

Key Issue 4: Container Return Rates

The South Australian community has developed a positive relationship and culture towards the beverage container deposit scheme over its 44-year operation. The 2019-20 return rate for CDS beverage containers in SA was 77%, which corresponds to over 605 million beverage containers being returned for a refund and collected for recycling.

The EPA uses the 'return rate' to determine how the container deposit scheme is performing. Return rates are calculated based on industry data regarding

the number of eligible beverage containers sold in SA compared with the number of those containers returned for a refund. Comparison of the performance of schemes across Australia, measured according to return rate, reveals that the mature SA and NT schemes outperform the newly established NSW, QLD and ACT schemes [see Table 5]. (The return rate for WA has not been included in the table as its scheme is relatively new and relevant data was not available.) The QLD and WA schemes have proposed container return rate targets of 85% by 2022 and 2023, respectively.

Table 5—Inter-jurisdictional comparison of CDS container return rate

Jurisdiction	Year	Return rate (%)
SA	2019-20	77
NSW	2019	65 ⁵⁴
QLD	2019 ⁵⁵	52-55
NT ⁵⁶	2019-20	80
ACT	2018-19 ⁵⁷	50

One of the aims of the SA Government is to increase the container return rate to facilitate the diversion of beverage container materials and other recyclable materials away from the kerbside system, litter stream and landfill. There are a number of factors that influence community behaviour and the extent to which empty beverage containers are returned. This section focuses on deposit value and refund amount, ease of container return and payment of refund as primary influences on empty beverage container return rates.

54 New South Wales Government 2020, *Return and Earn: NSW recycling success story*, https://www.exchangeforchange.com.au/_cache_51b2/content/653197000008035.pdf.

55 Reloop 2021, *Published articles*, <https://www.reloopplatform.org/resources/published-articles/>.

56 Northern Territory Environment Protection Authority 2020, *Environment Protection (Beverage Containers and Plastic Bags) Act 2011: Annual report 2019-20*, https://ntepa.nt.gov.au/_data/assets/pdf_file/0004/946093/cds-2019-2020-annual-report.pdf.

57 Australian Capital Territory Government 2019, *ACT container deposit scheme annual statutory report 2018-19*, https://www.exchangeforchange.com.au/_cache_c3c0/content/5957580000044890.pdf.

Key Issue 4.1: Deposit Value and Refund Amount

The deposit places a value on empty beverage containers, which acts as an incentive for individuals to collect and return eligible containers for a refund. The setting of the deposit value is based on the dual objective of providing enough incentive for returns while keeping costs to the beverage manufacturers and suppliers funding the scheme as low as reasonably possible. In South Australia, a 5-cent deposit was established with the introduction of the [Beverage Container Act](#) in 1977. In 2008-09, when the deposit value was increased from 5 cents to 10 cents (along with the scope of containers captured) the overall return rate rose significantly and peaked at 81% in 2011-12. However, since then, annual return rates have exhibited a trend downwards to 77% for 2019-20.

The deposit value and refund amount applicable to CDSs operating within all states and territories is currently set at 10 cents. Maintaining alignment of the deposit value across jurisdictions would assist in addressing the issue of refund fraud⁵⁸, which negatively impacts on the viability of those schemes. Alignment of the deposit and refund amount would also allow beverage producers and suppliers to have consistent pricing and deposit marking for their products across each state and territory, thereby enabling administrative efficiencies.

Scoping Paper feedback: Deposit value and refund amount

Feedback regarding the Scoping Paper showed that two-thirds of the community and sector stakeholder respondents agreed that the current 10-cent deposit value and refund amount is adequate and supports the objectives of the CDS with its current return rate being adequate. The remaining third responded that an increase is needed to achieve higher return rates and saw a need to maintain the value of the deposit in line with inflation. An increase would result in an increase in the price of beverage products returned

to the CDS. All stakeholders agreed that any changes to the deposit value and refund amount should occur across all participating states and territories and the timing of any increase should be harmonised.

Preferred option – Maintain the alignment of the deposit value and refund amount

It is proposed to maintain the alignment of the deposit value and refund amount with the CDSs operating in the other states and territories. Parallel to this review, the Environment Ministers Meeting and Heads of EPAs have agreed that states and territories will collaborate and investigate opportunities for alignment of container scope, deposit amount, and approvals across jurisdictions. In regard to deposit amount, the SA EPA is coordinating a behavioural research study on the relative influences of the deposit value, ease of container return/convenience of return points and the motivation to participate in an effective scheme for container recovery and recycling on the level and nature of community participation in CDSs. This behavioural study will inform decision-making about whether to increase the deposit/refund amount and, if so, the simultaneous timing of any increase across all states and territories.

Questions

- 4.1.1 Does the current deposit amount of 10 cents influence whether you return empty beverage containers for recycling via CDS depots? If so, how does it influence your participation? If not, why not?

⁵⁸ The transport of empty beverage containers, sold in one jurisdiction with a lower deposit value, for a refund within a jurisdiction with a higher deposit value.

Key Issue 4.2: Ease of Container Return

To redeem the 10-cent deposit in SA, beverage containers need to be returned to an approved depot⁵⁹. There are currently 132 approved collection depots (1 depot for every 13,404 South Australians) of which the majority (87) are located in non-metropolitan areas.

The convenience and accessibility of the depots for people wanting to return their empty beverage containers is a significant factor in the level of participation of South Australians in the CDS. In addition to offering container return services, many depots accept other recyclables such as cardboard, metals and non-CDS beverage containers, and/or are co-located with other non-recycling related services such as service stations or local stores, making a trip to a depot a more convenient option.

Scoping Paper feedback: Ease of container return

The majority of community and sector stakeholder feedback indicated that it was easy to return empty beverage containers for the refund at the local depot and that this was typically a positive customer experience. Most of those who stated that the return of empty containers for a refund was difficult and inconvenient identified the depot location and/or its operating hours as the cause.

Resource recovery sector stakeholders highlighted that the placement of additional return points must be coordinated and based on an unmet need of a region or local community. It was noted that some regions are well-serviced and that additional return options may be unsustainable and lead to little improvement in container return rates.

CDS return point accessibility

Research commissioned by the EPA and GISA in 2012⁶⁰ identified that community members who returned beverage containers to collection depots take, on average, 210 containers every 2-3 months to a depot located within 5 kilometres of their home. Consistent with the community feedback previously discussed, the research identified that the main reasons people don't return empty beverage containers to a collection depot are that they either do not know where a depot is located, or the depot is too far away or operates with inconvenient trading hours.

The 2012 research also identified that containers were placed in the kerbside co-mingled recyclables bin due to convenience. Local government is not directly involved in the CDS, but collects empty containers disposed of in kerbside bins on the rate payer's behalf. Containers placed in the kerbside co-mingled recyclables bin are transported to an MRF, which then sorts and processes the contents of this bin to recover the valuable recyclable materials, including CDS-eligible beverage containers. The eligible CDS beverage container refunds are then redeemed via a CDS depot. This revenue assists in offsetting the processing and sorting costs at the MRF facility.

The NSW, QLD, ACT and WA schemes prescribe customer service standards including minimum standards for the location and distribution of CDS refund points and hours of operation. These standards are required to be met by the scheme coordinators in QLD and WA and by the network operators in NSW and the ACT. Neither the SA nor the NT schemes prescribe minimum service standards, allowing the individual depots to determine the depot to population ratios, depot location and operating hours.

To deliver upon the prescribed customer service standards, scheme coordinators in NSW, the ACT, WA and QLD, and network operators in NSW and the ACT utilise a broader range of return point types than are currently available in SA. These include container return depots (staffed and automated), reverse vending

⁵⁹ As prescribed under s. 69 of the *Environment Protection Act 1993*.

⁶⁰ Environment Protection Authority South Australia 2012, *CDL awareness & support research project*, https://www.epa.sa.gov.au/files/4771391_full_cdldrpt.pdf.

machines (RVMs) and mobile [pop-up] donation points. The return point type available is, in part, dependent on local conditions, including access to infrastructure, availability of appropriate sites and planning rules.

The 2019 review of the Northern Territory CDS recommended the establishment of RVMs at retail outlets and precincts and other areas of high public foot traffic⁶¹. The review also identified the need to promote the establishment of more collection points, particularly in remote communities.

Economic analysis

The establishment of additional return points in SA is expected to increase the convenience for consumers returning empty CDS beverage containers for a refund⁶². The increased convenience [reduced costs of time and travel for individuals] is expected to result in the return of an additional 20 million [just over 3%] empty beverage containers equating to a return rate of about 80% and a reduction of 561 tonnes of beverage containers to landfill per year.

These changes are expected to produce significant net benefits to South Australia. Benefit-cost analysis identified an annual net benefit of about \$76 million primarily as a result of increased economic activity in

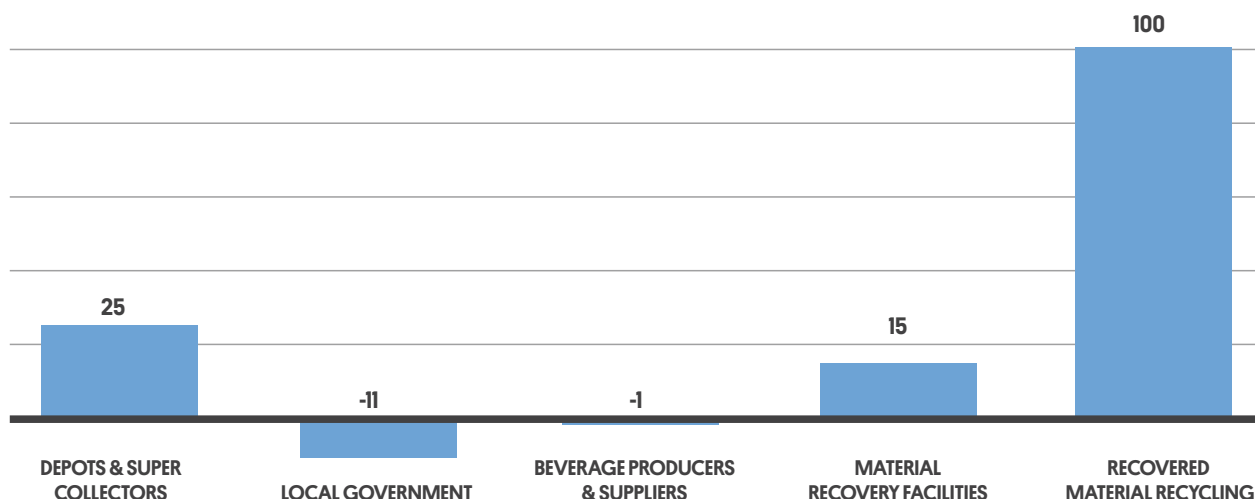
the CDS and processing recovered materials into new products. There would also be annual benefits of about \$1 million due to reduced emissions of greenhouse gases, landfill disposal and energy usage.

The economic analysis also indicated that there would be a positive net impact on employment with about 336 (FTE) additional jobs [comprising direct and indirect employment] being generated. This would primarily be due to the direct generation of about 100 jobs (FTE) for container material recycling, about 25 jobs (FTE) within the super collectors and depots, 15 (FTE) jobs within MRFs and 207 (FTE) indirect jobs created as a result of the operators in the CDS purchasing goods and services from the rest of the economy and expenditure of wages by people employed in the sector. It is estimated that an increased volume of containers returned to the CDS and diversion from the kerbside system will lead to 11 (FTE) fewer jobs within the local government sector and 1 (FTE) less job within the beverage producer and supplier sector.

Figure 17 shows the change in FTE employment [compared with the 2019-20 FTE baseline] for key CDS stakeholders resulting from an increase in convenience regarding the return of empty beverage containers due to the establishment of additional return points.

Figure 17—Estimated change in direct employment (FTE) from establishment of additional return points

Estimated change in direct employment (FTE) resulting from an increase in container return accessibility through additional return points



61 Department of Environment and Natural Resources 2018, *Evaluation of the operation of the Northern Territory container deposit scheme*, https://ntepa.nt.gov.au/_data/assets/pdf_file/0011/590798/cds_review_report_ernst_young.pdf.

62 Hudson Howell 2020, South Australian Environment Protection Authority, *Container Deposit Scheme Economic Analysis Review December 2020*, https://www.epa.sa.gov.au/files/15056_cds_econanalysis_review_report_dec2020.pdf.

A key issue is the stimulus for the establishment of additional return points. The extension of the CDS to incorporate additional containers or to increase the recovery of beverage containers are key reforms that could encourage the establishment of additional return points and the required investment. As indicated, incorporating additional container types is expected to result in the annual recovery of about 20 million additional containers via the CDS.

The additional recovery of these containers is reliant upon the convenience and accessibility of return points to enable individuals to return empty CDS beverage containers and participate in the CDS. The quantity and type of additional return points would be determined by a range of commercial factors, including the extent of spare capacity at existing collection depots and investment costs that would, in part, be determined by the choice of types of new return points to be established.

Preferred option – Maximise CDS container return point accessibility

It is proposed to maximise the accessibility of CDS beverage container return points by prescribing customer service standards and linking these to the needs of the local community through:

- seeking to amend the [Environment Protection Act 1993](#) to allow a broader range of return point types in addition to local depots
- coordination, promotion and incentivising depots and other return point providers to introduce a broader range of return point options
- requiring the scheme coordinator(s) to incentivise depots and other return point operators to establish return point customer service standards
- establishing a mechanism for governments to set container return performance targets, including for remote communities, to provide accessible return points based on community needs
- requiring the scheme coordinator(s), in collaboration with depots, to fund and deliver CDS awareness initiatives that seek to improve community involvement in, and understanding of, container return opportunities within the local community.

Questions

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].
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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?

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?

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:

- by building and operating refund collection points yourself
- by partnering and hosting refund collection points with approved CDS depots
- by carrying out a collection of containers to take to a local collection point
- by registering with the scheme as a nominated donation partner that is eligible to receive electronic funds donations through automated reverse vending machines
- through mobile or 'pop-up' refund points as part of a fundraising drive.

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?

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?

Key Issue 4.3: Payment of Refund Method

The CDS requires depot operators to provide a refund for each eligible CDS container that is returned to the depot. Payment of the refund supports the incentive for individuals and groups to collect and return eligible containers. Current refund options available in SA are prescribed by regulation and are limited to cash or credit note redeemable for cash.

The SA Government has made permanent the temporary amendment to section 71A of the *Environment Protection Act 1993* to provide the ongoing option for the refund of CDS eligible containers to be paid by way of EFT to a bank account or credit card account. The amendment has been passed by Parliament as part of legislation in response to the Covid-19 pandemic and promotes general community safety in the way that customers seek refund for containers. Whilst the majority of individuals who return eligible beverage containers prefer a cash refund this change removes the legislative obstacle to pay refunds by way of EFT and reflects today's increasingly cashless society.

Feedback on payment of refund method

The Scoping Paper sought views on the payment method for the container refunds and whether there is another way to pay refunds beyond the current cash or credit note options. The majority of community and sector stakeholders responded that refunds in the form of cash and credit notes should remain, but that alternative non-cash refund methods should be enabled within the CDS.

A common view was that the methods of refund payments should respect consumer preferences and improve customer experience. The incorporation of additional refund methods may increase administrative effort, infrastructure requirements and operating costs for depot operators, thereby creating a disadvantage for smaller depots.

Refund payment options

Payment methods for the refund of the deposit for eligible beverage containers across all other jurisdictions currently operating a CDS include both cash and non-cash options. All state and territory schemes enable payment of refunds through cash payments and EFT (which SA recently introduced in response to COVID-19⁶³).

The NSW, QLD, ACT and WA schemes enable customers to pay their refund forward via donations to third parties, including a charity or community group of their choice. Since the beginning of the NSW scheme in 2017, over \$1 million in donations has been raised and shared amongst charities, schools, and community and sporting groups⁶⁴. The majority of donations by individuals returning containers to a depot or return point linked to a donation partner are underpinned by EFT linked directly to a nominated bank account.

⁶³ *Environment Protection Act 1993*

⁶⁴ New South Wales Government 2020, *Return and Earn: NSW recycling success story*, https://www.exchangeforchange.com.au/_cache_51b2/content/6531970000008035.pdf.

The NSW and QLD schemes also allow refund payments via E-Voucher or points towards a loyalty program that are redeemable for cash or can be used for purchases at supermarkets. The method of refund payment is linked to the return point options available within each jurisdictional scheme. Cash refunds are redeemed from staffed return points, whilst non-cash refunds are redeemed primarily through self-service reverse vending machines, 'drop and go' depots and mobile donation points.

Preferred option – Incorporation of non-cash refund payments

It is proposed to establish non-cash (EFT) refund payment methods in addition to the cash option at CDS Depots and return points in SA. The availability of cash and non-cash options would support customer preferences and enable the ability to donate refunds to EPA-authorized donation partners such as charities, not-for-profits and community groups.

Questions

General questions

4.3.1 How would you like to receive your refunds for containers?

- cash
- electronic funds transfer (EFT) / online payment
- direct electronic funds transfer to a donation partner of your choice
- vouchers (for example, for use at local stores)
- all refund options as above.

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?

For depot owners

4.3.3 Will you need to change the operation of your business to provide for non-cash refund methods such as EFT? If yes,

4.3.3.a What do you expect to be the nature and cost of providing non-cash refund methods?

4.3.3.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)?

4.3.4 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?