

Victoria's container deposit scheme

Consultation report



March 2021

Photo credits

Main cover image from Shutterstock, 2021

Shutterstock, 2021 (p4, 6, 9, 10, 12, 13, 17)

Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



© The State of Victoria Department of Environment, Land, Water and Planning 2021

This work is licensed under a Creative Commons Attribution 4.0 International licence. You are free to re-use the work under that licence, on the condition that you credit the State of Victoria as author. The licence does not apply to any images, photographs or branding, including the Victorian Coat of Arms, the Victorian Government logo and the Department of Environment, Land, Water and Planning (DELWP) logo. To view a copy of this licence, visit creativecommons.org/licenses/by/4.0/

ISBN 978-1-76105-459-4 (pdf/online/MS word)

Disclaimer

This publication may be of assistance to you but the State of Victoria and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

Accessibility

If you would like to receive this publication in an alternative format, please telephone the DELWP Customer Service Centre on 136 186, or email customer.service@delwp.vic.gov.au, or via the National Relay Service on 133 677, www.relay.service.com.au. This document is also available on the internet at www.delwp.vic.gov.au

Contents

Recycling Victoria: A new economy	4
Incentives for recycling	5
Consultation overview	6
Consultation report	7
The consultation process	7
Key findings	8
Next steps	17

List of figures

Figure 1: How a CDS works.....	5
Figure 2: Types of Victorian businesses and organisations that made a submission.....	7
Figure 3: CDS infrastructure in retail environment.....	14
Figure 4: Fundraising through a CDS.....	15
Figure 5: Key milestones.....	17

Recycling Victoria: A new economy

Transforming waste and recycling

A container deposit scheme (CDS) is part of the Victorian Government's over \$515 million investment to deliver the biggest transformation and reform of Victoria's waste and recycling industry. This includes \$380 million to deliver Recycling Victoria: A new economy which will fundamentally reduce waste, boost jobs, and establish a recycling system Victorians can rely on.

The CDS will complement the new household waste collection system and is one of many ambitious reforms that's making recycling easier and more effective.

We asked Victorians for their views and the results are in. Input from consumers, recyclers, retailers, councils and beverage suppliers has informed a model that meets Victoria's needs. That means a scheme that is easy to use, efficiently operated and encourages active participation by Victoria's charities, community and sports groups.

Victoria's CDS will be easy to use and accessible with a variety of locations including shopping centres and drive through collection depots, mobile drop off points for events and community festivals as well as reverse vending machines in public places to return cans, bottles and cartons to.

All charities, community and sports groups will be able to benefit from Victoria's CDS as they do in every other state. The CDS will give charity, community, and sports groups a range of new ways to fundraise by receiving donations from the community, initiating collection drives, and the option of operating container collection points.



Incentives for recycling

A cash for containers scheme is coming to Victoria!

We're introducing a CDS to increase recycling of drink cans, bottles and cartons and substantially reduce Victoria's litter by up to half.

A CDS will provide Victorians with a cash incentive for recycling drink containers.

Victoria's CDS will generate new economic opportunities and create hundreds of new jobs including building and running collection points, sorting and recycling containers, transporting materials through the recycling supply chain, providing and managing the technology, administration and more.



Figure 1: How a CDS works

Consultation overview

Summary of what we heard and next steps

From 2–30 November 2020, more than 3,000 people provided valuable feedback on Victoria’s proposed CDS. We heard that Victorians want a CDS that is simple, accessible, and convenient to use.

Victorians told us that they support the proposed objectives of our CDS to:

- recycle drinks containers into new products;
- require the beverage sector to demonstrate product stewardship with shared responsibility through the supply chain; and
- deliver a best-practice and cost-effective scheme that meets Victorians’ expectations.

We heard that most Victorians support the proposed split responsibilities governance model that would see a scheme coordinator and network operators jointly operating the CDS to maximise the return and recycling of empty beverage containers.

The Victorian Government will consult further on design of regulations to guide operation of the scheme, in preparation for its commencement in 2023.



Consultation report | The consultation process

Victorians are informing the design of our CDS.



From 2-30 November, 2020, we asked Victorians to tell us what they thought about Victoria's proposed CDS. More than 3,000 people provided valuable feedback.

2,558 survey responses

Submitted online at engage.vic.gov.au



Short survey: how the CDS can work for individuals

1,866 responses



Extended survey, exploring the proposed scheme in detail

692 responses

22 people attended the public information session

264 workshop participants

Participants gave rich insights through detailed discussions about design options.

31 people attended two industry workshops (beverage, retail, waste & recycling)

23 people attended an environment and community group workshop

210 attended the four local government workshops

219 written submissions

53% Victorian community, 47% people representing Victorian businesses and organisations.



Figure 2: Types of Victorian businesses and organisations that made a submission

Consultation report | Key findings

What we heard from survey respondents and written submissions

What's important for Victoria's CDS?

Survey respondents told us the most important considerations in planning Victoria's CDS are:

- infrastructure should be as **simple, accessible, and convenient as possible**
- there should be standards for infrastructure across Victoria around noise, hours, and litter levels
- the scheme should ensure sufficient and suitable coverage across Victoria, especially regionally.



93% of survey respondents supported Victoria's CDS objectives.

- drink containers should be repeatedly recycled as part of a circular economy
- product stewardship, fostering shared responsibility for beverage containers at the end of their usable life
- best practice and cost-effective approach that is adaptable and fit for Victoria.



85% of survey respondents supported the split responsibilities governance model.

How a split responsibilities model works:

- Victorian Government provides regulatory oversight and ongoing evaluation
- a scheme coordinator is appointed by the Victorian Government to administer the scheme
- one or more network operator/s is appointed by the government to manage refund collection infrastructure.

In the written responses, community members, local government, environment groups and the waste and recycling industry also supported the split responsibilities governance model.

The governance model used for the Queensland and Western Australia schemes was preferred by the beverage industry and 9 out of the 15 not for profits that participated.



"The 'split responsibility' model
...guards against conflict of
interest, whereas the alternative
approach entrenches it."

Waste and recycling stakeholder

Funding Victoria's CDS

Two options for payments by beverage suppliers:


- **in-advance** using forecast data to estimate the costs. Any discrepancy is later reconciled.
- **in-arrears** when costs are known. The scheme coordinator makes scheme payments before collecting contributions from beverage suppliers.

Survey respondents and waste and recycling stakeholders were divided between both options. Beverage industry, business and local government stakeholders had a clear preference for the in-arrears funding model.

Funding for start-up costs

Beverage industry and local government advocated for a government loan to assist fund a float for scheme start-up costs. Other stakeholders didn't have a strong preference.

Some community members, environment organisations and businesses also suggested a hybrid float, made up of both government and industry contributions.



"I see no downsides to less waste going into the environment, higher rates of recycling, and less new resources having to be used, and cash back in consumers' hands."

Community member

Making it easy for people to return containers and receive a refund



Among survey respondents, supermarkets, shopping centres and local stores were the most popular options for the return of containers.



Respondents thought it was important for there to be a mix of options for consumers to redeem their refund - for example cash, electronic funds transfer and donation to charity.

Having a variety of ways to return containers was preferred.

523 survey respondents ranked the collection points that would achieve the highest redemption rates.

A mix of the type of collection points was considered the best way to ensure high redemption rates.

Reverse vending machines, over the counter returns and larger-scale automated refund collection points were ranked highest.

Other feedback

Not for profits stressed the importance of being able to receive donations through the scheme, such as at depots or reverse vending machines.

Retail stakeholders expressed a preference for retail vouchers. One retailer mentioned it was important the voucher could be used at any participating retailer.

"It needs to be easy, available at many locations, any time. It should be automated or staffed, different people will have different needs."

Community member

93% supported creating nationally consistent refund labelling.

91% of survey respondents supported a 10-cent refund, in line with other states.

Beverage, packaging, retail and other business stakeholders, and community members supported the proposed refund amount of ten cents.

Environment, local government, and waste and recycling stakeholders, as well as some survey respondents supported initial harmonisation of the refund amount with other jurisdictions, with a view to increasing the refund amount over time.

Some business stakeholders and survey respondents also supported initial harmonisation, with a view to develop a tiered pricing structure, based on material type and size, in the future as featured in some European and North American schemes.




"I think it is a good idea to be consistent with other states, and ten cents is a reasonable amount."

Survey respondent

84% of survey respondents supported making the types of containers accepted in the scheme the same as those in other states and territories.

The Victorian Government proposed that the containers eligible for refund should include cans, bottles, cartons and juice boxes between 150 millilitres and three litres in volume. The proposed scheme did not include milk containers, wine bottles, spirit bottles, juice bottles over one litre and cordial bottles.

Some respondents, as well as community members, environment, local government, not for profits and waste and recycling stakeholders called for other containers to be added to the scheme, such as wine and spirit bottles, larger milk and juice containers, jars, and single use coffee cups.



"Apart from being obviously critical for the environment and reducing waste, a container deposit scheme will assist "not for profit" organisations in their very important fundraising efforts."

Community member

Types of CDS infrastructure in retail environments

Of the 664 survey respondents who answered this question, most thought it appropriate for a mix of CDS collection infrastructure to be co-located with retail.

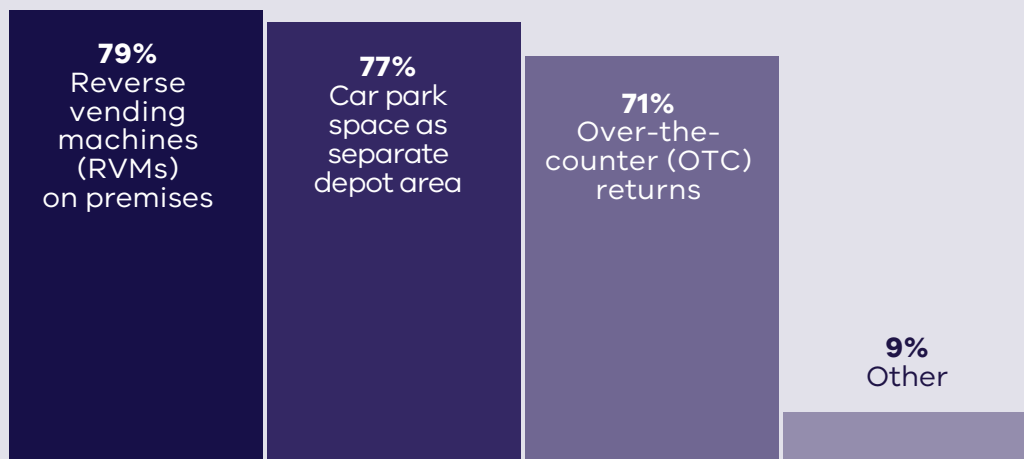


Figure 3: CDS infrastructure in retail environment

(Respondents were able to select more than one response for this question.)

Other feedback

Beverage, packaging and other business stakeholders saw retail as an effective recovery lever and thought there should be strong encouragement or incentives for retailers to participate.

Retail stakeholders mentioned the challenges which CDS infrastructure can present when co-located with retail, including a range of anti-social behaviour around RVMs, a lack of retailer and council authority over the sites, and logistical challenges. They also mentioned hygiene challenges regarding OTC returns, particularly in a COVID-safe environment.

Despite these barriers, retailers expressed an appetite for involvement in the scheme, in particular, that smaller and independent retailers be given the opportunity to participate in the scheme as collection points, with no bias towards one retail business or business type in the location of the collection points.

Delivering benefits for community organisations

Survey respondents indicated the best ways for community organisations to be involved in the CDS were:

- receiving electronic fund donations through reverse vending machines
- collecting containers in bulk to take to local collection points
- using 'pop up' collection points as community fundraising drives.

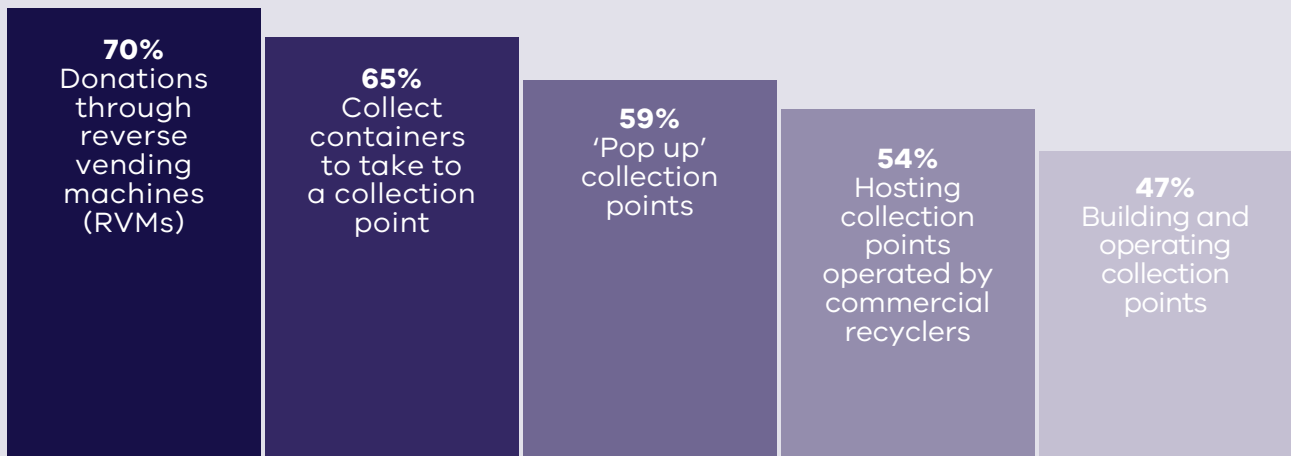


Figure 4: Fundraising through a CDS

(Respondents were able to select more than one response for this question.)

Other comments

Beverage stakeholders and a majority of not for profits expressed the view that the best way for community organisations to be involved is as collection point operators.

Some not for profits indicated they would prefer to receive donations from RVMs or other collection points.

Local government and some business stakeholders said it was important that the Victorian Government provide specialised support for community organisations to be involved.

Formalising agreements between councils and material recovery facilities (MRFs)

In a CDS, collection of containers is mainly accomplished through a dedicated network of refund points. However, all jurisdictions have arrangements to allow MRFs to receive refunds for containers they process from kerbside recycling.

Local government and waste and recycling stakeholders saw benefit in having a default refund sharing agreement unless the parties reach another agreement.

Local government indicated that the agreement would be particularly useful:

- for contracts which will exist at the commencement of the CDS (contracts negotiated after the implementation of the CDS are likely to include refund sharing arrangements in their terms)
- where local government doesn't have a direct relationship with a MRF (collections are made through a third-party collector)
- if materials must be diverted to another MRF
- as guidance for how to apportion the refund amount for MRFs which service multiple local governments.

Some local governments mentioned the agreement should not have an end date, to account for some of the ongoing scenarios mentioned above. They stressed the importance of having transparent sampling and financial data.

Most stakeholders recommended the Victorian Government establish a 50:50 refund sharing agreement between councils and MRFs.

“It should not be left up to councils or MRFs to determine (agreements), as smaller councils have less bargaining power.”

Local government stakeholder

Next steps

Working together to set up Victoria's CDS

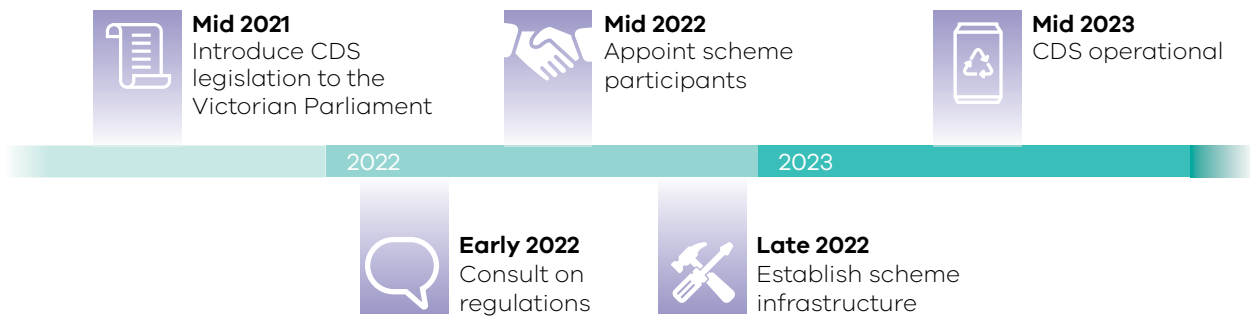


Figure 5: Key milestones



