.</p> <p>The government should be involved in the approval any new entrants, to avoid the accusation that the coordinator or super collectors are seeking to limit return points.</p>
<p>4.2.6 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>Marine Stores welcomes the adoption of minimum network standards as regulation, as has been done in WA. However, our review of CDS return point coverage across South Australia, with consideration of depot volumes and population data, has identified that in addition to any under serviced regional areas, the metropolitan areas are the greatest opportunity for increasing return rates, both through additional depots and alternative return options.</p>
<p><b>Key Issue 4.3: Payment of Refund Method</b></p>	
<p>4.3.1 How would you like to receive your refunds for containers?</p> <ul style="list-style-type: none"> <li>• cash</li> <li>• electronic funds transfer (EFT) / online payment</li> </ul>	<p><i>Marine Stores response:</i></p> <p>Marine Stores supports the incorporation of non-cash payments, through use of an IT-based payment system that supports scheme payment accounts. Based on Marine Stores' knowledge and experience from other jurisdictions, it is important to establish one consistent</p>

<ul style="list-style-type: none"> <li>• direct electronic funds transfer to a donation partner of your choice</li> <li>• vouchers (for example, for use at local stores)</li> <li>• all refund options as above</li> </ul>	<p>payment method scheme wide, including the use of a single app.</p> <p>This avoids confusion and poor customer experience that would likely arise should multiple payment accounts/apps be allowed to exist, and ultimately leads to higher engagement and awareness.</p> <p>The challenges of utilising a voucher system need to be considered and addressed, including impact on customer experience, and ensuring any unredeemed funds are returned into the scheme in accordance with gift card/voucher legislation.</p>
<p>4.3.2 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>N/A</p>
<p>For depot owners</p> <p>4.2.1 Will you need to change the operation of your business to provide for non-cash refund methods such as EFT? If yes,</p> <ol style="list-style-type: none"> <li>a. What do you expect to be the nature and cost of providing non-cash refund methods?</li> <li>b. What would this look like at your depot and how long would this take (for example, 1 year or less, up to 2 years)?</li> </ol>	<p>Whilst Marine Stores is not a depot owner, we note that in Queensland and WA, the scheme-wide point-of-sale system is provided free of charge and operates on a number of computer devices including low-cost tablets, ensuring costs for operators are minimal.</p>
<p>4.2.2 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>Marine Stores believes that aligning a depot with a single donation partner is not the best approach for increasing return rates and supporting community groups, not-for-profit organisations and charities, as evidenced by the 'Tinnies for Vinnies' campaign, which was not well supported. A scheme-wide IT platform and account system would enable each depot to be setup to allow the public to donate the refund amount to any community groups, not-for-profit organisations and charity registered with a scheme account.</p> <p>Maximising the number of community groups, not-for-profit organisations and charities that can be donated to, increases scheme awareness and promotion, and provides the best opportunity to achieve higher return rates and community benefit.</p>



## Key Issue 5: Governance Arrangements

<p><i>Scheme oversight</i></p> <p>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?</p> <p>a. If so, do you think the proposed governing body membership is appropriate? If not, what would you suggest?</p>	<p><i>Marine Stores response:</i></p> <p>Marine Stores supports the preferred option to modernise the CDS governance, however, does not agree that increased transparency and accountability in itself will result in the improved efficiency of the scheme and reduced scheme costs. Marine Stores' view based on our knowledge and experiences of the South Australia CDS and other jurisdictions, is that proposed changes to the South Australia CDS are likely to result in increased scheme costs on a per unit supplied basis.</p> <p>It is strongly recommended the EPA SA works collaboratively with Marine Stores or Marine Stores' shareholders if establishing a single coordinator structure.</p>
<p><i>Scheme auditing and reporting</i></p> <p>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?</p>	<p>Marine Stores supports the use of a centralised IT platform as the best method for modernising the scheme, creating a container chain of custody, and making it easier to identify fraud.</p>
<p>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?</p>	<p>Marine Stores supports the use of a centralised IT platform. This IT platform will need to accommodate manual processes as the majority of existing Collection Depot Owners have indicated a preference to not use counting machine technology due to the associated cost. Based on our knowledge and experience, the best version of IT-platform that would work with the South Australian scheme is that utilised by the Queensland and Western Australia schemes. Adopting this IT-platform for South Australia would allow for harmonisation and present an opportunity to minimise scheme costs.</p>
<p><i>Scheme coordination</i></p> <p>5.4 Which of the scheme coordinator options (option 1: multiple super collectors or option 2: single independent not-for-profit scheme</p>	<p>Despite the potential impact on our business, Marine Stores' view is that greater harmonisation and the objectives outlined within the discussion paper cannot be efficiently achieved through the proposed governance model with multiple super collectors.</p>



<p>coordinator) do you prefer and why?</p> <ol style="list-style-type: none"> <li>What do you see as the risk and benefits of each of these scheme coordination options?</li> <li>What would be the impacts of the different options on your business?</li> <li>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 amongst the super collectors?</li> </ol>	<p>Furthermore, the investment required to modernise the scheme would be difficult to justify under the proposed governance model with multiple super collectors. Marine Stores accepts that a governance option with a single coordinator is the most likely outcome.</p> <p>Marine Stores as a stand-alone entity, would likely not continue operating under the proposed single coordinator option. However, we would aim to remain involved in the new governance structure, and work through the options to minimise the impact on both our business and our stakeholders. This would ensure that our extensive knowledge and experience within the South Australian CDS is utilised and the transition can be effectively managed.</p> <p>The following impacts and considerations will need to be worked through in assessing the best way to transition to a single coordinator structure while minimising transition costs and the impact on established operations and investments:</p> <ul style="list-style-type: none"> <li>- Utilisation of existing assets/infrastructure/investments;</li> <li>- Consideration of working capital funding;</li> <li>- Costs of transition including systems establishment, design and development costs, branding and marketing costs, project management costs amongst others; and</li> <li>- Timing of transition.</li> </ul> <p>The utilisation of existing investments and infrastructure for processing of recovered materials should be a priority, delivering the most efficient transition and cost-effective outcome. Consideration for funding of the scheme through working capital is also required. A significant portion of the existing scheme infrastructure and working capital is aligned to Marine Stores' shareholders.</p> <p>Funding of the transition costs is also an important issue to be considered in assessing the approach to the future state governance structure and transition plans.</p> <p>Marine Stores welcomes the opportunity to proactively work with existing scheme participants including other supercollectors to help expand and modernise the scheme and ensure that any transition effectively utilises the existing employees with extensive experience and knowledge and the infrastructure built up over the past 40 years of scheme operation.</p>
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	<p>It is strongly recommended that any governance transition should be one of the first steps of any of the changes, allowing for the effective management of all further operational changes, waste management agreements and other contracts. Marine Stores estimates that this transition could be achieved in 9 months from the date legislation is passed.</p>
<p>5.5 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 enable depots to contract with a single super collector and remove sorting by container brand.</p> <p>a. 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>	<p>As per written feedback previously provided by Marine Stores to the EPA in November 2019, having a single waste management agreement between depots and one super collector, to eliminate one material split, then requires transactions between super collectors. This method, currently utilised in the Northern Territory CDS, is the least transparent method, with lowest accountability, and liable to fraud, incorrect data, and significant lags in reporting. The economic analysis that supports enabling depot owners to contract with a single coordinator includes the incorrect assumption that this option will result in a slight increase in return rates as the competitive arrangements are likely to lead to more promotion and marketing in support of the program. Marine Stores' view based on our knowledge and experience is this option would not impact return rates but increase costs due to the additional administration and fees between coordinators. This can be validated through a comparison with the Northern Territory CDS.</p>
<p>5.6 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> <p>a. Do you foresee any issues with this method of payment for returned containers?</p> <p>b. How would smaller depots with low container return volumes achieve container counting</p>	<p>While Marine Stores supports the shift to container-count methodology if done correctly through use of the IT based system, it should be noted that the same disputes over containers returned will remain, as reconciliation using weight is still required. The current weight to count conversion factor is likely in favour of collection depots, therefore the change to container-count methodology will result in depots receiving less income and the scheme return rates decreasing. Marine Stores has collated audit data in support of this.</p> <p>The dispute resolution clause in the Marine Stores Collection Agreement is the current dispute resolution process Marine Stores was instructed to be used by the EPA SA. It should be noted that alternate dispute resolution processes that include expert determination are difficult to achieve due to lack of independent experts in CDS. Therefore, Marine Stores' view is the focus should be on the mechanisms that avoid any potential dispute.</p> <p>The economic analysis that supports the discussion paper claims an improved dispute resolution will</p>

	<p>contribute \$49.8 million in unrealised value to the South Australian community and generate 93 to 220 FTE. This is based on the key assumption of the reduced time lost for Depots and Super collectors will lead to small decreases in handling fees and the minimal changes to return rates will deliver slight reductions in the price of product. Marine Stores does not understand how this could be possible and believe it is out of proportion to the current revenue and FTE within the scheme. Marine Stores' view is that changes to the dispute resolution process will have a negligible financial impact on the scheme.</p>
<p>5.7 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>Marine Stores supports targets such as distribution of container return points but notes that the opportunities from our data analysis of depot volumes and population data suggests that in addition to any under serviced areas in remote South Australia, the greatest current opportunities are within the metropolitan area.</p> <p>It is suggested that the government seek to adopt a similar approach to that in WA, which has a published minimum network standard.</p> <p>It should also be noted that return rates per region referred to in the discussion paper are not able to be accurately determined due to sales data not available by region, as most sales volume is through distribution centres and does not align to final point of sale.</p>

## Enquiry # 75269

### Caller Details

Anonymous Enquiry Indicator: N

Company Name: Little Bang Brewing Company

Title:

Given Name: [REDACTED]

Surname: [REDACTED]

Property Details:

Unit #: Street #: 25

Street Name: Henry

Street Type: Street

Suburb: STEPNEY

Postcode: 5069

Contact Phone Number: [REDACTED]

Contact Phone Number 2:

Fax Number:

Email Address: [REDACTED]

Follow up required: Y

Follow up Notes:

### Enquiry Details

Enquiry Date/Time: 26/10/2021 09:47

Enquiry Description:

CDS Review Hi This one will be short and sweet. As a company who participates in all container deposit schemes around Australia, my feedback is to simply just duplicate the NSW and ACT scheme, which is set up the same as the WA and QLD scheme, except more relaxed when it comes to annual submissions and who signs them. To the point of just using their same web portal for users to submit their labels and monthly actuals. Make all registration of labels free, just like NSW/ACT and charge the same as per the rest of the states. It works and it's fairly painless. Another idea is to federalise the whole program so we all operate the same! Thanks, -- [REDACTED]  
Little Bang Brewing Company Business Operations

Enquiry Category: Bottle Deposit

Enquiry Type: Container Labelling



# **“Improving South Australia’s Recycling Makes Cents” Discussion Paper**

**LGA Submission**

**November 2021**

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## Summary of LGA response

The Local Government Association of South Australia (LGA) welcomes the next step in the State Government's review of the Container Deposit Scheme (CDS) with the release of the 'Improving Recycling in South Australia Makes Cents' discussion paper ("Discussion Paper").

In its response to the initial scoping paper released by the State Government as part of the review, the LGA recommended that "both the economic and environmental costs and benefits of the scheme be further explored and explained before the next stage of review."<sup>1</sup>

The LGA congratulates the State Government on exploring both the economic and environmental costs and benefits of the CDS in the Discussion Paper and for the collaborative approach taken throughout this review process.

Local government anticipates ongoing involvement as a key stakeholder to contribute to and inform the State Government's approach to delivering an improved and modernised CDS for the benefit of the South Australian community.

The LGA submission outlines support for:

1. resource recovery to be adopted as a key objective of the CDS;
2. the CDS to be viewed as an enabler of the circular economy and a key mechanism for high value material resource recovery;
3. expansion of the CDS to include additional glass beverages (wine, spirit and cordial bottles) in order to achieve high value material recovery objectives and to increase circularity of glass;
4. aligning the approvals processes and the deposit value and refund amount with other state and territory schemes where practicable to harmonise the CDS at a national level;
5. expansion of the existing CDS collection system and network by utilising innovative and alternate return options (for example, reverse vending machines, mobile donation points and return locations at supermarkets and shopping centres) to facilitate increased community participation and maximise high value material recovery;
6. versatility in refund payment options; and
7. an independent governing body to provide accountability for the CDS.

## LGA key principles

The following key principles (articulated in numerous LGA submissions to state and federal governments and in the 2019 LGA submission to the 'Improving South Australia's Recycling Makes Cents' scoping paper) underpin the LGA's considerations in relation to the review of the CDS:

1. All spheres of government should **support the development of a circular economy** by seeking to apply circular economy principles to all stages of production and consumption.
2. The biggest opportunity to tackle Australia's waste and resource recovery problem is at the **front-end of the process**.

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<sup>1</sup> LGA Submission – State Government Waste Reviews (2019), recommendation 7 < [https://www.lga.sa.gov.au/data/assets/pdf\\_file/0036/469566/LGA-Submission-2019-State-Government-Waste-Reviews-single-use-plastics-and-CDS.pdf](https://www.lga.sa.gov.au/data/assets/pdf_file/0036/469566/LGA-Submission-2019-State-Government-Waste-Reviews-single-use-plastics-and-CDS.pdf) >.



# Introduction

## The Local Government Association of South Australia

The LGA is the voice of local government in South Australia, representing all councils across the state and the Anangu Pitjantjatjara Yankunytjatjara. The South Australian *Local Government Act 1999* recognises the LGA as a public authority for the purpose of promoting and advancing the interests of local government. The LGA is also recognised in and has prescribed functions in 29 other South Australian Acts of Parliament. The LGA provides leadership, support, representation and advocacy relevant to the needs of our member councils.

The LGA is a strong advocate for policies that achieve better outcomes for councils and the communities they represent. As such, the LGA welcomes the opportunity to provide feedback to the Environment Protection Authority of South Australia (EPA) in relation to the Discussion Paper, the most recent milestone that is part of South Australia's CDS review.

## Improving South Australia's Recycling makes Cents: Review of SA's container deposit scheme

### Local government's role in the CDS review process

In January 2019, the State Government released a Scoping Paper titled: 'Improving South Australia's Recycling Makes Cents'. The [LGA submission to this initial scoping process is available here](#).<sup>2</sup>

In February 2019, the EPA established the CDS Review Reference Group ("Reference Group"). The Reference Group has undertaken significant work to shape proposals for reform of the CDS. The LGA is represented on the Reference Group and has provided advice and guidance to support the review.

On 21 May 2019 the LGA represented local government on an expert panel at the EPA Board CDS Summit exploring key issues relating to the CDS review.

Separately, at the 2019 LGA Ordinary General Meeting, an Item of Business that asked the LGA to advocate to the State Government for wine bottles to be included into the CDS received the support of the sector. The LGA undertook a research project through the Local Government Research & Development Scheme on "the cost to councils of providing recycling services – impact of glass" that has been shared with the EPA to support the review of the South Australian CDS.

Finally, councils and council owned waste subsidiaries, have supported the EPA in developing this discussion paper by sharing important data sets to inform the evidence base used in the Discussion Paper.

The LGA thanks councils, local government owned waste subsidiaries, and industry for the collaboration, advice and information shared in this process.

The LGA welcomes this opportunity to provide a response to the Discussion Paper and congratulates the State Government on its thorough approach to research and consultation throughout this review process. The CDS review process is a clear example of state and local governments working as partners striving to modernise and improve SA's CDS.

<sup>2</sup> [https://www.lga.sa.gov.au/\\_data/assets/pdf\\_file/0036/469566/LGA-Submission-2019-State-Government-Waste-Reviews-single-use-plastics-and-CDS.pdf](https://www.lga.sa.gov.au/_data/assets/pdf_file/0036/469566/LGA-Submission-2019-State-Government-Waste-Reviews-single-use-plastics-and-CDS.pdf)

## Background

### Product stewardship and the transition towards a circular economy

The waste, recycling and resource recovery sector in Australia has faced recent significant challenges resulting in increased scrutiny of the sector. These challenges and responses are directly linked to new international and national environmental policy disrupting the status quo. The China National Sword Policy and an increased community awareness and engagement with what happens to our waste triggered the development of Australia's waste export bans through the *Recycling and Waste Reduction Act 2020* (Cth).

The LGA notes that all three spheres of government have been active in responding to these challenges and, given that waste management falls to local government to implement, the LGA has sought to ensure that the sector has a strong voice in all of these discussions.

Product stewardship is a key enabler of a circular economy – it is the responsible management of the environmental impact of a product, at all stages of the product life cycle; from design to use to reuse recycling and disposal.

Principle two of the National Waste Policy<sup>3</sup> is to improve resource recovery. Product stewardship has been identified as a key strategy to achieve this goal<sup>4</sup> to ensure ownership and responsibility for action to minimise the negative impacts from products is shared across government and business.

South Australia's waste strategy includes clear priority actions focused on product stewardship and the CDS to "maximise the effectiveness and performance of South Australia's container deposit scheme (CDS) in SA."<sup>5</sup>

The LGA acknowledges the biggest opportunity to tackle Australia's waste and resource recovery problem is at the front-end of the process through good design that focuses on what is being produced and consumed, with focus on the materials used and how those materials can be reused/recovered, for continuous circulation through the economy.

The LGA has been advocating and encouraging the application of circular economy principles through all stages of production and consumption by encouraging circular-use products (both recycled and recyclable).

### Local government role in waste, recycling, resource recovery and the circular economy

Local government, and by extension resident and business ratepayers, are a major stakeholder and investor in South Australia's waste and resource recovery industry. Councils have a key interest in waste reduction and the development of a circular economy.

<sup>3</sup> Australian Government, *National Waste Policy: Less Waste, More Resources* (2018), p. 14.

<sup>4</sup> *Ibid.*

<sup>5</sup> Government of South Australia, *Supporting the Circular Economy: South Australia's Waste Strategy 2020-2025*, p. 36 < <https://www.greenindustries.sa.gov.au/resources/sa-waste-strategy-2020-2025> >.

Councils in South Australia provide domestic waste and resource recovery services, and facilitate the management and ownership of landfills, transfer stations and Material Recovery Facilities (MRFs), undertake programs to increase recycling and resource recovery rates, act to reduce waste disposed to landfill, and leverage procurement capacity to stimulate recycle “end market” development. Councils also play a part in educating the community about responsible waste management and recycling.

The increased cost of providing waste management and recycling services has emerged as a significant challenge for the local government sector, due to the insecure end markets for recyclables and increases to the solid waste levy.

More specifically, the collapsing value of commodity markets internationally and the introduction of export bans through the *Recycling and Waste Reduction Act 2020* (Cth) has tested the resilience of Australia’s recycling system.

Prior to the market instability, MRFs could charge councils less for recyclables processing because they received an income from selling the materials they received. Following these policy developments MRFs needed to impose multiple fee increases on council clients just to maintain uninterrupted service provision of kerbside recycling.

Revenue from the separation and surrender of CDS-eligible containers supports ongoing MRF operation here in South Australia and has been particularly important during this period of instability (where MRFs are adequately equipped to separate these items and receive the rebate themselves).

The CDS has a strong reputation in South Australia and recycling rates and community faith in the system has remained despite the challenges being faced more broadly in the recycling and resource recovery industry.

## LGA policy positions

Together with its member councils, the LGA has developed a [Policy Manual](#) based on robust research and evidence, to recognise the roles of local government and identify how local government can be an important partner in government.

Policy 4.2.5 Circular Economy states as follows:

Local government recognises that the ultimate goal for waste management is the achievement (as far as practicable) of a circular economy. Councils shall continue to work with local markets and reduce their reliance on overseas commodity markets to develop sustainable waste management practices in South Australia, including via the procurement of recycled materials.

Policy 6.2.9 Urban Greening states as follows:

Local government understands that having higher levels of natural plant life (trees and shrubs located in street verges, parks and on private properties) in their local communities has many social and environmental benefits, particularly in urban communities. Councils shall continue to explore and implement strategies that maintain and increase levels of urban greenery to maximise the benefits of green cover.

Policy statement 4.4 Climate Change states as follows:

Local government acknowledges that climate change poses a serious risk to local communities and ecosystems. All levels of government are urged to take action that will help address the effects of climate change in local communities.

# LGA response to the Discussion Paper

## Key issue 1: Objectives of the CDS

The LGA recognises that the CDS has been highly successful in achieving its original aim of litter reduction. Throughout this review process the LGA has been advocating for resource recovery to be a key objective of the CDS. The LGA is supportive of the Discussions Paper's recommendations focused on modernising the objectives of the CDS to support the transition towards a more circular economy.

The Discussion Paper clearly outlines the broad range of beneficial objectives that the CDS contributes to (beyond litter reduction) including high value recovery of materials, employment and supporting South Australia's transition towards a more circular economy. Importantly, the CDS also represents a highly effective product stewardship mechanism.

Given the importance of product stewardship in the transition towards a more circular economy, it is appropriate that the CDS should be viewed as an enabler of the circular economy and a key high-value resource recovery mechanism.

## Key issue 2: Containers included in the CDS

As explored above the LGA recommends circularity and resource recovery be key objectives of the scheme as well as maintaining the historic focus on litter reduction.

The Discussion Paper outlines that milk containers (up to 3 litres) do not feature in South Australia's litter stream and high value resource recovery of this material is already occurring through kerbside. The justification for inclusion in the CDS does not align with outlined objectives and is therefore not considered appropriate at this time.

### Inclusion of glass bottles up to three litres – wine, spirit and cordial bottles

The LGA is supportive of the expansion of the CDS to include additional glass beverages (wine, spirit and cordial bottles) in order to achieve high value material recovery objectives and to increase circularity of glass.

The Discussion Paper outlines the challenges glass presents in kerbside recycling, including the additional weight of the containers in the bin and issues associated with recovery of materials resulting from glass breakage, namely:

- difficulty in achieving high value recovery of glass (85% recovered as low-value mixed glass with around 4% unable to be recovered and disposed of to landfill); and
- broken glass causing contamination of other material streams in the kerbside bin (degrading other materials).

Inclusion of glass bottles up to three litres aligns with state government priority actions aimed at maximising the effectiveness and performance of the CDS including “where inclusion within the CDS will maximise the amount and value of the recovered resources.”<sup>6</sup>

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<sup>6</sup> Government of South Australia, *Supporting the Circular Economy: South Australia's Waste Strategy 2020-2025*, p. 36 < <https://www.greenindustries.sa.gov.au/resources/sa-waste-strategy-2020-2025> >.

Further, inclusion of these containers aligns with federal and state government product stewardship policy, where industry and government have a shared responsibility for action to minimise the negative impacts from products.

The LGA acknowledges the significant contributions the wine industry makes to South Australia as well as the likely impact the expansion of the Scheme will have on the industry.

High value recovery of these glass materials will support the beverage industry in achieving Australia's 2025 National Packaging Targets,<sup>7</sup> while maintaining the high standard of packaging consumers and customers in the state and across the world have grown accustomed to. A major outcome of the CDS is providing an efficient way to collect high value (colour sorted and uncontaminated) materials that can be recycled back into glass bottles.<sup>8</sup> Inclusion of wine, spirit and cordial bottles in the CDS will increase the amount of high-value cullet available necessary for industry to achieve the packaging targets while maintaining customer packaging expectations.

### **Fourth glass-only kerbside bin versus expanded CDS**

The LGA does not support the introduction of a fourth glass-only kerbside bin. Expanding existing CDS collection systems better achieves the aims and objectives of the Scheme. The Discussion Paper and all supporting reports and economic analysis, demonstrate that the diversion and recovery of high value glass is best achieved through the CDS.

Economic modelling results that compare the current situation to the introduction of a fourth glass bin, show an estimated reduction in the number of containers recycled of 5.7% or 2.9 million containers. This reduction is due to increases in breakage/contamination which results in less material being recovered and more going to landfill.<sup>9</sup>

An important outcome of the CDS is providing an efficient way to collect high value (colour sorted and uncontaminated) materials that can be recycled back into glass bottles, this cannot be achieved through a fourth kerbside bin.

Finally, the Discussion Paper outlined an estimated increased \$76million net benefit to South Australia from the expansion of the existing CDS scheme compared to the estimated \$58 million net benefit to the state from the introduction of a fourth glass only kerbside bin.<sup>10</sup>

Australia's waste and resource recovery industry are intrinsically linked to logistics and the transition to a circular economy and increased recovery and diversion of high value waste resources from landfill will require a specific focus on strategic transport and infrastructure development.<sup>11</sup>

A key assumption in all modelling undertaken in relation to a fourth kerbside bin is the assumption of the need to invest in a glass optical sorting plant (as a dedicated facility).<sup>12</sup> Without this key piece of infrastructure the state will be unable to process the contaminated kerbside material.

The inclusion of a fourth bin will place strain on networks and fail to capitalise on the existing resource recovery industry in the state.

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<sup>7</sup> <https://apco.org.au/national-packaging-targets>

<sup>8</sup> Hudson Howells Addendum Report (January 2021), p. 7.

<sup>9</sup> Hudson Howells Addendum Report (January 2021), p. 7.

<sup>10</sup> EPA SA, *Improving South Australia's Recycling Makes Cents Discussion Paper* (2021), p. 37.

<sup>11</sup> Australian Government, *Australian Infrastructure Plan* (2021), p. 563 < <https://www.infrastructureaustralia.gov.au/2021-australian-infrastructure-plan> >.

<sup>12</sup> Hudson Howells Addendum Report (January 2021), p. 7.



As explored above and throughout the Discussion Paper (and supporting economic modelling and reports), the greatest economic benefit, shared across the state as a whole, involves utilising and expanding the existing CDS infrastructure.

Considering the objectives of the CDS, namely enabling the circularity of materials through high value resource recovery and employment opportunities (including regional employment opportunities), the justification of a fourth kerbside bin does not align with the objectives, nor does it pose to maximise the economic benefits for the state, when compared to the expansion of the existing CDS system.

The LGA offers some additional considerations (below) in relation to planning and road infrastructure that were not captured in the Discussion Paper or economic analysis that support the expansion of the scheme.

### **Planning**

Local government acknowledges the specific challenges associated with waste collection in medium and high density areas. The Australian Infrastructure Audit (2019) noted that: *“Developers of multi-story residential and commercial buildings are reluctant to lose floor space in order to provide truck access to underground storage, so bins clutter roadsides on collection day and pose amenity and safety hazards.”*<sup>13</sup>

The LGA has been advocating, through the planning reform process<sup>14</sup> for additional design assessment considerations for waste management. This advocacy has been focused on improving planning considerations for existing bin systems in medium to high density areas. The LGA is seeking a coordinated and strategic approach that maximises efficient and effective waste management while reducing amenity and safety hazards on collection day.

The CDS is a staple of the South Australian community, and it is commonplace for SA households (including some multi-story residential) and commercial buildings to already have integrated CDS collection and storage systems.

The introduction of another bin would require additional space on properties for storage as well as on the verge/kerbside on collection day. The introduction of a fourth kerbside bin for glass would further amplify existing strain and amenity hazards on collection day.

### **Tree canopy**

A primary climate adaptation pathway open for local government and state government partnership is the greening and cooling of our urban environments. This is a key consideration for urban growth development as well as for urban renewal and infill opportunities.

The ‘South Australian Government Climate Change Action Plan 2021–2025’<sup>15</sup> describes government-led objectives and actions to help to build a strong, climate smart economy, further reduce greenhouse gas emissions, and support South Australia to adapt to a changing climate. The Action Plan sets out actions to achieve an increase in urban green cover by 20% by the year 2045. *The 30-Year Plan for Greater Adelaide* aligns with this target and provides key actions for local government in relation to increases in tree canopy.<sup>16</sup>

<sup>13</sup> Australian Government, Australian Infrastructure Plan (2021), p. 559 < <https://www.infrastructureaustralia.gov.au/2021-australian-infrastructure-plan> >.

<sup>14</sup> <https://www.lga.sa.gov.au/news-and-events/news/submissions>

<sup>15</sup> <https://www.environment.sa.gov.au/topics/climate-change/climate-change-action-plan-2021-2025>

<sup>16</sup> The 30-year plan for Greater Adelaide, pp. 37, 150 < [https://livingadelaide.sa.gov.au/the\\_plan](https://livingadelaide.sa.gov.au/the_plan) >.

Balancing urban development and infill while preserving and expanding urban green spaces is a challenging. Strategically, increasing tree canopy cover along roadside verges is an area of opportunity. The introduction of a fourth kerbside bin directly conflicts with increasing tree canopy as both endeavours are competing for limited verge space.

### **Road infrastructure**

Local government in South Australia makes significant investment in roads annually.

Waste collections vehicles are heavy and increase road wear. A fourth kerbside bin would increase strain on existing road networks and expediate road wear. Current pavement design and council asset management processes does not capture, nor provide for, the impacts of additional collection.

Many councils have used innovative pavement designs that incorporate recycled content materials. The type of road, the amount of traffic and the type of traffic (weight) experienced on the road are some of the many criteria for consideration in selecting pavement designs and materials. It is unclear the impact an additional collection vehicle will have on the take-up of innovative pavement types that contain recycled content. Using existing CDS infrastructure and capacity would ensure that heavy vehicles transporting recovered containers continue to operate on approved fit-for-purpose heavy-vehicle roads across the state.

### **Education campaign**

The LGA is supportive of the delivery of a comprehensive communication strategy to provide clear messaging to the community on the CDS. This communication strategy should explain the “why” and not just the “what” to support state-wide community education on recycling.

The LGA encourages collaboration with councils throughout this communications plan to ensure the information is relevant to target communities and provides accurate information about depots (locations, opening hours etc).

## **Key issue 3: Scheme approvals and container markings**

The LGA supports aligning the approvals processes with other state and territory schemes where practicable to harmonise the CDS at a national level. The LGA is also supportive of an approval system that assists and supports small or medium beverage manufacturers.

## **Key issue 4: Container return rates**

### **Deposit value and refund amount**

The LGA is supportive of maintaining the alignment of the deposit value and refund amount with other states and territories across Australia.

Consideration of any changes to the deposit value and refund amount should be undertaken in collaboration with other state and territories. The LGA acknowledges that a *“consistent national approach to sustainable waste policies that encompasses all aspects of the waste value chain would accelerate Australia’s transition to a circular economy.”*<sup>17</sup>

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<sup>17</sup> Australian Government, Australian Infrastructure Plan (2021), p. 570 < <https://www.infrastructureaustralia.gov.au/2021-australian-infrastructure-plan> >.

More broadly, the LGA is supportive of exploration of increased container types and harmonisation between the different state and territory schemes. South Australia is a leader in this space and is in a sound position to offer strategic advice to inform investigations and decision-making processes.

### **Ease of container return**

The LGA is supportive of maximising CDS container return point accessibility by including innovative return options, as seen interstate, that offer a broader range of return point types including container return depots (staffed and automated), reverse vending machines, and mobile donation points.

Feedback received from councils have indicated support for all options with strong support received for the following innovative/alternate return options:

- Supermarkets or shopping centres
- Entertainment and sporting events
- Waste transfer stations
- Reverse vending machines

Increasing the return location options, increases the likelihood of increased participation. Having a range of return points available reduces accessibility limitations currently being experienced by the community. For example, return vending machines could be offered as an “after-hours” return option.

It is necessary to consider the unique needs of communities to maximise return rates. In considering and determining the most appropriate alternate return point options, it is necessary to consult with councils and their communities. Some examples of unique community considerations may be how alternate returns options will impact upon existing arrangements with community organisations or if a community has a strong seasonal tourist population.

### **Payment of refund method**

Feedback from membership highlighted support for versatility in refund payment options. With clear support for the following refund payment options:

- Cash
- Electronic Funds Transfer (EFT)/ online payment
- Direct EFT to a donation partner of choice

One regional council's input to this submission highlighted that the main cause of negative feedback in their community in relation to the CDS is in relation to payment, where the local drop off facility often gives out a receipt and the customer has to return at some stage to collect payment.

Additional refund payment options that are received at time of deposit better incentivises the CDS and reflects the modern “cashless” community.

## **Key issue 5: Governance arrangements**

The LGA is supportive of an independent governing body to provide accountability for the CDS.

The LGA supports changes to arrangements which result in improved efficiencies to depot operations that result in improved resource recovery and transparency of the CDS.

Given a key focus objective of the Scheme is circularity, the governing body should place scrutiny on what happens to the containers following recovery and resource recovery efforts be focused on materials that are, or are likely to be, re-processed in Australia.



Transitioning from a weight-based to a container count methodology for reporting on container return rate is a common-sense component of modernising the scheme.

## Conclusion

The LGA welcomes the review of the CDS and is pleased to continue working as partners in government to inform this process and to help deliver a modernised CDS for the benefit of the South Australian community.

### *Other references*

This Response to the Discussion Paper has been informed by:

- existing policy positions developed through consultation with the LGA's member councils;
- feedback received from local government representatives who attended an information forum on the Discussion Papers that was hosted by the LGA on Monday 18 October 2021;<sup>18</sup>
- feedback received from local government representatives over the course of the CDS Review;
- independent research and reports commissioned by the LGA;
- recent consultation in relation to other strategically relevant areas that fall within the scope of the Discussion Paper including submissions in relation to recent inquiries and policy reforms in the waste, recycling and resource recovery industry, South Australia's planning reform, urban green spaces and climate change;<sup>19</sup> and
- other submissions and discussion papers prepared by the LGA, identified below.

Relevant LGA submissions that fall within the scope of the Discussion Paper are:

- LGA Submission on SA's draft Waste and Food Waste Strategy (September 2020);
- LGA submission to the Natural Resources Committee Inquiry into Urban Green Spaces (July 2020);
- LGA submission on Phase 3 of the Planning and Design Code (February 2020);
- LGA Submissions in relation to the COAG Waste Export Ban (February 2020);
- LGA Submission on the review of the Local Nuisance and Litter Control Act (October 2019); and
- LGA submission to state government on Single-use plastics and the container deposit scheme (February 2019).

These submissions and more can be accessed through the [LGA Submissions webpage](#).<sup>20</sup> Key points from these documents are explored within this submission.

## Contact

Please direct any queries about this submission to [REDACTED] Senior Policy Officer at [REDACTED]

<sup>18</sup> <https://www.lga.sa.gov.au/news-and-events/news/latest-news/container-deposit-scheme-review-discussion-paper-and-information-forum>

<sup>19</sup> <https://www.lga.sa.gov.au/news-and-events/news/submissions>

<sup>20</sup> <https://www.lga.sa.gov.au/news-and-events/news/submissions>


148 Frome St  
Adelaide SA 5000

GPO Box 2693  
Adelaide SA 5001


T (08) 8224 2000

E [lgasa@lga.sa.gov.au](mailto:lgasa@lga.sa.gov.au)

**[www.lga.sa.gov.au](http://www.lga.sa.gov.au)**



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**From:**   
**Sent:** Tuesday, 16 November 2021 10:34 AM  
**To:** EPA:Information <epainfo@sa.gov.au>  
**Subject:** CDS Review

16/11/2021

CDS Review Discussion Paper  
Environment Protection Authority  
GPO Box 2607, Adelaide SA 5001  
Email: epainfo@sa.gov.au

Subject: CDS Review

We are pleased to submit our response to the Discussion Paper that was released as part of the review of the Container Deposit Scheme (CDS).

We support and agree with the submission that has been made by the South Australian Wine Industry Association and refer to their submission.

In particular, we support maintaining the status quo in respect of the exemption of glass wine bottles from the scheme.

This is because:

- The CDS is a litter prevention program that focuses on collection and not recycling. Wine bottles have been exempted from the Container Deposit Scheme (CDS) in South Australia since its inception in 1977 because they represent less than 0.05% of littered containers.
- Some of the proposed changes to the CDS will introduce new unknown costs to new entrants and these have not been explained in the Discussion Paper.
- Options other than extending the scope of containers included in the CDS have not been sufficiently considered, such as a separate glass kerbside bin despite the economic modelling showing it will return the greatest economic impact.
- The true costs to wine businesses like mine would be significant and debilitating when considered on top of all the other difficulties that the industry is currently facing.
- For a significant increase in cost, the benefits seem marginal to say the least, with the Discussion Paper proposing a target improvement in return (not even recycling) rate from 77% to only 78%.

We urge the Government to reject the proposals of the Discussion Paper and reconsider a greater range of alternative options for achieving the most cost-effective and maximum increase possible, in recycling of packaging materials.

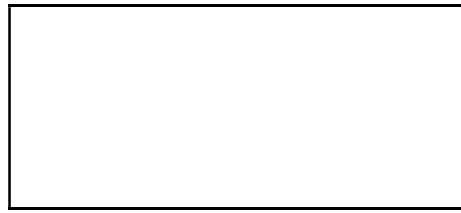
Your sincerely,



CEO

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PO Box 383, Pound Road  
Macclesfield SA 5153

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+61 8 8388 9694

.....

**longviewvineyard.com.au**  
**@longviewvineyard**



ABN 64 167 367 124

██████████ OWNER/MANAGER

1 Badcoe Road,  
PO Box 478,  
LOXTON SA 5333

Phone: 85847580

Email: [iceworks@live.com.au](mailto:iceworks@live.com.au)

11th November, 2021

CDS Review Discussion Paper Environment Protection Authority,  
GPO Box 2607,  
ADELAIDE SA 5001

Dear Sir / Madam

**RE: CDS Review Discussion Paper – Submission by Loxton Iceworks & Recycling Pty. Ltd.**

We are the operator of the Loxton Iceworks & Recycling Pty. Ltd. facility, located at 1 Badcoe Road, Loxton SA 5333. We have operated the facility since October 1989. We are a small business and employ 9 staff who assist us to operate our depot.

We have reviewed the discussion paper 'Improving South Australia's Recycling Makes Cents' in respect of the proposed changes to the South Australian Container Deposit Scheme (CDS).

We are members of Recyclers of South Australia Incorporated (RSA) and would refer you to the submission that RSA has made on behalf of its members, including us.

We support the improvement of the South Australian CDS and express our general support for the improvements set out in the discussion paper. The South Australian CDS currently works well, however there is always room for improvement.

**Key Issues for Depots**

The key issues that we face in operating a depot in the existing scheme are as follows:

1. Unequal bargaining power between depot operators (which are predominantly micro and small businesses) and super collectors (two of which are subsidiaries of multinational corporations).
2. Antiquated weight conversion for payment of depots, using methodologies which are not statistically significant.

3. Ineffective dispute resolution processes, which privilege the party with the greatest monetary resources.

4. Limited oversight of the parties to the scheme by, or on behalf of, government.

In making changes to the South Australian CDS, it is critically important to recognise that a key reason the scheme operates effectively is because of the large number of small businesses that operate depots. Any reform process needs to protect the interests of the existing scheme participants, providing support and appropriate transition as changes come into effect. This is fundamentally different to the recent introduction of schemes in other Australian jurisdictions where no scheme previously existed.

It is accepted that additional options to make the scheme more accessible to customers will be part of the South Australian CDS going forward. Existing operators such as ourselves are keen to take advantage of such opportunities. However, we would stress that depots should remain 'front and centre' of the collection point network going forward, providing high levels of personalised service to customers. Depots also have the capacity to provide a wider range of services than just the collection of CDS eligible containers.

### **Key Submissions**

Considering the options set out in the discussion paper, we would, in addition to referring you to the RSA submission, make the following comments:

1. We strongly support the repositioning of the scheme as a waste recovery and extended producer responsibility scheme. Litter reduction remains an important outcome and KPI of the scheme, but is no longer its fundamental purpose.
2. We strongly support the proposed increased in scope, to include a broad range of containers. Broadening eligibility will reduce confusion for customers and make sorting easier for depot staff.
3. The concept of a fourth kerbside collection bin for glass should be rejected.
4. We strongly support the removal of weight-based payment of depots by super collectors in favour of payment by declared count, with suitable auditing arrangements.
5. Scheme approvals should be detailed in a searchable database containing a broad range of data about containers including images, dimensions and barcode detail.
6. Container refund marking should be a simple, consistent pictogram.
7. Determination of additional collection point opportunities should be on the basis on an identified need, which is clearly articulated.
8. Where new return points are required, their operation should be determined based on a hierarchical system, as follows:
  - where a gap is identified, existing operators are invited to fill it;
  - where existing operators do not/cannot address the gap, it is put to the open market; and
  - where the market will not fill gaps, the governance model fills the gaps itself.



9. Depots should be free to adopt technology to assist with counting and sorting which meets their needs (and the needs of their customers). Technology options should not be prescribed, beyond having to meet reasonable standards for accuracy, safety and interface with the scheme IT system.
10. Relationships with charities should be encouraged, but not mandated.
11. The scheme should operate on a common IT system, managed by the super collectors with equipment and software being standardised and supplied by super collectors.
12. The provision of an independent governance body, sitting above all scheme participants and having responsibility for contractual arrangements, pricing and scheme performance is strongly supported.
13. The governance body should also oversee dispute resolution
14. Depot operators should have representation on the governance body.
15. Multiple super collectors should be retained to ensure that there is competitive tension to foster innovation.
16. Combining the governance body and super collectors, as has occurred in Queensland and Western Australia risks too much power being placed in the beverage industry, perpetuating the existing power imbalance between depot operators and super collectors.

## **Closure**

Depots have formed the heart of the South Australian CDS for over four decades. During this time, the public have been provided with accessible and efficient return opportunities. We support improvements to the scheme in terms of increased scope and improved governance arrangements.

In particular, ending weight-based payment for depots, providing improved dispute resolution processes and developing transparent, fair and consistent methods for setting prices will significantly improve the operation of the South Australian CDS. We welcome the opportunity to choose a single super collector and be bound by a single set of rules.

We commend our comments to you, and also refer you to the submission made on our behalf by Recyclers of South Australia Incorporated.

Thank you for your consideration of our submission

Yours Sincerely,



Loxton Iceworks & Recycling Pty. Ltd.