

Executive summary

South Australia's container deposit scheme (CDS) is one of the longest running and successful product stewardship schemes in Australia, with container deposit legislation being first introduced in SA in 1977. In 2003, the scope of containers covered by the CDS was extended to include beverage containers used for flavoured milk and fruit/vegetable juice (less than 1 litre) and other beverage containers prevalent in the litter stream at the time. In 2008, the refund amount was increased from 5 cents to 10 cents.

The South Australian CDS is a product stewardship program whereby beverage producers and suppliers fund collection and recovery of empty beverage containers and support increased resource recovery and recycling in SA. These activities have resulted in empty CDS-eligible beverage containers making up less than 3% of litter items (or 0.8 containers per 1,000 m² - see related table in Appendix 3), which is well-below the national average and frequently the lowest of the states and territories. In the past 10 years alone (2010-2020), almost half a million tonnes of beverage container material has been recovered through the CDS. Recycling of this would achieve:

- 871,000 tonnes in avoided CO₂ equivalent emissions (equivalent to over 43,000 cars being removed from the road)
- over 12,000 terajoules of energy saved and over 4 million kilolitres of water saved (equivalent to the energy and water used by over 22 million households in one year).

The SA Government is committed to maintaining the state's national and international leadership status by implementing policies that further embed the principles of a circular economy. The CDS is recognised as an effective tool for supporting recovery of high-quality beverage container material for high-value recycling and remanufacturing markets.

It is now time to build on the success of SA's CDS as a product stewardship scheme¹ and modernise the CDS for moving towards a more circular economy.

In undertaking the review of the CDS, the SA Government has applied learnings from local experience, expertise and innovation, and has taken the best of new approaches and systems used in other schemes interstate and overseas to inform possibilities for a pathway for modernising South Australia's CDS. The review has also considered the relationship of the CDS with the kerbside system and proposes alternatives that seek to address material recycling deficiencies with the system and strengthening areas where the kerbside system is working effectively.

This discussion paper includes a description of scheme objectives, operation and governance, economic footprint, a comparison with other states in Australia as well as similar schemes overseas, community consultation carried out to date and an explanation of the review process. It also presents key issues previously raised by the community and options for modernising the CDS, as well as lists of questions relevant to the key issues to assist with providing feedback.

The key issues are:

- Objectives of the CDS
- Containers included in the CDS
- Scheme approvals and container markings
- Container return rates
- Governance arrangements

¹ Australian Government Department of Agriculture, Water and the Environment 2021, Product Stewardship, viewed 25 August 2021, <http://www.environment.gov.au/protection/waste/publications/national-waste-reports/2013/product-stewardship>.

The review has identified a number of options to modernise the CDS that will:

- clarify the current purpose of the CDS and strengthen the promotion of the circulation of materials through resource recovery and support a strong market for recovered resources within a circular economy,
- improve the efficiency of the scheme and reducing scheme costs,
- divert beverage containers away from the current co-mingled kerbside waste system, reducing the waste management costs of local government and increasing the recovery of high value materials in line with a circular economy, in particular the recovery of glass cullet for bottle manufacturing in SA, and
- centralise scheme governance and establish an independent body to provide oversight of the scheme and increase transparency and accountability, in accordance with interests of the broader community.

A modernised CDS, that includes a change in the way that it is governed, improved accessibility for the SA community, integration of IT-based systems and a nationally aligned amended scope has the potential to provide an estimated:

- \$76 million of net benefit to SA each year
- 120 additional full time equivalent jobs within the CDS sector
- 679 million equating to 73,440 tonnes of beverage containers returned to the CDS for recycling each year
- \$68 million worth of refunds to the SA community each year
- \$34 million in savings to rate payers each year from the diversion of beverage containers from the kerbside bin system.

Creating a more efficient, streamlined, fairer and cost effective CDS will result in efficiencies for both existing and new entrants to the CDS. A second stage of modernisation, if supported by other states and territories to enable national alignment, could involve amending the CDS scope to incorporate a wider range of beverage containers. Consideration of increasing deposit amount will occur at a national level after conclusion of a national study on factors that motivate people to return containers to the CDS.

Acknowledgment

The Environment Protection Authority is grateful to the following groups for their valuable input to this discussion paper through the provision of data: Beverage producers and suppliers, super collectors and CDS depots, material recovery facilities, waste and resource recovery sector, local government sector, not-for-profit sector and the South Australian community.