

“Improving South Australia’s Recycling Makes Cents” Discussion Paper

LGA Submission

November 2021

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Summary of LGA response

The Local Government Association of South Australia (LGA) welcomes the next step in the State Government's review of the Container Deposit Scheme (CDS) with the release of the 'Improving Recycling in South Australia Makes Cents' discussion paper ("Discussion Paper").

In its response to the initial scoping paper released by the State Government as part of the review, the LGA recommended that "both the economic and environmental costs and benefits of the scheme be further explored and explained before the next stage of review."¹

The LGA congratulates the State Government on exploring both the economic and environmental costs and benefits of the CDS in the Discussion Paper and for the collaborative approach taken throughout this review process.

Local government anticipates ongoing involvement as a key stakeholder to contribute to and inform the State Government's approach to delivering an improved and modernised CDS for the benefit of the South Australian community.

The LGA submission outlines support for:

1. resource recovery to be adopted as a key objective of the CDS;
2. the CDS to be viewed as an enabler of the circular economy and a key mechanism for high value material resource recovery;
3. expansion of the CDS to include additional glass beverages (wine, spirit and cordial bottles) in order to achieve high value material recovery objectives and to increase circularity of glass;
4. aligning the approvals processes and the deposit value and refund amount with other state and territory schemes where practicable to harmonise the CDS at a national level;
5. expansion of the existing CDS collection system and network by utilising innovative and alternate return options (for example, reverse vending machines, mobile donation points and return locations at supermarkets and shopping centres) to facilitate increased community participation and maximise high value material recovery;
6. versatility in refund payment options; and
7. an independent governing body to provide accountability for the CDS.

LGA key principles

The following key principles (articulated in numerous LGA submissions to state and federal governments and in the 2019 LGA submission to the 'Improving South Australia's Recycling Makes Cents' scoping paper) underpin the LGA's considerations in relation to the review of the CDS:

1. All spheres of government should **support the development of a circular economy** by seeking to apply circular economy principles to all stages of production and consumption.
2. The biggest opportunity to tackle Australia's waste and resource recovery problem is at the **front-end of the process**.

¹ LGA Submission – State Government Waste Reviews (2019), recommendation 7 < https://www.lga.sa.gov.au/data/assets/pdf_file/0036/469566/LGA-Submission-2019-State-Government-Waste-Reviews-single-use-plastics-and-CDS.pdf >.

Introduction

The Local Government Association of South Australia

The LGA is the voice of local government in South Australia, representing all councils across the state and the Anangu Pitjantjatjara Yankunytjatjara. The South Australian *Local Government Act 1999* recognises the LGA as a public authority for the purpose of promoting and advancing the interests of local government. The LGA is also recognised in and has prescribed functions in 29 other South Australian Acts of Parliament. The LGA provides leadership, support, representation and advocacy relevant to the needs of our member councils.

The LGA is a strong advocate for policies that achieve better outcomes for councils and the communities they represent. As such, the LGA welcomes the opportunity to provide feedback to the Environment Protection Authority of South Australia (EPA) in relation to the Discussion Paper, the most recent milestone that is part of South Australia's CDS review.

Improving South Australia's Recycling makes Cents: Review of SA's container deposit scheme

Local government's role in the CDS review process

In January 2019, the State Government released a Scoping Paper titled: 'Improving South Australia's Recycling Makes Cents'. The [LGA submission to this initial scoping process is available here](#).²

In February 2019, the EPA established the CDS Review Reference Group ("Reference Group"). The Reference Group has undertaken significant work to shape proposals for reform of the CDS. The LGA is represented on the Reference Group and has provided advice and guidance to support the review.

On 21 May 2019 the LGA represented local government on an expert panel at the EPA Board CDS Summit exploring key issues relating to the CDS review.

Separately, at the 2019 LGA Ordinary General Meeting, an Item of Business that asked the LGA to advocate to the State Government for wine bottles to be included into the CDS received the support of the sector. The LGA undertook a research project through the Local Government Research & Development Scheme on "the cost to councils of providing recycling services – impact of glass" that has been shared with the EPA to support the review of the South Australian CDS.

Finally, councils and council owned waste subsidiaries, have supported the EPA in developing this discussion paper by sharing important data sets to inform the evidence base used in the Discussion Paper.

The LGA thanks councils, local government owned waste subsidiaries, and industry for the collaboration, advice and information shared in this process.

The LGA welcomes this opportunity to provide a response to the Discussion Paper and congratulates the State Government on its thorough approach to research and consultation throughout this review process. The CDS review process is a clear example of state and local governments working as partners striving to modernise and improve SA's CDS.

² https://www.lga.sa.gov.au/_data/assets/pdf_file/0036/469566/LGA-Submission-2019-State-Government-Waste-Reviews-single-use-plastics-and-CDS.pdf

Background

Product stewardship and the transition towards a circular economy

The waste, recycling and resource recovery sector in Australia has faced recent significant challenges resulting in increased scrutiny of the sector. These challenges and responses are directly linked to new international and national environmental policy disrupting the status quo. The China National Sword Policy and an increased community awareness and engagement with what happens to our waste triggered the development of Australia's waste export bans through the *Recycling and Waste Reduction Act 2020* (Cth).

The LGA notes that all three spheres of government have been active in responding to these challenges and, given that waste management falls to local government to implement, the LGA has sought to ensure that the sector has a strong voice in all of these discussions.

Product stewardship is a key enabler of a circular economy – it is the responsible management of the environmental impact of a product, at all stages of the product life cycle; from design to use to reuse recycling and disposal.

Principle two of the National Waste Policy³ is to improve resource recovery. Product stewardship has been identified as a key strategy to achieve this goal⁴ to ensure ownership and responsibility for action to minimise the negative impacts from products is shared across government and business.

South Australia's waste strategy includes clear priority actions focused on product stewardship and the CDS to "maximise the effectiveness and performance of South Australia's container deposit scheme (CDS) in SA."⁵

The LGA acknowledges the biggest opportunity to tackle Australia's waste and resource recovery problem is at the front-end of the process through good design that focuses on what is being produced and consumed, with focus on the materials used and how those materials can be reused/recovered, for continuous circulation through the economy.

The LGA has been advocating and encouraging the application of circular economy principles through all stages of production and consumption by encouraging circular-use products (both recycled and recyclable).

Local government role in waste, recycling, resource recovery and the circular economy

Local government, and by extension resident and business ratepayers, are a major stakeholder and investor in South Australia's waste and resource recovery industry. Councils have a key interest in waste reduction and the development of a circular economy.

³ Australian Government, *National Waste Policy: Less Waste, More Resources* (2018), p. 14.

⁴ *Ibid.*

⁵ Government of South Australia, *Supporting the Circular Economy: South Australia's Waste Strategy 2020-2025*, p. 36 <
<https://www.greenindustries.sa.gov.au/resources/sa-waste-strategy-2020-2025> >.

Councils in South Australia provide domestic waste and resource recovery services, and facilitate the management and ownership of landfills, transfer stations and Material Recovery Facilities (MRFs), undertake programs to increase recycling and resource recovery rates, act to reduce waste disposed to landfill, and leverage procurement capacity to stimulate recycle “end market” development. Councils also play a part in educating the community about responsible waste management and recycling.

The increased cost of providing waste management and recycling services has emerged as a significant challenge for the local government sector, due to the insecure end markets for recyclables and increases to the solid waste levy.

More specifically, the collapsing value of commodity markets internationally and the introduction of export bans through the *Recycling and Waste Reduction Act 2020* (Cth) has tested the resilience of Australia’s recycling system.

Prior to the market instability, MRFs could charge councils less for recyclables processing because they received an income from selling the materials they received. Following these policy developments MRFs needed to impose multiple fee increases on council clients just to maintain uninterrupted service provision of kerbside recycling.

Revenue from the separation and surrender of CDS-eligible containers supports ongoing MRF operation here in South Australia and has been particularly important during this period of instability (where MRFs are adequately equipped to separate these items and receive the rebate themselves).

The CDS has a strong reputation in South Australia and recycling rates and community faith in the system has remained despite the challenges being faced more broadly in the recycling and resource recovery industry.

LGA policy positions

Together with its member councils, the LGA has developed a [Policy Manual](#) based on robust research and evidence, to recognise the roles of local government and identify how local government can be an important partner in government.

Policy 4.2.5 Circular Economy states as follows:

Local government recognises that the ultimate goal for waste management is the achievement (as far as practicable) of a circular economy. Councils shall continue to work with local markets and reduce their reliance on overseas commodity markets to develop sustainable waste management practices in South Australia, including via the procurement of recycled materials.

Policy 6.2.9 Urban Greening states as follows:

Local government understands that having higher levels of natural plan life (trees and shrubs located in street verges, parks and on private properties) in their local communities has many social and environmental benefits, particularly in urban communities. Councils shall continue to explore and implement strategies that maintain and increase levels of urban greenery to maximise the benefits of green cover.

Policy statement 4.4 Climate Change states as follows:

Local government acknowledges that climate change poses a serious risk to local communities and ecosystems. All levels of government are urged to take action that will help address the effects of climate change in local communities.

LGA response to the Discussion Paper

Key issue 1: Objectives of the CDS

The LGA recognises that the CDS has been highly successful in achieving its original aim of litter reduction. Throughout this review process the LGA has been advocating for resource recovery to be a key objective of the CDS. The LGA is supportive of the Discussions Paper's recommendations focused on modernising the objectives of the CDS to support the transition towards a more circular economy.

The Discussion Paper clearly outlines the broad range of beneficial objectives that the CDS contributes to (beyond litter reduction) including high value recovery of materials, employment and supporting South Australia's transition towards a more circular economy. Importantly, the CDS also represents a highly effective product stewardship mechanism.

Given the importance of product stewardship in the transition towards a more circular economy, it is appropriate that the CDS should be viewed as an enabler of the circular economy and a key high-value resource recovery mechanism.

Key issue 2: Containers included in the CDS

As explored above the LGA recommends circularity and resource recovery be key objectives of the scheme as well as maintaining the historic focus on litter reduction.

The Discussion Paper outlines that milk containers (up to 3 litres) do not feature in South Australia's litter stream and high value resource recovery of this material is already occurring through kerbside. The justification for inclusion in the CDS does not align with outlined objectives and is therefore not considered appropriate at this time.

Inclusion of glass bottles up to three litres – wine, spirit and cordial bottles

The LGA is supportive of the expansion of the CDS to include additional glass beverages (wine, spirit and cordial bottles) in order to achieve high value material recovery objectives and to increase circularity of glass.

The Discussion Paper outlines the challenges glass presents in kerbside recycling, including the additional weight of the containers in the bin and issues associated with recovery of materials resulting from glass breakage, namely:

- difficulty in achieving high value recovery of glass (85% recovered as low-value mixed glass with around 4% unable to be recovered and disposed of to landfill); and
- broken glass causing contamination of other material streams in the kerbside bin (degrading other materials).

Inclusion of glass bottles up to three litres aligns with state government priority actions aimed at maximising the effectiveness and performance of the CDS including "where inclusion within the CDS will maximise the amount and value of the recovered resources."⁶

⁶ Government of South Australia, *Supporting the Circular Economy: South Australia's Waste Strategy 2020-2025*, p. 36 <
<https://www.greenindustries.sa.gov.au/resources/sa-waste-strategy-2020-2025> >.

Further, inclusion of these containers aligns with federal and state government product stewardship policy, where industry and government have a shared responsibility for action to minimise the negative impacts from products.

The LGA acknowledges the significant contributions the wine industry makes to South Australia as well as the likely impact the expansion of the Scheme will have on the industry.

High value recovery of these glass materials will support the beverage industry in achieving Australia's 2025 National Packaging Targets,⁷ while maintaining the high standard of packaging consumers and customers in the state and across the world have grown accustomed to. A major outcome of the CDS is providing an efficient way to collect high value (colour sorted and uncontaminated) materials that can be recycled back into glass bottles.⁸ Inclusion of wine, spirit and cordial bottles in the CDS will increase the amount of high-value cullet available necessary for industry to achieve the packaging targets while maintaining customer packaging expectations.

Fourth glass-only kerbside bin versus expanded CDS

The LGA does not support the introduction of a fourth glass-only kerbside bin. Expanding existing CDS collection systems better achieves the aims and objectives of the Scheme. The Discussion Paper and all supporting reports and economic analysis, demonstrate that the diversion and recovery of high value glass is best achieved through the CDS.

Economic modelling results that compare the current situation to the introduction of a fourth glass bin, show an estimated reduction in the number of containers recycled of 5.7% or 2.9 million containers. This reduction is due to increases in breakage/contamination which results in less material being recovered and more going to landfill.⁹

An important outcome of the CDS is providing an efficient way to collect high value (colour sorted and uncontaminated) materials that can be recycled back into glass bottles, this cannot be achieved through a fourth kerbside bin.

Finally, the Discussion Paper outlined an estimated increased \$76million net benefit to South Australia from the expansion of the existing CDS scheme compared to the estimated \$58 million net benefit to the state from the introduction of a fourth glass only kerbside bin.¹⁰

Australia's waste and resource recovery industry are intrinsically linked to logistics and the transition to a circular economy and increased recovery and diversion of high value waste resources from landfill will require a specific focus on strategic transport and infrastructure development.¹¹

A key assumption in all modelling undertaken in relation to a fourth kerbside bin is the assumption of the need to invest in a glass optical sorting plant (as a dedicated facility).¹² Without this key piece of infrastructure the state will be unable to process the contaminated kerbside material.

The inclusion of a fourth bin will place strain on networks and fail to capitalise on the existing resource recovery industry in the state.

⁷ <https://apco.org.au/national-packaging-targets>

⁸ Hudson Howells Addendum Report (January 2021), p. 7.

⁹ Hudson Howells Addendum Report (January 2021), p. 7.

¹⁰ EPA SA, *Improving South Australia's Recycling Makes Cents Discussion Paper* (2021), p. 37.

¹¹ Australian Government, *Australian Infrastructure Plan* (2021), p. 563 < <https://www.infrastructureaustralia.gov.au/2021-australian-infrastructure-plan> >.

¹² Hudson Howells Addendum Report (January 2021), p. 7.

As explored above and throughout the Discussion Paper (and supporting economic modelling and reports), the greatest economic benefit, shared across the state as a whole, involves utilising and expanding the existing CDS infrastructure.

Considering the objectives of the CDS, namely enabling the circularity of materials through high value resource recovery and employment opportunities (including regional employment opportunities), the justification of a fourth kerbside bin does not align with the objectives, nor does it pose to maximise the economic benefits for the state, when compared to the expansion of the existing CDS system.

The LGA offers some additional considerations (below) in relation to planning and road infrastructure that were not captured in the Discussion Paper or economic analysis that support the expansion of the scheme.

Planning

Local government acknowledges the specific challenges associated with waste collection in medium and high density areas. The Australian Infrastructure Audit (2019) noted that: *“Developers of multi-story residential and commercial buildings are reluctant to lose floor space in order to provide truck access to underground storage, so bins clutter roadsides on collection day and pose amenity and safety hazards.”*¹³

The LGA has been advocating, through the planning reform process¹⁴ for additional design assessment considerations for waste management. This advocacy has been focused on improving planning considerations for existing bin systems in medium to high density areas. The LGA is seeking a coordinated and strategic approach that maximises efficient and effective waste management while reducing amenity and safety hazards on collection day.

The CDS is a staple of the South Australian community, and it is commonplace for SA households (including some multi-story residential) and commercial buildings to already have integrated CDS collection and storage systems.

The introduction of another bin would require additional space on properties for storage as well as on the verge/kerbside on collection day. The introduction of a fourth kerbside bin for glass would further amplify existing strain and amenity hazards on collection day.

Tree canopy

A primary climate adaptation pathway open for local government and state government partnership is the greening and cooling of our urban environments. This is a key consideration for urban growth development as well as for urban renewal and infill opportunities.

The ‘South Australian Government Climate Change Action Plan 2021–2025’¹⁵ describes government-led objectives and actions to help to build a strong, climate smart economy, further reduce greenhouse gas emissions, and support South Australia to adapt to a changing climate. The Action Plan sets out actions to achieve an increase in urban green cover by 20% by the year 2045. *The 30-Year Plan for Greater Adelaide* aligns with this target and provides key actions for local government in relation to increases in tree canopy.¹⁶

¹³ Australian Government, Australian Infrastructure Plan (2021), p. 559 < <https://www.infrastructureaustralia.gov.au/2021-australian-infrastructure-plan> >.

¹⁴ <https://www.lga.sa.gov.au/news-and-events/news/submissions>

¹⁵ <https://www.environment.sa.gov.au/topics/climate-change/climate-change-action-plan-2021-2025>

¹⁶ The 30-year plan for Greater Adelaide, pp. 37, 150 < https://livingadelaide.sa.gov.au/the_plan >.

Balancing urban development and infill while preserving and expanding urban green spaces is a challenging. Strategically, increasing tree canopy cover along roadside verges is an area of opportunity. The introduction of a fourth kerbside bin directly conflicts with increasing tree canopy as both endeavours are competing for limited verge space.

Road infrastructure

Local government in South Australia makes significant investment in roads annually.

Waste collections vehicles are heavy and increase road wear. A fourth kerbside bin would increase strain on existing road networks and expediate road wear. Current pavement design and council asset management processes does not capture, nor provide for, the impacts of additional collection.

Many councils have used innovative pavement designs that incorporate recycled content materials. The type of road, the amount of traffic and the type of traffic (weight) experienced on the road are some of the many criteria for consideration in selecting pavement designs and materials. It is unclear the impact an additional collection vehicle will have on the take-up of innovative pavement types that contain recycled content. Using existing CDS infrastructure and capacity would ensure that heavy vehicles transporting recovered containers continue to operate on approved fit-for-purpose heavy-vehicle roads across the state.

Education campaign

The LGA is supportive of the delivery of a comprehensive communication strategy to provide clear messaging to the community on the CDS. This communication strategy should explain the “why” and not just the “what” to support state-wide community education on recycling.

The LGA encourages collaboration with councils throughout this communications plan to ensure the information is relevant to target communities and provides accurate information about depots (locations, opening hours etc).

Key issue 3: Scheme approvals and container markings

The LGA supports aligning the approvals processes with other state and territory schemes where practicable to harmonise the CDS at a national level. The LGA is also supportive of an approval system that assists and supports small or medium beverage manufacturers.

Key issue 4: Container return rates

Deposit value and refund amount

The LGA is supportive of maintaining the alignment of the deposit value and refund amount with other states and territories across Australia.

Consideration of any changes to the deposit value and refund amount should be undertaken in collaboration with other state and territories. The LGA acknowledges that a *“consistent national approach to sustainable waste policies that encompasses all aspects of the waste value chain would accelerate Australia’s transition to a circular economy.”*¹⁷

¹⁷ Australian Government, Australian Infrastructure Plan (2021), p. 570 < <https://www.infrastructureaustralia.gov.au/2021-australian-infrastructure-plan> >.

More broadly, the LGA is supportive of exploration of increased container types and harmonisation between the different state and territory schemes. South Australia is a leader in this space and is in a sound position to offer strategic advice to inform investigations and decision-making processes.

Ease of container return

The LGA is supportive of maximising CDS container return point accessibility by including innovative return options, as seen interstate, that offer a broader range of return point types including container return depots (staffed and automated), reverse vending machines, and mobile donation points.

Feedback received from councils have indicated support for all options with strong support received for the following innovative/alternate return options:

- Supermarkets or shopping centres
- Entertainment and sporting events
- Waste transfer stations
- Reverse vending machines

Increasing the return location options, increases the likelihood of increased participation. Having a range of return points available reduces accessibility limitations currently being experienced by the community. For example, return vending machines could be offered as an “after-hours” return option.

It is necessary to consider the unique needs of communities to maximise return rates. In considering and determining the most appropriate alternate return point options, it is necessary to consult with councils and their communities. Some examples of unique community considerations may be how alternate returns options will impact upon existing arrangements with community organisations or if a community has a strong seasonal tourist population.

Payment of refund method

Feedback from membership highlighted support for versatility in refund payment options. With clear support for the following refund payment options:

- Cash
- Electronic Funds Transfer (EFT)/ online payment
- Direct EFT to a donation partner of choice

One regional council's input to this submission highlighted that the main cause of negative feedback in their community in relation to the CDS is in relation to payment, where the local drop off facility often gives out a receipt and the customer has to return at some stage to collect payment.

Additional refund payment options that are received at time of deposit better incentivises the CDS and reflects the modern “cashless” community.

Key issue 5: Governance arrangements

The LGA is supportive of an independent governing body to provide accountability for the CDS.

The LGA supports changes to arrangements which result in improved efficiencies to depot operations that result in improved resource recovery and transparency of the CDS.

Given a key focus objective of the Scheme is circularity, the governing body should place scrutiny on what happens to the containers following recovery and resource recovery efforts be focused on materials that are, or are likely to be, re-processed in Australia.

Transitioning from a weight-based to a container count methodology for reporting on container return rate is a common-sense component of modernising the scheme.

Conclusion

The LGA welcomes the review of the CDS and is pleased to continue working as partners in government to inform this process and to help deliver a modernised CDS for the benefit of the South Australian community.

Other references

This Response to the Discussion Paper has been informed by:

- existing policy positions developed through consultation with the LGA's member councils;
- feedback received from local government representatives who attended an information forum on the Discussion Papers that was hosted by the LGA on Monday 18 October 2021;¹⁸
- feedback received from local government representatives over the course of the CDS Review;
- independent research and reports commissioned by the LGA;
- recent consultation in relation to other strategically relevant areas that fall within the scope of the Discussion Paper including submissions in relation to recent inquiries and policy reforms in the waste, recycling and resource recovery industry, South Australia's planning reform, urban green spaces and climate change;¹⁹ and
- other submissions and discussion papers prepared by the LGA, identified below.

Relevant LGA submissions that fall within the scope of the Discussion Paper are:

- LGA Submission on SA's draft Waste and Food Waste Strategy (September 2020);
- LGA submission to the Natural Resources Committee Inquiry into Urban Green Spaces (July 2020);
- LGA submission on Phase 3 of the Planning and Design Code (February 2020);
- LGA Submissions in relation to the COAG Waste Export Ban (February 2020);
- LGA Submission on the review of the Local Nuisance and Litter Control Act (October 2019); and
- LGA submission to state government on Single-use plastics and the container deposit scheme (February 2019).

These submissions and more can be accessed through the [LGA Submissions webpage](#).²⁰ Key points from these documents are explored within this submission.

Contact

Please direct any queries about this submission to Brianna McGee, Senior Policy Officer at Brianna.Mcgee@lga.sa.gov.au

¹⁸ <https://www.lga.sa.gov.au/news-and-events/news/latest-news/container-deposit-scheme-review-discussion-paper-and-information-forum>

¹⁹ <https://www.lga.sa.gov.au/news-and-events/news/submissions>

²⁰ <https://www.lga.sa.gov.au/news-and-events/news/submissions>



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