

Key Issue 5: Governance Arrangements

Governance is the way in which a system is structured and its rules of operation, including administration and business relationships. It defines roles that support the system, responsibilities for meeting expenses and requirements for auditing, reporting, compliance and enforcement. Industry led product stewardship schemes such as the CDS benefit from governance arrangements that set out clear roles and responsibilities of both government and industry that detail performance requirements, targets and expectations, accountability frameworks, auditing and reporting requirements, and funding arrangements.

The operation of the SA CDS is undertaken by the super collectors and depot operators in accordance with the requirements of the [Environment Protection Act 1993](#) and [Environment Protection Regulations 2009](#). The current roles of the main groups involved in the SA CDS and governance arrangements are detailed in this section and depicted in Figures 18 and 19.

Figure 18—Main groups involved in the South Australian CDS and their roles

EPA

The EPA, on behalf of the SA Government, oversees the regulation of the CDS in accordance with requirements of the [Environment Protection Act 1993](#) and [Environment Protection Regulations 2009](#). A person must not operate a collection depot or carry on business as a super collector without the approval of the EPA. The EPA also provides policy advice to the government on the scheme, including its contribution to the state's environmental, and waste and resource recovery objectives.

Super collectors

Super collectors, funded through waste management arrangements from participating beverage producers and suppliers, act as scheme coordinators. Super collectors also use waste management arrangements to fund CDS depots for both the deposit refunds and 'handling fee' costs associated with the return of empty CDS beverage containers. They also organise for the collected metal (aluminium), liquid paperboard and plastic container materials to be onsold to recycling markets.

Depots

Depots receive and sort empty CDS beverage containers and provide a refund to consumers and third parties who return the containers. CDS depots have waste management arrangements in place with one or more super collectors for the payment of refunds and handling costs and for the return of empty beverage containers for sale to recycling markets. They also organise for collected and colour-sorted glass to be sold to recycling markets.

Consumers and third parties

Consumers and third parties who return CDS containers to a depot receive the 10-cent refund for each eligible container returned.

Materials recovery facilities (MRFs)

MRFs have contracts with, and provide a service to, local governments and other organisations to accept and sort recyclable materials. The CDS-based income helps MRFs to fund the handling, sorting and management costs of operating the facility.

Current CDS governance overview

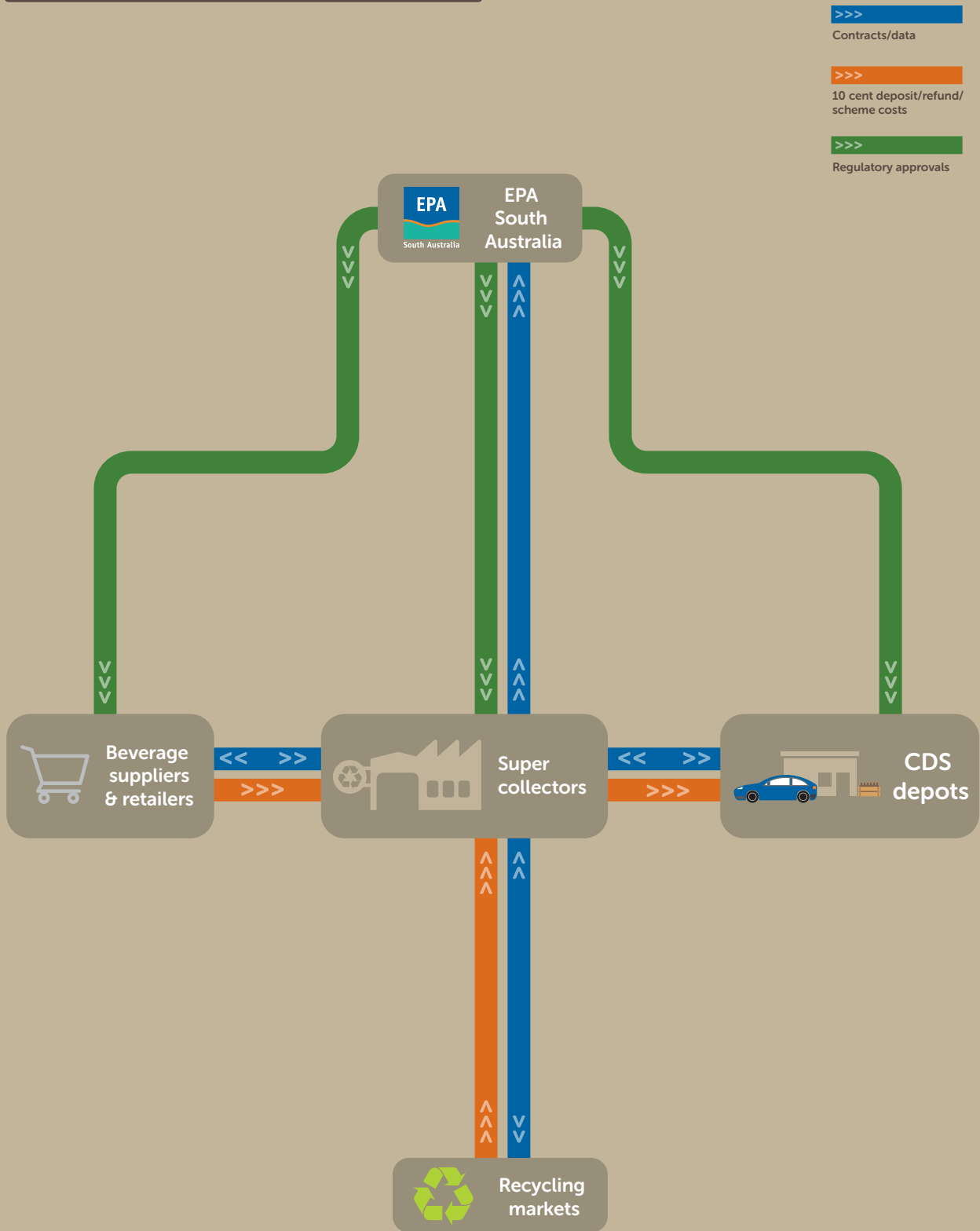


Figure 19—Current CDS governance arrangements

Scoping Paper feedback: Governance

The general community did not express specific views on the governance arrangements. However, sector stakeholders indicated that a review of the governance arrangements should seek to:

- strengthen the accountability and accuracy of reporting to more equitably recover scheme costs and fund container collection, sorting and return
- address payment disputes between beverage producers, suppliers, super collectors and depots, in particular through a transition away from container weight-to-number conversion practices to container count-based reporting methods
- introduce independent, transparent and standardised scheme cost-setting practices, including publication of scheme costs per container material
- standardise container approvals and registration across jurisdictions using a single portal that promotes national alignment
- address the current practice of depots being required to have a waste management arrangement with more than one super collector and the requirement of container sorting according to brand
- better-recognise the role of charity and community groups.

CDS governance across Australia

CDS governance arrangements across Australia are subject to the regulatory requirements of each state and territory. The CDSs in SA and the NT are administered by a multiple scheme coordinator 'super collector' model, where more than one super collector has the responsibility to administer and coordinate the scheme. By comparison, the NSW, ACT, QLD and WA schemes are administered by a single scheme coordinator. The NSW and ACT schemes also utilise a network operator to run the network of return points.

Scheme governance and coordination

Scheme coordination is required to ensure that the different scheme participants work together effectively to ensure that empty containers are collected, sorted and transported to a centralised collection centre and, from there, recycled. The coordination of beverage producers and suppliers and the network of container refund points is undertaken by approved super collectors (in SA and the NT) or scheme coordinators (in WA, NSW and the ACT) or the product responsibility organisation (in QLD). The super collectors, scheme coordinators and the product responsibility organisation are all approved, or appointed by, the relevant minister or government department. The appointed coordinator is then subject to a series of approval conditions that relate to achieving the objectives of the respective schemes.

In SA and the NT, waste management arrangements between super collectors and depots are used to coordinate the collection, sorting and recovery of empty beverage containers and the transfer of the required refunds and handling fees. The NT CDS includes an additional requirement for the establishment of a coordinator arrangement to facilitate the recovery of containers and transfer of the funds between the super collectors. This enables depots to have a single arrangement with a single super collector of their choosing, and retains the ability of beverage producers and manufacturers to fund the scheme through a super collector of their choosing. The QLD, NSW, ACT and WA schemes employ a single scheme coordinator resulting in one waste management arrangement with each depot.

Scheme coordinators in NSW, ACT, QLD and WA are provided with oversight from governing boards who are responsible for the overall governance and strategic direction of the scheme coordinator organisation. The NSW and ACT scheme coordinators each have a board of directors appointed by shareholders⁶⁵ and two independent directors. The composition of board membership within QLD and WA is approved by the relevant minister who can refuse membership if the minister is satisfied that the person:

- is not a fit and proper person
- is biased or could be perceived to be biased in favour or against any scheme participant
- does not have adequate relevant experience
- would not support the achievement of the objects of the scheme.

These legislated requirements enable the relevant minister to establish a governing board that is independent of both the beverage and waste industries. The appointed scheme coordinators of the QLD and WA schemes are required to maintain a board that has the following composition (differences are indicated below):

- a Chair who is approved by the minister and is a director, independent of the beverage industry and independent of the waste industry [WA only]
- at least 1 director who is an executive officer, employee or business associate of a minor beverage supplier or an association that represents minor beverage suppliers
- at least 1 director who is an executive officer, employee or business associate of a major beverage supplier
- at least 1 director who is independent of the beverage industry and has experience in the recycling and waste industry (including, but not limited to, experience in waste recovery, processing, transport or logistics) [WA only]

- in addition to the Chair, at least 1 other director, who represents the interests of the community, is independent of the beverage industry, is independent of the waste industry and is approved by the minister
- at least 2 other directors who have legal or financial qualifications and experience, independent of the beverage industry, and independent of the waste industry [WA only].

The independent oversight of the scheme supported by a centralised scheme governance enables an increased level of transparency and accountability within the CDS. Independent oversight of scheme costs, performance targets such as container return rate, customer service and return point accessibility provide community confidence in the scheme and support the achievement of the scheme objectives. A centralised governance arrangement that incorporates a centralised IT platform enables transparent auditing and reporting against the schemes performance criteria and enhances the ability for an e-based container and financial tracking system as the pillar of the scheme.

Weight-based versus container-count audit and reporting methods

In SA, super collectors coordinate the movement of funds from the beverage producer and suppliers through the CDS to the depots, based upon the conversion of container material weight to container number. This weight-based method is also used to calculate and report on the number of eligible containers returned to determine the performance of the scheme.

The weight-based method of payment has been the subject of disputes, particularly as beverage containers have become lighter over time and with an increase in variations in container size. The container weight-to-number conversion ratios are complex to determine accurately and rely on periodic audits to establish the number of containers per tonne of plastics, metal (aluminium), glass or LPB material. Variations in the number of containers per tonne of material can result in overpayment or underpayment of scheme costs by the beverage producer and suppliers and the deposit and handling fee to depots.

⁶⁵ Asahi Holdings (Australia) Pty Ltd, Coca-Cola Amatil (Aust) Pty Ltd, Coopers Brewery Limited, CUB Pty Ltd and Lion Pty Ltd).

The NSW, QLD, WA and ACT schemes have adopted container counting systems to facilitate the administration of funds, reporting and auditing of returned beverage containers. The use of container count-based mechanisms minimises the potential for disputes between beverage suppliers, scheme coordinators and return point operators by supporting the verification of container sales and returns and the fair movement of funds within the scheme.

A centralised IT platform, incorporating the registration, sale and return of containers, supports the auditing and reporting requirements of the NSW, ACT, QLD and WA schemes. The ability to maintain records and report on the refund amounts paid and containers collected, sorted and transported for recycling provides a level of transparency and assurance, which is currently not available in SA. This lack of transparency is a common area of dispute between SA super collectors, depot operators and beverage producers and suppliers.

Efficient waste management arrangements

The SA CDS utilises waste management arrangements for the collection, sorting and aggregation of empty beverage containers and their reuse, recycling or disposal. Each super collector has a waste management arrangement (contract) with each depot, resulting in depots having more than one waste management arrangement. Super collectors make use of arrangements with depots to coordinate the collection, sorting and recovery of empty beverage containers and the transfer of the required refunds and handling fees.

In addition to the sorting of containers by glass, plastic, liquid paperboard and metal (aluminium) container types, aluminium cans are required to be further sorted by brand. The brand-sorted aluminium containers are stored and transported separately to the relevant super collectors and then sold for recycling into new containers (regardless of branding). This multiple handling is a point of inefficiency and cost for depot operators and, therefore, the scheme. The employment of a single scheme coordinator in the NSW, ACT, WA and QLD schemes has addressed both the multiple contract and sorting by brand issues.

The NT legislation requires that supplier arrangements cannot specify that the collection depots must sort

returned containers according to brand. It also requires that the arrangement cannot specify that coordinators amalgamate containers by the beverage producer or supplier they represent. The NT scheme employs a coordinator arrangement between super collectors. Super collectors are required to come to an arrangement in order to allow any one super collector to accept all containers belonging to all other super collectors. This enables depots to return all empty beverage containers to one super collector using one waste management arrangement regardless of container branding or material type.

The ability of SA depots to have a waste management arrangement with a single super collector and the removal of the need to sort the returned beverage containers according to brand will address a frequent dispute raised by depot operators in SA and improve the efficiency of depot operations.

Performance reporting and scheme auditing

Periodic reporting against set objectives and targets enables transparency and monitoring of scheme performance. Schemes in all jurisdictions require quarterly and annual reporting to the relevant minister on behalf of government. The NSW, ACT, QLD and WA scheme performance measures are set by government within the legislation. Scheme performance targets are either legislated or incorporated into the relevant scheme coordinator or network operator arrangements approved by the relevant minister.

The scheme coordinator and network operator are then accountable for achieving the performance targets. The publication of data on scheme costs, return point network operation and container return rate for each container material is used to monitor the scheme against the performance targets.

This level of accountability and transparency is not available in SA or the NT because the current arrangements between super collectors, depots and beverage manufacturers are commercial in confidence. In contrast, the reporting requirements in other jurisdictions are the responsibility of the scheme coordinator who must prepare and deliver to the relevant minister an annual report on the performance of the scheme and any other matter prescribed by the Regulations.

The reporting requirements of the SA CDS are incorporated as conditions of approval within the super collector authorisation. Super collectors are required to report to the SA EPA, on annual basis, the overall return rate of containers sold in SA and the return rate of glass, plastic (HDPE and PET), metal (aluminium) and liquid paperboard. To verify the return rate, the reporting includes the number of containers sold in SA, the number of containers returned and the weight of containers returned by material type.

Common reporting requirements in the NSW, ACT, QLD and WA schemes include:

- financial statements that have been audited by an independent auditor
- total operating cost and revenue breakdown
- average handling fee rate per region payable to refund operators
- numbers or weights of containers sold and collected, and destination of each container material type
- number of containers for which refund amounts have been paid by return points, by region and by material type
- whether the network of depots and return points in a community meets the reasonable needs of that community
- number and type of disputes involving scheme participants, actions taken in response to each dispute and the outcomes of the dispute resolution process
- number and type of complaints received about the scheme, actions taken in response to each complaint and the outcomes of each action.

This range of reporting and monitoring is not currently required of the SA super collectors or depots. Stronger and more robust reporting and monitoring enables scheme participants to be held accountable for a broader range of performance measures related

to their respective roles and responsibilities in achieving the objectives of the scheme. In QLD and WA, the minister may give the scheme coordinator a written direction about the performance of its functions or the exercise of its powers. The coordinator must comply with the direction, and failure to do so may result in a civil penalty (in WA) or may be grounds for suspending or cancelling a company's appointment as a scheme coordinator.

Donations to not-for-profit organisations, charities and community groups

CDSs across Australia have been used by charities, community groups, not-for-profit organisations and local sporting clubs to raise funds to help pay for the services they provide. In SA, these groups typically receive donations in the form of empty beverage containers, which are then returned to depots for a refund that they retain. Larger community organisations in SA and the NT have established and operate depots, or have partnered with an established depot, to receive donated beverage containers, as follows:

- In 2020, Scouts SA processed 105 million containers through the operation of 12 depots⁶⁶.
- The 'Tinnies for Vinnies'⁶⁷ initiative commenced in 2020 as a partnership between St Vincent de Paul Society, Recyclers SA and Scrap Hotline. Customers who visit participating Recyclers SA/Scrap Hotline recycling depots are able to drop some or all of their refundable cans and bottles into specially marked 'Tinnies for Vinnies' bins on site. The depots will then donate the cash equivalent of the refund of those containers to the St Vincent de Paul Society.

Charities, community groups and not-for-profit organisations in NSW, ACT, QLD and WA are able to raise funds and receive donations through the donation of eligible containers or the electronic transfer of refunds to a nominated account. These groups can benefit from the scheme by one of the following:

- redeeming donated eligible containers at an approved collection point

⁶⁶ Scouts SA 2020, *Scouts SA Annual Report*, <https://sa.scouts.com.au/magill/2021/06/24/2020-annual-report/>.

⁶⁷ St Vincent de Paul Society 2021, *Recyclers SA/Scrap Hotline*, https://www.vinnies.org.au/page/Get_Involved/Become_a_corporate_partner/State_Partners/SA/Recyclers_SA_Scrap_Hotline/.

- registering to become a collection point operator to exchange eligible drink containers for the 10-cent refund
- registering to become a donation partner integrated with a scheme ID or account used to identify donation partners and enable refunds to be donated directly into a nominated charity or community group fundraising account.

Expansion of the range of donation pathways available to SA charities, not-for-profit organisations, community groups and sporting clubs has the potential to simplify and increase the range of opportunities for donation by individuals to a group of their choice.

Economic analysis

Amendment to the current CDS governance arrangements via improved resolution of disputes, enabling depot operators to contract with a single super collector or transition to a single scheme coordinator is estimated to result in an annual net benefit of \$50 million, \$54 million and \$56 million respectively to the SA community⁶⁸. These changes are expected to decrease scheme administration costs, in other words, time and effort required by depot operators and super collectors to interact, address disputes and negotiate new waste arrangements. These reduced scheme costs are expected to be passed on by beverage producers and suppliers to customers through reduced beverage product retail prices.

Reduced administrative costs for both super collectors and depots linked to improved dispute resolution is estimated to result in the return of an additional 5 million empty beverage containers to depots, an estimated additional 220 (FTE) jobs (comprising direct and indirect employment) within SA and a reduction in the disposal of beverage containers to landfill by about 362 tonnes per year. Enabling depot operators to contract with a single super collector is estimated to result in the return of an additional 12 million beverage containers through the CDS, an estimated 232 (FTE) jobs (comprising direct and indirect) within SA and a reduction in the annual disposal of beverage containers to landfill by about 461 tonnes.

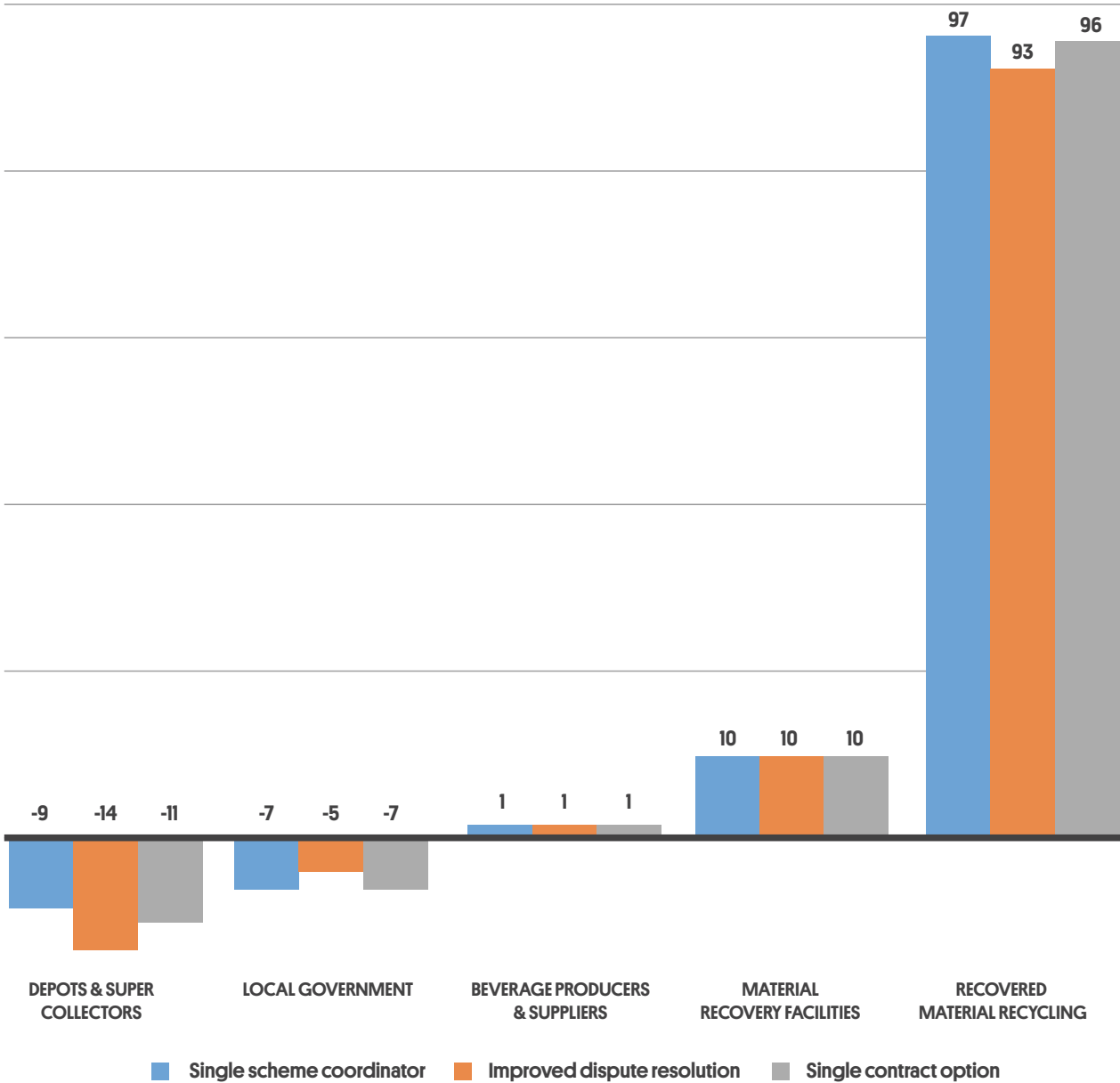
A transition in the coordination of the scheme from the current multiple scheme coordinators to a single scheme coordinator is expected to decrease coordination costs of the scheme through increased economies of scale, with savings passed on to both the beverage producers and suppliers, and the depots. The scheme coordination savings are estimated to result in an additional 14 million empty beverage containers returned to depots, and create an estimated additional 240 (FTE) jobs (comprising direct and indirect employment) within SA and reduce the annual disposal of beverage containers to landfill by about 495 tonnes. The recovery of additional high-value beverage container materials would also result in an estimated annual benefit of about \$1 million due to reduced emissions of greenhouse gasses as a result of reduced landfill disposal volumes and energy usage from the recycling of these resources.

Figure 20 shows the change in direct (FTE) employment (compared with the 2019-20 FTE baseline) for key CDS stakeholders resulting from a decrease in scheme costs as a result of improvements to dispute resolution, enabling depot operators to contract with a single super collector or transition to a single scheme coordinator.

68 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.

Figure 20—Estimated change in direct employment (FTE) resulting from reduced scheme costs

Estimated change in direct employment (FTE) resulting from reduced scheme costs



The expected benefits resulting from an amendment to the current CDS governance arrangements via improved resolution of disputes, enabling depot operators to contract with a single super collector or transition to a single scheme coordinator have been assessed independently of each other. They could, however, be introduced as a combination of reforms leading to cost reductions and flow-on impacts on

beverage product annual sales, return of beverage containers to the CDS, recycling of beverage container materials, reduced landfill disposal volumes and reduced emissions of greenhouse gasses.

Preferred option – Modernise the CDS governance to increase transparency and accountability

It is proposed to amend the CDS governance arrangements (see Figure 21) to increase transparency and accountability of the CDS and centralise scheme governance by establishing independent oversight of key CDS elements through

Option 1: an independent governing body appointed by the Minister for Environment and Water in consultation with relevant industry stakeholders to oversee the existing multiple super collector system, or

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

Oversight of the following elements are required

- » scheme costs per container per material [approved by the Minister]
- » performance targets [approved by the Minister], such as return rate, community awareness and education, and customer service standards including
 - geographical distribution of return points
 - operating hours
 - return point types based on community need
- » container recovery from remote communities, including Aboriginal communities
- » scheme participant dispute resolution and response to scheme complaints
- » scheme performance, including container returns and sales by material type and by region, and the destination of sold materials
- requiring container returns to be measured by container count, not weight as currently occurs, to enable better transparency and fairness, and remove the primary cause of many disputes in the SA CDS

- considering the creation of scale/volume thresholds that will require a move to more e-based counting and sorting systems, whilst maintaining manual sorting [and recording counts through an online approach] for smaller and regional depots
- establishing a centralised IT system that supports a transition to an e-based container and financial tracking system throughout the CDS,
- modifying the reporting and auditing framework and employing container counting systems linked to scheme costs, container returns and container material fate
- establishing independent oversight and setting of scheme costs, including a scheme compliance fee [payable to the SA Government/EPA by the super collectors [for option 1] or the independent scheme coordinator [for option 2] in place of the current container approval application fee
- improving waste management arrangements including container sorting according to brand dispute resolution processes between the current super collectors, beverage producers and suppliers, and depots
- collaborating with interstate CDSs to build an IT system able to interface with, or be a part of, a national container approval process and system portal.

Centralised and independent scheme governance

The SA Government is planning on centralising scheme governance by establishing an independent governing body. Two options for scheme coordination are proposed (see Table 6). Option 1 retains the for-profit multiple super collector model and incorporates an independent body appointed by the Minister for Environment and Water on behalf of the SA Government to direct and oversee the scheme's performance. Option 2 replaces the super collectors with a single independent not-for-profit scheme coordinator appointed by the Minister for Environment and Water on behalf of the SA Government (similar to WA and QLD schemes).

The proposed detailed requirements for these options are presented below. The requirements will apply to each option unless otherwise indicated.

1. The **Minister for Environment and Water** will retain an independent governing body or independent not-for-profit scheme coordinator comprised of the following governing body consisting of members appointed by the Minister for Environment and Water

- a Chair who is a director, independent of the beverage industry and independent of the waste industry, who is nominated by the Minister for Environment and Water
- at least 1 director who is an executive, employee or business associate of a producer or supplier of alcoholic beverages or an association that represents producers and suppliers of alcoholic beverages
- at least 1 director who is an executive, employee or business associate of a producer or supplier of non-alcoholic beverages or an association that represents producers and suppliers of non-alcoholic beverages
- at least 2 directors who are independent of the beverage industry and have experience in the recycling and waste industry (including, but not limited to, experience in waste recovery, processing, transport or logistics)
- at least 1 director who is nominated by the Minister for Environment and Water
- at least 2 other directors who have legal or financial qualifications and experience, are independent of the beverage industry and are independent of the waste industry.

2. The Minister for Environment and Water, informed by the EPA and the independent governing body, will approve CDS performance objectives and measures, including

- return rate targets

- scheme costs (including scheme administration, compliance, recovered container transportation and handling fees)

- governance agreements and accountability frameworks.

3. The **independent governing body** will govern the super collectors (option 1) and be accountable to the Minister for Environment and Water. The **independent not-for-profit scheme coordinator board** will govern the scheme coordinator (option 2) and be accountable to the Minister for Environment and Water. The function of the governance arrangement, approved by the Minister, is to develop a framework of rules and relationships, systems and processes by which the scheme will be directed, controlled and held to account. The independent body or independent not-for-profit scheme coordinator will be required to

- develop a strategic plan for the scheme for the approval of the Minister
- develop a governance plan for the approval of the Minister
- justify to the Minister costs (including scheme administration, compliance and handling fees) payable under the scheme. The Minister may seek an independent justification of the fees proposed
- raise and maintain public awareness of the scheme, including how the scheme operates and locations and customer service standards of refund points
- publish and provide an annual report to the Minister that includes the performance of the independent body or scheme coordinator against the CDS performance objectives and measures set by the Minister
- not act unfairly or unreasonably to discriminate in favour of or against any particular scheme participant when negotiating, entering into, performing obligations under or enforcing any scheme management arrangements.

4. The independent body or 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)
- total operating cost and revenue breakdown (option 2 only)
- the handling fee rate per region payable to refund operators
- current and historical figures showing total numbers of containers sold, collected for which refund amounts have been paid by depots and return points (by region) and total weight of CDS collected and supplied for recycling by destination (overseas, interstate or local) in SA by each container material type
- economic viability of each depot and return point, including type of return points and proximity to other return points
- whether the network of depots and return points in a community (including remote communities) meets the reasonable needs of that community
- total number and type of disputes within the CDS involving super collectors (for option 1) or scheme coordinator (for option 2), depots, return point operators and donation partners, actions taken in response to each dispute and the outcomes of the dispute resolution process
- total number and type of complaints received about the scheme, actions taken in response to each complaint and the outcomes of each action.

5. **Beverage producers and suppliers** will continue to fund the scheme and only sell eligible beverage containers in SA once approved by the EPA and have a current waste management arrangement in place. It is proposed to require the registration of beverage containers (and barcodes if available) as a condition of container approval to enable the barcode to be scanned (or otherwise recognised) when an empty container is returned for a refund at an approved depot or return point. Beverage producers and

suppliers must utilise a centralised IT platform for auditing and reporting purposes in accordance with the supplier arrangement approved by the super collector or scheme coordinator.

6. The **super collectors** or **independent not-for-profit scheme coordinator** must endeavour to achieve the scheme's objectives and targets as set by the Minister. The super collectors will be accountable to the independent body (option 1) and the independent scheme coordinator accountable to the Minister. The scheme's coordination arrangement must include performance targets that ensure arrangements are in place to

- coordinate the collection, recovery and reuse or recycling of empty eligible beverage containers
- to coordinate the receipt and payment of funds in accordance with supplier, coordinator and waste management arrangements
- coordinate the centralised IT platform that supports container counting and is able to achieve reporting and auditing requirements
- enable a single waste management arrangement per depot or return point for the payment of funds and eliminate container sorting by brand
- implement a CDS awareness and community engagement strategy as approved by the independent body
- verify that all collected and returned containers are reused and recycled
- verify the number of containers that have been returned to refund points
- verify the amounts received or paid under a scheme arrangement
- identify and report to the EPA persons suspected of selling eligible containers without a current waste management arrangement, refund marking or container approval.

The super collectors or scheme coordinator must also provide a quarterly report to the EPA that includes, for the reporting period, the

- number of containers sold by material type
- number of containers for which refund amounts have been paid by depots and return points, by region and by material type
- total weight of CDS material types collected and supplied for recycling
- total number and type of disputes involving the super collectors [for option 1] or scheme coordinator [for option 2], depots, return point operators and donation partners, actions taken in response to each dispute and the outcomes of the dispute resolution process.

7. The depot and return point operators must endeavour to achieve the objectives of the scheme in relation to container returns and refund payments. The main function of the depot or return point operator is to operate in accordance with customer service standard approved by the independent body and waste management arrangement approved by at least one super collector [option 1] or the customer services standard and the waste management arrangement approved by the independent scheme coordinator [option 2], including
- operating in accordance with the customer service standards as approved by the independent body
 - accepting and paying a refund for empty eligible beverage containers when a barcode is scanned [or approved container otherwise recognised]
 - paying the refund amount in cash, EFT or other manner as prescribed by regulation
 - sorting and counting returned containers according to material type in accordance with the waste management arrangement
 - utilising the centralised IT platform and employing container counting to verify the number of containers that have been returned to refund

points, unless otherwise outlined in the approved waste management arrangement

- identifying and reporting to the EPA persons suspected of returning eligible containers for a refund without a current waste management arrangement or container approval
 - establishing an arrangement with one or more authorised donation partners to enable the direct payment of refunds to a nominated fundraising account upon the request of individuals for returned CDS-eligible beverage containers.
8. **Donation partners** must apply and gain approval from the EPA prior to establishing a donation arrangement with a collection depot or return point operator for the receipt of donated funds, prior to permitting refunds to be donated directly into a nominated charity or community group fundraising account.

Questions

Scheme oversight

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?

5.1.a

If so, do you think the proposed governing body membership is appropriate? If not, what would you suggest?

Scheme auditing and reporting

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?

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?

Scheme coordination

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.a What do you see as the risks and benefits of each of these scheme coordination options?

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

5.4.c 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?

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.

5.5.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?

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.

5.6.a Do you foresee any issues with this method of payment for returned containers?

5.6.b How would smaller depots with low container return volumes achieve container counting?

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?

Proposed governance structure with new single scheme coordinator or multiple super collectors

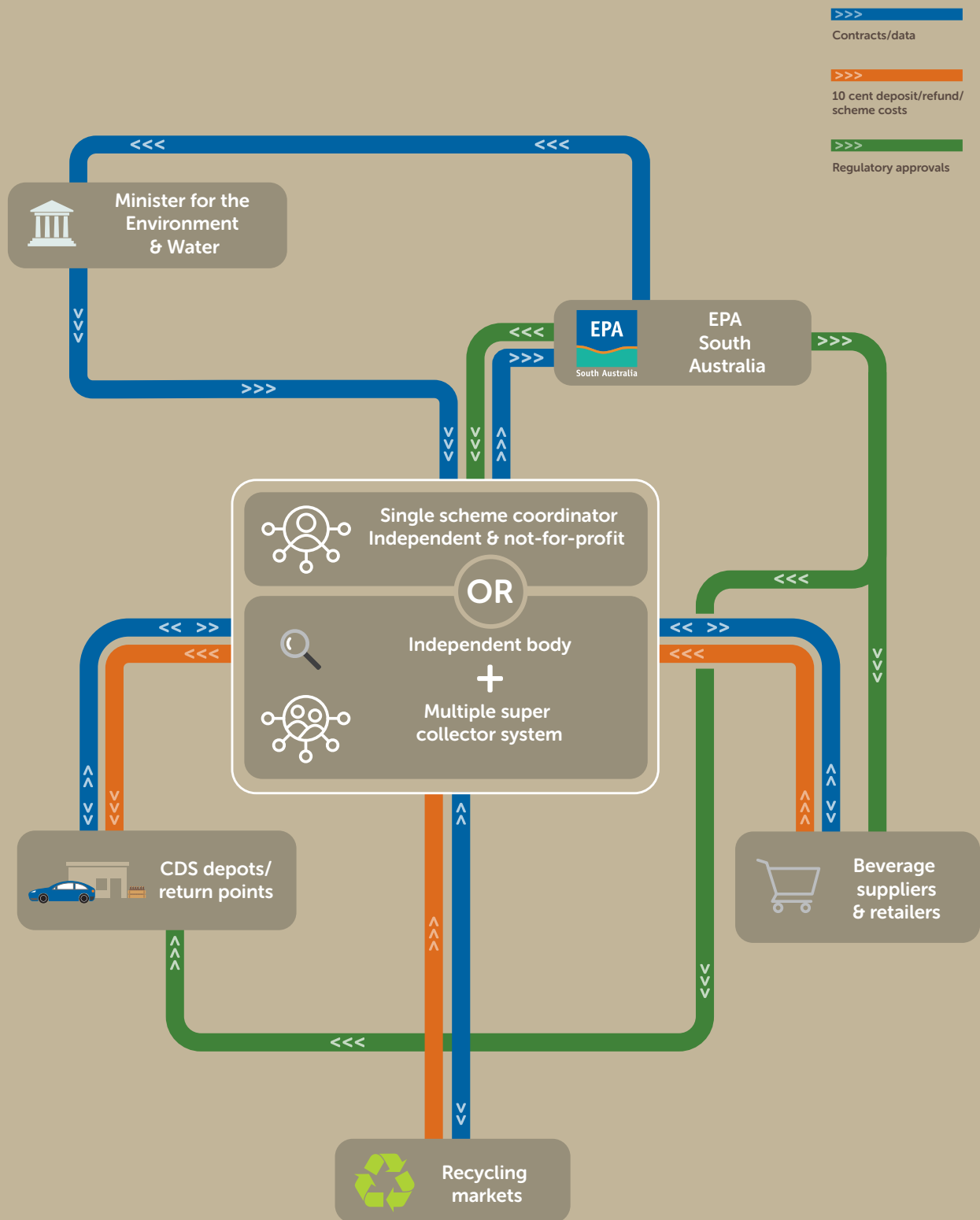


Figure 21—Proposed CDS governance arrangements detailing a proposed single and multiple coordinator governance model

Table 6—Comparison between current governance arrangements and proposed Options 1 and 2

| | Current governance arrangements (current responsibilities) | Option 1: Enhance current system of multiple scheme coordinators | Option 2: Single independent not-for-profit scheme coordinator |
|---|---|--|---|
| SA Government supported by the EPA | <p>The Minister for Environment and Water is responsible for:</p> <ul style="list-style-type: none"> a. setting the deposit amount. <p>The EPA is responsible for:</p> <ul style="list-style-type: none"> b. approving and setting conditions for the super collectors, collection depots and refund points c. approving and auditing eligible beverage containers d. monitoring compliance in relation to the legislation and undertaking enforcement action, as necessary, upon free riders e. providing strategic policy advice to the government with regard to the scheme and its contribution to the state's environmental and waste objectives f. promotion and communication of the scheme to the public and sector stakeholders. | <p>In addition to current responsibilities, the Minister for Environment and Water is responsible for:</p> <ul style="list-style-type: none"> a. approving scheme costs b. approving the strategic objectives and performance targets of the CDS c. appointment of the Chair of the independent governing body. <p>In addition to the current responsibilities, the EPA is responsible for:</p> <ul style="list-style-type: none"> d. approving donation partners e. auditing and monitoring of the CDS against performance objectives, which is reported to the public via the Minister for Environment and Water. | <p>In addition to current responsibilities, the Minister for Environment and Water is responsible for:</p> <ul style="list-style-type: none"> a. approving scheme costs b. approving the strategic objectives and performance targets of the CDS c. appointment of the Chair of the independent governing body d. appointment of the single scheme coordinator. <p>In addition to the current responsibilities, the EPA is responsible for:</p> <ul style="list-style-type: none"> e. approving donation partners f. auditing and monitoring of the CDS against performance objectives, which is reported to the public via the Minister for Environment and Water. |

| Current governance arrangements (current responsibilities) | Option 1: Enhance current system of multiple scheme coordinators | Option 2: Single independent not-for- profit scheme coordinator |
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| <p>Independent CDS governing body/ Independent scheme coordinator board</p> <p>NA</p> | <p>The independent governing body will be accountable to the Minister for Environment and Water according to the governance arrangement approved by the Minister.</p> <p>The governance arrangement will require the governing body to:</p> <ul style="list-style-type: none"> a. develop a strategic plan for the scheme for the approval of the Minister b. develop a governance plan for the approval of the Minister c. determine scheme costs, including administration, compliance and handling fees payable under the scheme d. raise and maintain public awareness of the scheme, including how the scheme operates and locations and customer service standards of refund points e. provide an annual report to the Minister that includes the performance of the independent body against the CDS performance objectives and measures set by the Minister f. not act unfairly or unreasonably discriminate in favour of or against any particular scheme participant when negotiating, entering into, performing obligations under or enforcing any scheme management arrangements. <p>The independent body must provide the Minister with an annual report that includes, for the reporting period:</p> <ul style="list-style-type: none"> g. average handling fee rate per region payable to refund operators h. current and historical figures showing total numbers of containers sold, collected for which refund amounts have been paid by depots and return points [by region] and total weight of CDS collected and supplied for recycling by destination [overseas, interstate or local] in SA by each container material type i. economic viability of each depot and return point, including the proximity of return points to other return points j. whether the network of depots and return points in a community is appropriate for that community k. whether the network of depots and return points in a remote community is appropriate for that community l. total number and type of disputes involving the super collectors, depots, return point operators and donation partners, actions taken in response to each dispute and the outcomes of the dispute resolution process m. total number and type of complaints received about the scheme, actions taken in response to each complaint and the outcomes of each action. | <p>The independent scheme coordinator board will be accountable to the Minister for Environment and Water according to the governance arrangement approved by the Minister.</p> <p>The governance arrangement will require the independent scheme coordinator board to:</p> <ul style="list-style-type: none"> a. develop a strategic plan for the scheme for the approval of the Minister b. develop a governance plan for the approval of the Minister c. determine scheme costs, including administration, compliance and handling fees payable under the scheme d. raise and maintain public awareness of the scheme, including how the scheme operates and locations and customer service standards of refund points e. provide an annual report to the Minister that includes the performance of the independent body against the CDS performance objectives and measures set by the Minister f. not act unfairly or unreasonably discriminate in favour of or against any particular scheme participant when negotiating, entering into, performing obligations under or enforcing any scheme management arrangements. <p>The independent scheme coordinator board must provide the Minister with an annual report that includes, for the reporting period:</p> <ul style="list-style-type: none"> g. financial statements that have been audited by an independent auditor h. total operating cost and revenue breakdown i. average handling fee rate per region payable to refund operators j. current and historical figures showing total numbers of containers sold, collected and destination [overseas, interstate or local] in SA by each container material type k. economic viability of each depot and return point, including the proximity of return points to other return points l. whether the network of depots and return points in a community is appropriate for that community m. whether the network of depots and return points in a remote community is appropriate for that community n. total number and type of disputes involving the depots, return point operators and donation partners, actions taken in response to each dispute and the outcomes of the dispute resolution process o. total number and type of complaints received about the scheme, actions taken in response to each complaint and the outcomes of each action. |

| | Current governance arrangements (current responsibilities) | Option 1: Enhance current system of multiple scheme coordinators | Option 2: Single independent not-for-profit scheme coordinator |
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| Super collectors/ independent not-for-profit scheme coordinator | <p>Authorised super collectors approved to operate and coordinate the CDS must:</p> <ol style="list-style-type: none"> operate in accordance with the conditions of EPA approval have a waste management arrangement in place with eligible beverage suppliers and retailers for the collection of funds (deposit and administration costs) based upon the number of approved beverage containers sold in SA have a waste management arrangement with EPA authorised depots (or return point operators) for the transfer of deposit refunds, payment of handling fees and collection of returned CDS-eligible beverage containers arrange for the collection, handling and transport of recovered eligible beverage containers from EPA authorised depots or refund points for recycling identify and report to the EPA persons suspected of selling eligible containers without a current waste management arrangement, refund marking or container approval annually report to the EPA <ul style="list-style-type: none"> the total number of containers sold for each material type the total number of containers returned for each material type the total weight of containers returned for each material type the rate of return for each material type. | <p>In addition to the current responsibilities, authorised super collectors must:</p> <ol style="list-style-type: none"> coordinate the centralised IT platform that supports container counting and is able to achieve reporting and auditing requirements enable a single waste management arrangement per depot or return point for the payment of funds and eliminate container sorting by brand reimburse the scheme compliance costs to the EPA as prescribed by regulation implement a CDS awareness and community engagement strategy as approved by the independent body verify that all collected and returned containers are reused and recycled verify the number of containers that have been returned to refund points verify the amounts received or paid under scheme arrangements monitor and report against the CDS performance targets as approved by the Minister for Environment and Water provide a quarterly report to the EPA that includes, for the reporting period, the <ul style="list-style-type: none"> number of containers sold by material type number of containers for which refund amounts have been paid by depots and return points, by region and by material type total weight of CDS material types collected and supplied for recycling total number and type of disputes involving the super collectors, depots, return point operators and donation partners, actions taken in response to each dispute and the outcomes of the dispute resolution process. | <p>In addition to the proposed responsibilities, the independent scheme coordinator must:</p> <ol style="list-style-type: none"> coordinate the centralised IT platform that supports container counting and is able to achieve reporting and auditing requirements enable a single waste management arrangement per depot or return point for the payment of funds and eliminate container sorting by brand reimburse the scheme compliance costs to the EPA as prescribed by regulation implement a CDS awareness and community engagement strategy as approved by the independent body verify that all collected and returned containers are reused and recycled verify the number of containers that have been returned to refund points verify the amounts received or paid under scheme arrangements monitor and report against the CDS performance targets as approved by the Minister for Environment and Water provide a quarterly report to the EPA that includes, for the reporting period, the <ul style="list-style-type: none"> number of containers sold by material type number of containers for which refund amounts have been paid by depots and return points, by region and by material type total weight of CDS material types collected and supplied for recycling total number and type of disputes involving the scheme coordinator, depots, return point operators and donation partners, actions taken in response to each dispute and the outcomes of the dispute resolution process. |
| Beverage producers and suppliers | <p>Beverage suppliers and retailers must:</p> <ol style="list-style-type: none"> not sell an eligible beverage container unless it is approved by the EPA and displays the EPA approved refund marking ensure that the eligible beverage container is recyclable have in place an arrangement with the relevant super collector for the coordination of the collection, handling and recycling of returned empty beverage containers sold in SA pay the super collector the required refund amount and scheme coordination fees based upon the number of containers sold in SA. | <p>In addition to the current responsibilities, beverage suppliers and retailers must:</p> <ol style="list-style-type: none"> register approved beverage containers (and barcodes if available) have in place an arrangement with at least one super collector utilise the centralised IT platform for auditing and reporting purposes in accordance with the supplier arrangement approved by at least one super collector report the number and types of eligible beverage containers sold in SA via the centralised IT platform. | <p>In addition to the current responsibilities, beverage suppliers and retailers must:</p> <ol style="list-style-type: none"> register approved beverage containers (and barcodes if available) have in place an arrangement with the scheme coordinator utilise the centralised IT platform for auditing and reporting purposes in accordance with the supplier arrangement approved by the scheme coordinator report the number and types of eligible beverage containers sold in SA via the centralised IT platform. |

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| Collection depot and return point operators | <p>Authorised collection depots and return points approved to refund deposits upon return of empty eligible beverage containers must:</p> <ol style="list-style-type: none"> operate in accordance with the conditions of EPA approval refund the deposit upon return of empty eligible beverage containers that display the approved refund marking and that are sold in SA pay the refund amount in cash or credit note redeemable for cash as prescribed by regulation have a waste management arrangement with the relevant EPA authorised super collector for the reimbursement of deposit refunds and payment of container handling fees handle and process the empty beverage containers in accordance with the arrangement with the super collector enable the collection, handling and transport of recovered eligible beverage containers by or on behalf of the EPA authorised super collector depots for recycling. | <p>In addition to the current responsibilities of authorised collection depots and refund points, the approved collection depots and return points must:</p> <ol style="list-style-type: none"> operate in accordance with the customer service standards as approved by the independent body have a waste management arrangement with at least one super collector for the reimbursement of deposit refunds and payment of container handling fees accept and pay a refund for empty eligible beverage containers when a barcode is scanned [or approved container otherwise recognised] pay the refund amount in cash, EFT or other manner as prescribed by regulation count and sort returned containers according to material type in accordance with the waste management arrangement utilise the centralised IT platform and employ container counting to verify the number of containers that have been returned to refund points, unless otherwise outlined in the approved waste management arrangement identify and report to the EPA persons suspected of returning eligible containers for a refund without a current waste management arrangement or container approval establish an arrangement with one or more authorised donation partners to enable the payment of refunds to the donation partner direct to a nominated fundraising account upon the request of individuals for returned CDS-eligible beverage containers that display the approved refund marking and that are sold in SA. | <p>In addition to the current responsibilities of authorised collection depots and refund points, the approved collection depots and return points must:</p> <ol style="list-style-type: none"> operate in accordance with the customer service standards as approved by the independent body have a waste management arrangement with the scheme coordinator for the reimbursement of deposit refunds and payment of container handling fees accept and pay a refund for empty eligible beverage containers when a barcode is scanned [or approved container otherwise recognised] pay the refund amount in cash, EFT or other manner as prescribed by regulation count and sort returned containers according to material type in accordance with the waste management arrangement utilise the centralised IT platform and employ container counting to verify the number of containers that have been returned to refund points, unless otherwise outlined in the approved waste management arrangement identify and report to the EPA persons suspected of returning eligible containers for a refund without a current waste management arrangement or container approval establish an arrangement with one or more authorised donation partners to enable the payment of refunds to the donation partner direct to a nominated fundraising account upon the request of individuals for returned CDS-eligible beverage containers that display the approved refund marking and that are sold in SA. |
| Donation partners | NA | <p>Authorised donation partners must:</p> <ol style="list-style-type: none"> be a not-for-profit organisation operate in accordance with the conditions of EPA approval have an arrangement with an EPA authorised collection depot or return point operator for the receipt of donated funds. | <p>Authorised donation partners must:</p> <ol style="list-style-type: none"> be a not-for-profit organisation operate in accordance with the conditions of EPA approval have an arrangement with an EPA authorised collection depot or return point operator for the receipt of donated funds. |