

Australian Beverages Council Limited

Submission to Driving NSW's Circular Economy

2 December 2022



Introduction: the beverage industry is a pioneer in producer responsibility

The Australian Beverages Council recognises the impact of waste on our environment and acknowledges the role our industry must play in helping to meet this challenge. Through Container Deposit Schemes (CDS), our members have led other sectors by taking responsibility for their packaging and investing in the circular economy.

Today, CDS plays a valuable role as a channel for materials to enter the circular economy and remain out of the natural environment at their highest reuse (“bottle to bottle”). Participation in CDS also has a positive impact on climate change and generates strong social and economic dividends for the community

The 10c deposit is an important incentive, rewarding consumers for taking their drink containers to a collection point and driving a clean stream of used plastic for remanufacture into recycled containers for a range of different industries.

The CDS model remains one of the most robust and transparent approaches to resource circularity and we urge other industries to leverage this model as they seek to enact producer responsibility.

Three core themes run through this submission:

- We support the current proposal to expand the scope of containers collected by Return and Earn (the Scheme) and encourage NSW to work with other states and territories on a nationally consistent approach to implementing an expanded scope.
- NSW has a further opportunity to lead circular economy policy locally and internationally by including a broader range of plastic and glass containers for collection by CDS (for example, cooking oil, detergent, shampoo and hand wash bottles).
- This review presents an opportunity to integrate the nationally recognised Australasian Recycling Logo (ARL) CDS/ARL combined logo as an allowable alternative to the ten-cent refund marking currently required. This integrated logo would provide consumers with one clear recycling instruction for both CDS and kerbside, driving positive behaviour change and enabling a national “Slip Slop Slap” campaign to improve container recycling behaviours.
- We believe that the Scheme is fulfilling its objectives under the *Waste Avoidance and Resource Recovery Act* (2001) (NSW) and there is an opportunity to go further. In particular, by drawing on the Western Australian CDS model to, among other matters, ensure material is sold via an open, competitive market and adopt that state’s approach to the definition of ‘first supplier’, ‘exports’ and ‘contract bottlers’. There are further opportunities for national harmonisation in the areas of IT platform and reporting standards.

The opportunity for New South Wales to foster a world-leading circular economy through CDS

Before we respond to the specific consultation questions, we thought it would be useful to outline the ABCL’s general position on CDS container scope and refund markings.

When a CDS was first introduced locally – in South Australia in 1977 – the intent was to reduce litter. For that reason, schemes targeted products in containers that were consumed ‘out and about’ and often littered, such as smaller beverage bottles and aluminium cans. As a consequence, policy makers historically have tended to exclude other packaging types because they were less frequently discarded in the environment and were deemed a price sensitive consumer staple.

As time moved on and new package formats were introduced which were within the target market segment, they were added to the scope of CDS containers. For example, immediate consumption beverages contained in Liquid Paper Board, HDPE Juice and PET. Recently, Australia’s environmental context has evolved and CDS are now increasingly important in supporting broader imperatives such as producer responsibility and resource recovery, towards fostering a national circular economy. The goal is no longer just reducing litter but supporting local industry and keeping material (such as glass and plastic) in use for as long (and for as many rotations) as possible through circular economy initiatives.

To meet this challenge, the ABCL proposes that **Commonwealth, state and territory governments align to agree on action to broaden the scope of containers currently collected by CDS to encompass a wider range of packaging.**

In this context, we support the New South Wales Government’s proposal to expand the scope of CDS to include water (aseptic packs) – one to three litres, fruit and vegetable juice (at least 90% juice and all container types) – one to three litres, flavoured milk (all container types) – one to three litres, concentrated fruit and vegetable juice intended to be diluted before consumption (all container types) – 150 millilitres to three litres, cordial (undiluted and all material types) – 150 millilitres to three litres, wine (sachets – plastic and/or foil) – 250 millilitres to three litres, wine (aseptic packs) – one to three litres and flavoured alcoholic beverages with a wine base (aseptic packs) – one to three litres.

At the same time, there is an opportunity for New South Wales to go even further. Currently, a large volume of PET and glass packaging such as cooking oil, hand wash, shampoo and detergent containers go to landfill, needlessly. This is an overlooked source of high-quality material which could be collected using existing infrastructure, re-used, and kept out of the natural environment, just as many beverage containers are. There is a similar opportunity to integrate glass jars and bottles from the food sector into the scheme, near eliminating the issue of glass contamination in mixed kerbside recycling without the need for a fourth bin for glass.

Adopting a more ambitious approach to the scope of PET and glass containers collected by CDS would:

- Reinforce and motivate recycling behaviour by Australian households. The broader the range of containers redeemable for a cash incentive, the more likely businesses and households will accumulate these items and claim a deposit.
- Shore up PET and glass feedstock supply to support recycling and the achievement of the National Packaging Targets.

- Fuel and encourage more investment in the local manufacturing industries which underpin Australia's circular economy. In turn, this would support more employment as the local recycling sector generates around 9 jobs per 10,000 tonnes of waste compared to only about 3 jobs for the same amount of waste sent to landfill¹.
- Support enhanced sovereign capability. It is crucial that Australia secures its rPET supply amid disrupted supply chains and an uncertain global geopolitical environment.
- Have a positive impact on climate change (by recycling plastic, industry lessens its dependence on the manufacture and transport of emissions-intensive virgin materials). It is estimated that every 1,000 containers recycled through a CDS will prevent the release of 121 kilograms of carbon dioxide emissions. Secondly, it is well documented that glass collected through co-mingled recycling is often crushed too fine to be integrated back into new beverage or food containers. South Australia's CDS review found that 99% of CDS recovered glass was retained as food-grade cullet, compared to 11% via kerbside². This clearly shows the value of source separation as a strategy to keep materials at their highest value the longest.

The ABCL is currently working on a detailed, expert proposal on including a wider range of PET and glass containers within the scope of existing CDS. We look forward to sharing this proposal with government in the coming months.

Refund Marking

ABCL member organisations (and our counterparts in the alcoholic sector) with over \$5 million in annual revenue are bound nationally by the National Environment Protection (Used Packaging Materials) Measure 2011 (NEPM). This legislation requires that producers of consumer goods have a plan to manage their packaging end of life through factors such as optimising material use, designing for recyclability and facilitating collection. This federal legislation is managed by the Australian Packaging Covenant Organisation (APCO) who, guided by the National Packaging Targets, sets standards related to data reporting and recycling labels. Within the National Waste Policy Action Plan sits the goal to have the ARL on 80% of supermarket packaging by 2023.

It is with the legislated requirements of the NEPM and CDS in mind that the ABCL has worked with APCO to harmonise a logo for both programs which is legally adoptable, clear to consumers and fits on a beverage label alongside other nutrition and safety requirements. This enables the industry to satisfy both state CDS and Federal labelling requirements in a way which removes confusion for the consumer and allows for a nationally harmonised communication and education plan.

¹ Access Economics (2009). Employment in waste management and recycling. Australian Government. Canberra, Australia.

² Improving South Australia's Recycling Makes Cents, September 2021



CAN



LIQUID PAPERBOARD



PET and GLASS

We request that this combined ARL/CDS logo is written into regulation as an accepted alternative to the “ten cent wording” currently used across all schemes.

Responses to consultation questions

Consultation question	ABCL position
<i>Do you support an expansion in scope of containers included in the NSW Scheme?</i>	We support the current proposal to expand the scope of containers in the NSW Scheme, and as outlined above, urge the NSW government to explore including other PET and glass packaging types. In relation to including a broader range of glass packaging, we add that: 1. Providing access to more glass material will require minimal changes to existing infrastructure. 2. Long-term trends are expected to drive demand for glass packaging in Australia. There is an opportunity to meet this demand using recycled rather than virgin glass. 3. Typically, wine bottles are easier to sort at recycling facilities due to their colour and quality. Taking glass – such as wine bottles – out of kerbside recycling bins would also lessen contamination of other material such as paper and cardboard. 4. Glass collected through kerbside channels is particularly susceptible to breakage, affecting its
<i>Do you support the proposed containers that would be included in an expanded scope?</i>	

	viability for recycling and significantly reducing the yield. Some diversion of these bottles to CDS would help to preserve their recyclability Additionally, the broader the range of containers which can be redeemed, the more motivated consumers, businesses and households will be to accumulate them and claim a deposit. In other words, the financial benefits of making a trip to the collection depot are magnified by the broader scope of containers.
<i>What factors will need to be considered and addressed during the transition period?</i>	We propose a 24-month grace period to enable beverage manufacturers to make changes associated with a wider container scope. These may include, for example, modifying labels to include a deposit statement and, in some cases, a bar code. This is consistent with the provisions put in place during the original implementation.
<i>What period of transition would be required to prepare impacted stakeholders?</i>	We propose a 6-month transition period (from announcement to first payment) to allow affected stakeholders to make relevant changes to their containers. Other relevant time frames which may be taken into account as part of the transition process include: • The transition should occur on or around the September excise change date • Small beverage suppliers should continue to be permitted to report volumes and pay the CDS fees quarterly in arrears to help manage cashflow issues.
<i>What activities should be included to prepare impacted stakeholders?</i>	We would encourage NSW to run an extensive education campaign to support beverage manufacturers to adapt to the broadening of scope. For example, through workshops in metropolitan and regional areas and provision of clear on-line and hard copy resources. This education campaign should also provide ongoing updates to consumers on the timelines for the expanded scope coming into effect. Beverage manufacturers – particularly smaller operators – may need additional support to navigate procedural matters such as providing sales data from the previous year to the scheme coordinator

<i>How should stored wines and spirits be treated in an expanded Scheme?</i>	Stored wine and spirits should be accepted by the newly expanded scheme. We do not believe this inventory of product will be a major area of concern in the rollout of the expanded CDS scope. Upon successful implementation, stocks of stored wine will likely be relatively minor relative to the overall volume sold per annum. Further, we would not expect the stored wine to be of sufficient volume to cause operational or solvency concerns to the Scheme.
<i>Do you think the Scheme is achieving the objectives of Part 5 of the Act?</i>	We believe that the Scheme generally does achieve the objectives of Part 5 of the Act. In relation to objective 1, while the Scheme does implement the producer responsibility principle, it has not led to a commensurate level of public or government recognition of the Scheme and the beverage industry's leadership in the circular economy. For example, there is an opportunity for the schemes in every jurisdiction to play a more prominent role in the national policy conversation on the circular economy. Specifically, they could highlight the success of the CDS model generally (despite a national plastic recycling rate of 16%, CDS achieve annual resource recovery rates of up to 76%) and urge more industries to leverage CDS infrastructure to implement their producer responsibility. In relation to objective 2, "<i>establish a cost-effective statewide container deposit scheme...</i>", we suggest that there would be value in running an independent, global benchmarking process to measure the cost effectiveness of the scheme. To further the achievement of objective 2, we would also encourage the scheme to implement a transparent open market for the sale of collected material (similar to that adopted in Queensland and Western Australia). Additionally, the introduction of competition into the collection market through the introduction of additional Network Operators would drive higher redemptions and potentially lower cost.
<i>Do you think the objectives remain valid?</i>	While the objectives of the Act remain broadly valid, we suggest that they (and relevant terms) be amended to allow for a broader range of industries to participate in the Scheme (please see position above).
<i>Do you think the terms of the Act remain appropriate for securing those objectives?</i>	

<i>Is the threshold of 300,000 containers per year the right threshold for defining a small supplier?</i>	Yes
<i>Are there other ways the Scheme could make it easier for small suppliers to participate?</i>	See above under <i>What period of transition would be required to prepare impacted stakeholders?</i>
<i>Should the Scheme incorporate the container approval application fee into the overall Scheme cost and reduce the administrative burden for all suppliers or just small suppliers?</i>	We support the removal of the container approval application fee and incorporation of these costs as a part of the overall Scheme cost. We note that currently the Northern Territory, Queensland and Western Australian schemes do not charge a container approval application fee, further supporting its removal from the Scheme. Tasmania has also indicated that there will be no registration fees. In these jurisdictions, the process is managed by the scheme coordinator under legislative and regulatory provisions. The costs of that process form a part of the Not-For-Profit scheme coordinator costs which are recovered in the contract fees. We would also support industry and government jointly developing a nationally-consistent design standard for beverage containers which would prioritise recyclability through CDS. If such a design standard were agreed and implemented it would negate the need for the current container application process. Additionally, streamlining the approval process for beverage manufacturers would be of significant assistance to smaller beverage companies that find the approval process burdensome, costly and stifling to product innovation.
<i>Do you support NSW removing the penalty for redeeming containers purchased outside NSW?</i>	The Victorian and Tasmanian schemes are expected to come on-line in the coming year. This will result in Australia-wide CDS coverage, rendering it less economically attractive to redeem containers outside of the state or territory where they are consumed. As such, the policy rationale for an interstate penalty is less compelling. We support the removal of the interstate penalty.
<i>Would you support an alternative to the current refund mark requirements that suppliers could elect to use?</i>	See above under <i>refund marking</i>

<i>What kind of wording or symbols for the refund marking would be more effective in your view?</i>	
<i>Is an amendment to the current container approval application processing timeframe supported?</i>	We would support removal of a container approval application fee, and would suggest granting a ten-year term for approvals at a minimum. We also submit that the review process could benefit from a thorough assessment aimed at ironing out inefficiencies, for example, if a product is discontinued, is there a compelling reason to invest time and resourcing in removing it from the relevant database? There is no apparent harm produced by the registration remaining in place. The introduction of wine and the longevity of some vintages would require products to remain registered for considerable time after production has ceased. There would also be value in industry and government jointly developing a nationally-consistent design standard for beverage containers which would prioritise recyclability through CDS. If such a design standard were agreed and implemented, it would negate the need for the current container application process. With the introduction of wine the application process needs to be streamlined as new vintages every year would be an administrative burden for small manufacturers
<i>Is the exclusion of contract bottlers supported?</i>	We would endorse the Western Australian Government's approach to treatment of contract bottlers and first suppliers in the Scheme (Please see the <i>Waste Avoidance and Resource Recovery Act 2007</i> and the <i>Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulations 2019</i>).
<i>Are there any other participants in the supply chain that should or should not be considered a 'first supplier'?</i>	
<i>Which definition of 'first supplier' used across the Australian Schemes is the easiest to administer?</i>	
<i>Do you have any other suggestions about how the concept of 'first supplier' could be improved?</i>	
<i>Would the NSW Scheme benefit from referring to exporters and or exports in the legislation? Why or why not?</i>	Yes, we think the Scheme would benefit from referring to exports and/or exporters in the legislation. However, we would encourage a nationally-consistent approach to this issue which leverages a single integrated information technology platform. Such a consolidated database could act as a clearing house for all of the schemes, allowing monitoring and

	management of exports. The implementation of Victoria and Tasmania CDS will facilitate the introduction of this national clearing house concept
<i>Would the WA approach be preferred? Why or why not?</i>	We would endorse the Western Australian Government's approach to exports (Please see the <i>Waste Avoidance and Resource Recovery Act 2007</i> and the <i>Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulations 2019</i>).
<i>Do you support holding the entire supply chain accountable for metal ring pull lids and barcode requirements? Why/why not?</i>	It is important to have multiple points of accountability in a supply chain for container approval, in order to accommodate the variety of ways containers are brought to market. Retailers can play a particularly important role in ensuring container approval, given their role in providing containers to consumers. To our knowledge there is not a local manufacturer of metal ring pull lids. However, in principle, we would support holding the entire supply chain accountable for use of these lids and implementing barcode requirements.
<i>Do you support holding the entire supply chain accountable for ensuring containers have a container approval? Why/why not?</i>	
<i>Are there any other responsibilities that the supply chain should have to improve the Scheme's efficiency?</i>	
<i>To strengthen the governance of the Scheme, should MRFs be required to have a commercial relationship with the Scheme Coordinator?</i>	We would support MRFs entering into a commercial relationship with the Scheme Coordinator which required them to sort material to a high standard (similar to that of Collection Points or Network Operators) in exchange for receipt of a refund. We endorse the approach used by the Queensland and Western Australian models in this regard.
<i>Can you suggest any other regulatory or other tools that would help to protect the Scheme's funds in the event of a MRF exiting the Scheme?</i>	We would support more frequent, individual auditing of each MRF to ensure accurate reporting of container recovery.
<i>Should interstate MRF operators be able to claim refunds on containers collected in NSW kerbside services?</i>	Yes. We would support the proposal to recognise interstate operators as being subject to the NSW legislation and a protocol which would allow them to process material and claim refunds from the NSW Scheme Coordinator. We agree that this would have the effect of making an operator subject to both the NSW scheme and the scheme in their home state or territory.
<i>How could this operate with fairness to NSW MRFs?</i>	
<i>Would you support the creation of a category of commercial-only MRF operators to participate in the Scheme?</i>	Yes, we would support creation of a category of commercial-only MRF operators. Their effectiveness would be enhanced with the following additional parameters: • It is imperative that disposal of eligible containers to landfill be made illegal.

	Commercial venues (e.g. hospitality venues and multi unit dwellings) should be obliged to sort containers into appropriate, clean waste streams in support of the Scheme.
<i>Are there any reasons why the annual report should continue to be tabled in Parliament?</i>	We support continued publication of the annual report, though would urge it to be released earlier than the end of October. There is also an opportunity for a nationally-aligned approach to reporting on each scheme's performance. This reporting could incorporate a common set of KPIs, outline opportunities for improvement across the various schemes, and pinpoint further opportunities for harmonisation.
<i>Are there any other matters that should be included in the annual report, or that should be published from time to time on the EPA or Scheme Coordinator's website?</i>	It would be valuable for the annual report to outline the Scheme's progress on national harmonisation.
<i>Do you support adding additional prohibited activities to reduce the risk of fraudulent refund claims?</i>	Yes
<i>How could the risk of fraudulent claims be further reduced?</i>	Yes, in two key respects: - Individual transaction, time stamped, based data should be supplied to the Scheme Coordinator to enable the algorithm to better police suspicious transactions. This monitoring could include triangulating data trends using a national data set. - The Scheme coordinator should be given more power to actively monitor and police fraud throughout the scheme. The legislation and regulations need to reflect that there is an inherent conflict between network operators and collection points voluntarily reporting fraudulent transaction as it may reduce their reportable container volume and thus their revenue. Data monitoring should be enhanced by the Scheme Coordinator.

Please contact Cathy Cook, Head of Corporate Affairs, at the ABCL (cathy@ausbev.org) if you require any further information in support of this submission.