

## **Victorian Government CDS discussion paper feedback. 30 November 2020**

The Australian Council of Recycling (ACOR) is pleased to provide the following submission to the Victorian Container Deposit Scheme, Discussion Paper and look forward to continuing to support the government in the development of a best practice scheme for Victoria, including through any 'technical working groups'.

### **1. Do you agree with the objectives of Victoria's Container Deposit Scheme?**

- a) Yes**
- b) No**
- c) Maybe**

Yes; ACOR supports the Victorian Government objectives for Circular Economy, Product Stewardship and Best Practice outcomes for its Container Deposit Scheme (CDS). This includes as outlined in the discussion paper;

- CE: Maximising resource recovery and litter reductions
- PS: EPR for owners, manufacturers and sellers of beverage containers in Victoria
- BP: Convenient, easy to use and accessible for all Victorians

Achieving and maximising clean streams of materials offers the best opportunity to deliver volumes of recovered packaging available for true bottle-to-bottle CE outcomes. Maximising returns through, as the discussion paper states, a 'Best Practice' model with easy and accessible consumer access to the CDS as it maximises volumes of recovered materials also ensures a least cost scheme for consumers as the most expensive CDS is one in which consumers are unable to readily access their refund.

### **2. What do you see as the risks and benefits of these scheme administration options for Victoria?**

Victoria is proposing a split-governance model, to as the paper states, '... assign(s) responsibilities to appropriate parties.' This split model with separate contracts with the Victorian Government is appropriate as it allows the Victorian government to determine the nature of the collection network it wants to make available to Victorian consumers.

This approach has the benefit of allowing the Victorian government to assess consumer attitudes and preferences, through surveys etc, for collection locations and formats and then tender for that outcome.

The various 'Network Operators' (NO's) are also inherently incentivised to maximise the convenience, accessibility and ease of use of their collection points and to ensure they work as a whole in order to maximise container returns. This aligns with consumers and the governments ambitions of maximising container returns and ease of access to refund points.

### **3. Is the proposed model the right one for Victoria?**

The governments proposed governance arrangement will ensure the 'model' the government wishes to implement is the one that is adopted. By adopting a process to tender for NO's the government rather than the scheme coordinator will determine the NO's and the model of the collection and logistics network.

Ideally this allows the government to select the most appropriate model it sees fitting the Victorian economy and consumer.

The process of government tender and contracts with the NO's minimises any risk of beverage industry interests overriding consumer preferences.

#### **4. What model of funding should Victoria's CDS adopt?**

Small producers in particular may be disadvantaged through having to pay scheme costs in advance and this model is not recommended. Equally it is not reasonable to expect the various NOs to provide working capital to the scheme.

It would seem appropriate and most cost effective if the Victorian government provided a loan as start-up funds for the first few months of scheme operation.

#### **5. How should the float for the initial start-up of the scheme be designed?**

As a short-term loan to the SC.

#### **6. How do you think scheme participant responsibilities should be set to promote achievement of scheme objectives?**

The discussion paper outlines the three primary roles, as;

- Government regulation and contracting of the SC and NO's
- Scheme coordination, administration and reporting
- Network operators of collection facilities and logistics

The above outline is appropriate and allows sufficient government oversight and baseline (targets, reporting requirements, contracts) while applying incentives where they are most aligned with the commercial motivations of the parties.

MRF audit (management and cost) should be assigned to the SC rather than NO's as MRF's are a part of the scheme overall rather than a subset of a particular Network.

Network material sales should be sold by the assigned NO's to registered Australian recyclers as a first preference. In ACOR's experience this approach will provide the highest value for this material and therefore contribute to a least cost scheme.

NO's should be given responsibility for scheme marketing incentivised as they are to maximise returns and given their day to day engagement with consumers in line with branding guidelines agreed with and set by the Government.

#### **7. What is your view of the best way to promote convenience in a CDS?**

The discussion paper states; 'Evidence from successful schemes throughout the world demonstrates that providing refund collection points at the most convenient locations, such as retail outlets, is the most effective way to maximise convenience for consumers.' And that;

'The Victorian Government intends to design the scheme to maximise consumer convenience ...'

The Network Operators model proposed allows for the Victorian government to achieve its objectives.

There are a range of appropriate collection point locations to be applied throughout Victoria. These should include retail-based collection, especially in urban centres, as well as drop offs, depots and other sites.

It's assumed a minimum number of sites across the state, along with access prescriptions (e.g. towns of 500+ people should have at least one CRP, etc) will be detailed as regulations and contracts are developed.

ACOR would suggest that only full-time sites (open some part of each day per week and at least 30 hours p.w.) should be factored in as meeting the minimum number of sites.

It may be that additional sites would be required/ legislated (such as event and remote area pop ups, or others) but only open for short periods of time. There is a risk these additional part-time sites may be used to make-up-the-numbers and these additional sites should not be included in the minimum number required.

**8. How best can retailers engage with the proposed scheme? You can select more than one option.**

**a) Providing over the counter-drop off services**

**b) Integrating Automated Reverse-Vending Machines (RVMs) on premises**

**c) Utilising car-park space for separate depot area**

**d) No engagement with scheme (comment box for why this option selected)**

**e) Other (Comment box)**

Retailers hold a central role in all CDS in carrying over refunds and costs in prices, stocking CDS eligible containers and policing non-compliant secondary imports, advertising to consumers; and of course in multiple jurisdictions globally participating either in an EPR scheme (mandated / legislated collection provisions) or voluntarily in collecting used containers and attaching redemptions to their point-of-sale systems.

The level of consumer convenience is matched only by the value of the refund as a driver of scheme success globally.

Large volumes of material could come through a retail collection network, and the most likely option for this sector is automated CRPs in-store or in proximity (car parks). Over the counter drop-off services may also play a role though much smaller as these sites are not necessarily suited to large volumes of material being collected and stored over the counter.

Large retailers may also employ carpark-based bag-drop facilities connected either to the stores point of sale system for redemption or a scheme payment system.

An additional advantage of the drop-off or automated retail collection (along with refunds in locations consumers naturally attend in any case) is the ability for these facilities to be accessible

24/7 (local council provisions may restrict times from say 0700-2200) and for them to pay cash to consumers.

ACOR believes that the Victorian CDS should select the appropriate types of collection point formats for different demographics, regions, customer types and also planning requirements so as to maximise consumer participation and return rates.

**9. How can community organisations such as charities and sports clubs, best participate in Victoria's CDS? You can select more than one option.**

- a) By building and operating refund collection points themselves?**
- b) By hosting refund collection points that are built and operated by commercial recyclers?**
- c) By doing a bulk collection of containers to take to a local collection point?**
- d) By registering with the scheme as a nominated charity that is eligible to receive electronic funds donations through Automated Reverse Vending Machines?**
- e) Through mobile or 'pop-up' refund points as part of community fund-raising drives?**
- f) Other (Comment box)**

Community organisations and social enterprise have potentially multiple roles and participation opportunities in a Vic CDS, including all or any of those outlined above. An advantage of the proposed governance framework is that the Victorian government can prescribe this within a tender process.

In the case of a charity / social enterprise operating a, or several, commercial CRPs the NO they have been subcontracted by wants them to succeed as part of a coordinated network. This approach de-risks commercial operations for the charity and small business sector.

The proposed governance model should also ensure against CRP's being co-located and competing with each other as the network is designed to work as a whole rather than simply as individual CRP's. This approach again helps de-risk business opportunities for social enterprise and small business and ensure better coverage for consumers.

South Australia is currently assessing options to make it easier for consumers wishing to defer their refund to a charity at depots in that state. Given that the vast majority of charities are not engaged commercially in schemes (i.e. operating CRPs), the provision of a convenient network helps support charitable sector fund-raising opportunities

As mentioned, there are multiple additional opportunities for these sectors associated with donation stations for collecting containers, venues donating their containers to charity partners, consumers deferring their refunds to a charity endorsed at automated sites, etc

**10. Which types of location/s would you find the easiest to return eligible beverage containers to? Please select and rank these options from most (top) to least convenient.**

- a) Supermarket**

- b) Local small retail outlet e.g. newsagency or convenience store**
- c) Shopping centre**
- d) Industrial/commercial area**
- e) Waste transfer station**
- f) Home pick up service (for fee)**

Ease and access can partly depend on the area / region. In regional areas, with little impact from traffic and congestion and with readily available and affordable land, CRPs may be accessible off high-street.

The reality for large conurbations such as Melbourne of course is that commercially available land is limited, congestion and ease of access is more limited, and it makes sense the network in these metropolitan areas would leverage off the convenience and land availability of existing retail, commercial and industrial locations.

**11. How far do you normally travel for shopping, sporting, work or other regular activities?**

- a) Less than 1km**
- b) 1-5km**
- c) 5-10km**
- d) 10-20km**
- e) Greater than 20km**

Likely dependent on the region.

**12. What mix of refund collection point infrastructure will achieve the highest redemption rates? Please select and rank all that are relevant, from most (top) to least convenient.**

- a) Automated Reverse Vending Machines (RVMs)**
- b) Large manual depots**
- c) Over the counter (OTC) refund collection points**
- d) Larger scale automated refund collection points**
- e) Bag drop facilities**
- f) Mobile or 'pop-up' refund points**

As mentioned previously, a convenient network will rely on multiple types of CRPs and facilities, and a mix of formats is most likely to serve Victorian consumers.

Convenience of the network plays a major role in redemption rates. Convenience includes, proximity to existing travel and consumer activities, provision of parking, as well as opening hours and protection from the environment. For consumers and venues etc recycling larger volumes of containers convenience may mean easy access to a drive through or other similar facility that can manage high numbers of redemptions.

The types of CRPs will depend on the region.

**13. How would you like to receive your refunds for containers?**

- a) Cash Electronic Funds Transfer (EFT) / online payment**
- b) Vouchers (e.g. to local stores)**
- c) Donations to local community organisations**
- d) Access to all refund options**

It's generally accepted that consumers require all options cited above to be available depending on the region.

**14. How can employment opportunities for Victorians be encouraged through the refund collection network?**

- a) Direct employment via community-run refund collection points?**
- b) Employment and training partnerships with commercial recyclers?**
- c) Employment and training partnerships with beverage manufacturers?**
- d) All**
- d)**

**15. Do you support national consistency on the proposed refund amount of 10 cents?**

- a) Yes**
- b) No**
- c) Not sure**

Yes, ACOR believes the refund value and the scope of containers should remain harmonised across the country. ACOR would however also note that at some stage in the near future 10cents (already low by global standards) will be impacted by inflation and the value will need to increase.

Victoria should retain in regulations (not require parliament to approve a legislative change) the ability to increase the deposit value and in fact Victoria could seek to lead on this agenda in the coming years.

**d 16. Do you support Victoria's position on creating a nationally consistent refund mark to be used by all states and territories?**

a) Yes

b) No

c) Not sure

d) **Comment Box Comment Box**

Yes, along with the inclusion of barcodes (for data capture, reporting and auditing, purposes)

**17. Do you support containers included that are consistent with other states and territories and targeting those items that are commonly littered?**

a) Yes

b) No

c) Maybe

Yes. National harmonisation is appropriate and litter prevention is an objective of the Victorian scheme, but so too is resource recovery.

Victoria could again lead on an expansion of eligibility to include wine and spirits to ensure especially away-from-home glass is not simply sent to landfill. There are additional anomalies that Victoria could support amending such as including pure-juices over 1litre.

**18. How can the Victorian Government best support material recovery facilities and councils to determine revenue sharing arrangements for beverage containers collected through the kerbside recycling system?**

MRF revenue sharing should be determined through a process of negotiation between local government and the MRF Operator.

The amount of deposits claimed by a MRF should be determined via audit methodologies as employed in the NSW, ACT, WA and Qld schemes.

Audit costs should be a cost of the scheme, paid for by the scheme coordinator given only the 10c deposit is being paid to the MRF Operator.

**19. What considerations should be given when planning for Victoria's CDS infrastructure?**

In ACORs experience, the following should be considered:

- ensuring local planning laws can accommodate various CRP formats including opening times etc and that there is a streamlined approach for NO's to establish facilities in differing local government areas

- sufficient time for Network establishment after contracts are awarded; the discussion paper has suggested 12mths and this would be appropriate

- as mentioned in the paper, community education prior to scheme commencement will also be important, including allowing CRP's to undertake localised marketing

**20. What information or explanatory material will be most useful to help you/your business participate in Victoria's CDS?**