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.

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Contents

Victoria’s Container Deposit Scheme Discussion Paper .................................................. 2
Purpose of a CDS ...................................................................................................................... 3
How does a container deposit scheme work? ......................................................................... 3
Purpose of this discussion paper .......................................................................................... 3
We want to hear from you ........................................................................................................ 4
How to provide feedback ........................................................................................................ 4

Objectives of Victoria’s CDS .............................................................................................. 5

Proposed scheme governance .............................................................................................. 6
Case study: ‘Containers for Change’ in Queensland .............................................................. 8
Case study: ‘Return and Earn’ in New South Wales ............................................................. 9

Proposed Victorian scheme elements ................................................................................ 14
Refund collection point infrastructure types ......................................................................... 15
Refund amount ...................................................................................................................... 17
Refund mark ........................................................................................................................ 17
Eligible containers ................................................................................................................ 18
Complementary reforms: standardising kerbside collections .............................................. 19
Next steps ............................................................................................................................ 19

Victoria’s Container Deposit Scheme Consultation Survey Questions ....................... 21
Community Questions ........................................................................................................ 21
Scheme Design Questions .................................................................................................. 22
Victoria’s Container Deposit Scheme Discussion Paper

Delivering a CDS for Victoria

*Recycling Victoria: A new economy* is the Victorian Government’s 10-year circular economy policy and action plan. Through this policy the Victorian Government will invest over $300 million to transform Victoria’s recycling sector to deliver a recycling system Victorians can rely on. More than that, it will drive fundamental change in the Victorian economy to reduce waste and make more productive use of resources.

Recycling Victoria will change how Victorians recycle so that materials collected from households are high quality and can be used again to make new products. Major reforms include:

- a new four-bin household recycling system to separate recyclables, glass, food and organics, and waste;
- a state-wide education program to help households, businesses and councils transition to the new system;
- regulate waste as an essential service and establish a new dedicated waste and recycling Act; and
- introduce a container deposit scheme (CDS) to begin by 2023.

The Victorian Government will finalise a preferred CDS design by the end of 2020, with a view to the scheme commencing in 2022/23. To achieve this, the development of Victoria’s CDS will be delivered in three stages as detailed below.

**Figure 1: Victorian CDS project stages**

<table>
<thead>
<tr>
<th>Stage One: Scheme design 2020/21</th>
<th>Stage Two: Scheme structural arrangements 2021/22</th>
<th>Stage Three: Infrastructure network deployment 2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme framework; stakeholder consultation; preparing legislation.</td>
<td>Parliamentary processes: creation of CDS regulations; appointment of appropriate entity or entities to oversee the operation of the scheme.</td>
<td>Establishment of state-wide infrastructure; establish monitoring and reporting mechanism; community education.</td>
</tr>
</tbody>
</table>

To ensure greater transparency and service standards across the state, the Victorian Government committed to establish a new dedicated waste and recycling Act that governs waste and recycling services. This new Act will ensure waste and recycling services are reliable and meet community expectations, lift the performance of the recycling sector to achieve ambitious resource recovery targets and ensure greater transparency, accountability and service standards across the state. It is expected Victoria’s CDS legislation will sit within the new waste and recycling Act. Consultation on the waste and recycling Act is currently underway separately.
Purpose of a CDS

Victoria’s CDS will complement the new household recycling system, by making it easier for Victorians to recycle when they are not at home. A CDS operates by providing a refund for empty drink containers that are returned to an approved refund collection point, providing an incentive for people to recycle their beverage containers. There has been overwhelming strong public support for Victoria’s container deposit scheme.

Container schemes operate in around 40 countries. Some operate nationally (as is the case in Norway and Lithuania) while others operate on a state or municipal level (as in the United States of America, Canada and Australia). All Australian jurisdictions have a container deposit scheme in place or have committed to introduce one. The existing Australian schemes all operate and are designed differently, and Victoria can learn from these experiences to tailor a scheme that best suits the specific needs of our state.

One of the main aims of Victoria’s CDS will be to collect as many beverage containers as possible, so that fewer items are littered or landfilled and more are recycled into new products. Collecting clean streams of recyclable containers will create new economic opportunities in Victoria. Businesses will be able to create valuable products from materials that would otherwise go to waste.

An estimated 2.9 billion beverage containers are consumed in Victoria each year, with consumption increasing by about 1 per cent per year. Of these, approximately 71 per cent, or an estimated 2.1 billion are containers that typically are covered by a CDS. In 2018-19 alone, these beverage containers made up 47 per cent of the litter stream in Victoria, by volume\(^1\). To prevent littering and increase recycling, Victoria’s scheme must be convenient, simple to use, reliable and accessible for all Victorians.

How does a container deposit scheme work?

A CDS works by applying a small monetary deposit to beverages sold to consumers, which covers the recycling cost. Upon return of the empty beverage containers to a refund collection point, the consumer is provided a deposit refund for each container returned as illustrated in Figure 2.

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\(^1\) Keep Australia Beautiful National Litter Index report, 2018-19
**Purpose of this discussion paper**

On 24 February 2020 the Victorian Government committed to implementing a CDS by 2023. This discussion paper is designed to seek input from interested Victorians to inform the design of our CDS.

**We want to hear from you**

The Victorian Government is gathering information to better understand how a CDS can be designed to be the best fit scheme for our state.

We want to hear from beverage consumers, businesses and organisations, communities and local governments. In particular, we are keen to hear your views on our proposed governance structure as well as key elements of the CDS, including infrastructure, eligible container types and proposed refund amounts. Give us your views on a CDS design that will deliver the best outcomes for Victorians. You can provide feedback via the online survey or by providing a written submission to DELWP (see below for details).

Your feedback will help the Victorian Government to understand the design considerations for Victoria’s CDS and determine which areas to prioritise for further work. You can answer the outlined questions on our Engage Victoria website until 30 November 2020.

In addition, we are hosting a community information session in November to share more information about the proposed CDS approach outlined in this discussion paper and to answer any questions you may have. You can register and find more information on our Engage Victoria website.

**How to provide feedback**

There are two key ways to provide your feedback:

1. via an online survey to the questions within this paper, which can be accessed at engage.vic.gov.au/container-deposit-scheme
2. via a written submission to DELWP. This can be uploaded via the Engage Victoria webpage at engage.vic.gov.au/container-deposit-scheme by 30 November 2020.

We will also be undertaking targeted engagement with key stakeholder groups, including with industry, environment and community groups, through online workshops during this consultation period.

We acknowledge that this is a difficult time with the onset of COVID-19, and it may impact your ability to engage with us on this issue. So we’re using these different approaches to make it easier for you to have input and connect with us. If you would like to get in touch with further questions or comments, please email us at container.deposit@delwp.vic.gov.au or call us on 136 186.
Objectives of Victoria’s CDS

Approximately 40 countries have a CDS in operation, each with different objectives, structure and outcomes. Schemes in Australia have several objectives in common, most notably litter control, reducing waste and increasing resource recovery. More recent schemes established in some Australian jurisdictions have been designed to also deliver a wider range of outcomes that address environmental, economic and social issues such as job creation and providing opportunities for social enterprises.

Victoria has developed three objectives to guide the design and development of its CDS, which align with the strategic goals in Recycling Victoria.

Table 1: Victoria's CDS objectives

<table>
<thead>
<tr>
<th>Objective One: Circular economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strive for circularity of beverage containers by:</td>
</tr>
<tr>
<td>Increasing the recovery and quality of empty beverage containers to extract the maximum value of these materials and support their domestic reprocessing into new containers.</td>
</tr>
<tr>
<td>Reducing the number of empty beverage containers that are littered or disposed of to landfill.</td>
</tr>
<tr>
<td>Ensuring Victoria’s CDS complements Victoria’s kerbside system and its other circular economy objectives.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective Two: Product stewardship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable a product stewardship model that fosters a shared responsibility for beverage containers at the end of their usable life by:</td>
</tr>
<tr>
<td>Ensuring extended producer responsibility by those who own, manufacture and sell beverage containers into the Victorian market.</td>
</tr>
<tr>
<td>Facilitating shared responsibility between scheme participants across the beverage supply chain including brand owners, manufacturers, retailers, recyclers, government and consumers.</td>
</tr>
<tr>
<td>Applying a triple bottom line approach to deliver shared benefits for the community, our environment and Victoria’s economy, including economic development for regional Victoria and employment opportunities for disadvantaged groups.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective Three: Best practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver a best practice and cost effective approach that is adaptable and fit for purpose to Victoria’s context by:</td>
</tr>
<tr>
<td>Adopting a continuous improvement approach to design, management and operation of the scheme.</td>
</tr>
<tr>
<td>Responding to changing market conditions to achieve the best outcomes of the scheme over time.</td>
</tr>
<tr>
<td>Ensuring a convenient, easy-to-use and accessible scheme for all Victorians.</td>
</tr>
</tbody>
</table>

1. Do you agree with the objectives of Victoria’s Container Deposit Scheme?
   
   a) Yes
   
   b) No
   
   c) Maybe
   
   d) Comment Box
Proposed scheme governance

A CDS governance structure assigns responsibilities to appropriate parties to provide oversight and management of the scheme. Governance structures across other Australian schemes vary.

In all existing and proposed Australian schemes, participation is ensured through the requirement for beverage suppliers to have eligible containers for sale approved by government. Laws require the costs of Australian schemes to be paid by beverage suppliers and those costs may be passed on to consumers in beverage prices.

Victoria has considered scheme structures across all Australian jurisdictions and has also considered international examples, including how closely they align with Victoria’s objectives.

In a typical CDS, the scheme governance framework consists of:

- **Scheme administration**: the form of the organisation that manages the CDS. A scheme coordinator could be a government, business or not for profit organisation.
- **Scheme structure**: the configuration of responsibilities held by organisations to deliver the scheme. The government will appoint one or more organisations to manage and operate the scheme and its collection network.

There can be one or many entities involved in the governance framework, with the Victorian Government overseeing the scheme as a regulator.

All the models of CDS being considered can achieve positive social outcomes. Participation in the scheme by community groups, charities and sporting clubs can create jobs and help share the financial benefits of the scheme.

**Scheme administration**

The Victorian Government considered whether a government or industry-operated scheme would be most appropriate and is proposing an industry operated scheme. This is the consistent model used for delivery of a CDS in the majority of Australian states and overseas. It most clearly places responsibility for delivering the CDS on the beverage industry and is consistent with the objective that Victoria’s CDS is a product stewardship model. An industry run scheme may also promote an efficient scheme, as a scheme coordinator with strong ties to the beverage sector would bring an incentive to minimise cost impacts.

2. What do you see as the risks and benefits of these scheme administration options for Victoria?
**Scheme structure**

Evidence from successful schemes shows that convenience is the most influential factor on the number of containers returned by consumers to claim a refund (this is measured as the redemption rate). To achieve this, ensuring consumers have sufficient access in the most convenient locations, such as retail outlets, tends to be the most effective approach.

There are international examples of schemes that achieve very high redemption rates such as: Germany (97-99 per cent), Netherlands (95 per cent), and Lithuania (92 per cent).

In Australian schemes, redemption rates are typically between 70 to 85 per cent. Recently established schemes in New South Wales and Queensland expect redemption rates to increase in future years as consumer awareness and participation grows.

The various structures of schemes in other jurisdictions have been considered against their ability to achieve Victoria’s draft CDS objectives. The administration and structure of those schemes is outlined in Table 2.

**Table 2: Scheme administration and scheme structure in other jurisdictions**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Scheme administration</th>
<th>Scheme structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland and Western Australia</td>
<td>Independent run by beverage industry</td>
<td>Government appoints scheme coordinator with responsibilities for overseeing network operations with many operators.</td>
</tr>
<tr>
<td>New South Wales and ACT</td>
<td>Independent run by beverage industry</td>
<td>Government splits scheme responsibilities between scheme coordinator and network operator.</td>
</tr>
<tr>
<td>South Australia</td>
<td>Independent run by beverage industry</td>
<td>Four approved super collectors, of which three are operating in the South Australian scheme.</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>Independent run by beverage industry</td>
<td>A group of four organisations in the beverage and/or recycling industry was approved to run the Northern Territory Cash for Containers scheme.</td>
</tr>
<tr>
<td>California</td>
<td>Government administered scheme</td>
<td>Government owned agency (Department of Resources Recycling and Recovery) administers the system.</td>
</tr>
<tr>
<td>Oregon, British Columbia, Norway, Germany, and Lithuania</td>
<td>Independent run by beverage industry</td>
<td>Scheme organisation is a consortium of beverage manufacturers and grocery industry.</td>
</tr>
</tbody>
</table>
Case study: ‘Containers for Change’ in Queensland

The Queensland CDS launched 1 November 2018 as Containers for Change. It has now collected over 2.07 billion containers.

The Queensland scheme has integrated the role of scheme coordinator and network operator into a single Product Responsibility Organisation (PRO) statutorily appointed by the Queensland Government to develop and run the scheme. The PRO is an independent not-for-profit entity that is responsible for coordinating the Queensland CDS including contracting directly with scheme participants, managing data and payment flows, conducting scheme audits and marketing the scheme. The PRO is also responsible for network operations to ensure state-wide access to container refund points.

Container Exchange (COEX) is the PRO in Queensland and is overseen by a nine-member Board of Directors, including representatives from beverage, manufacturing and logistics industries. The Board meets regularly and reports to the Queensland Government on its operations and achievements.

Through an open competitive tender process, COEX has established a network of 314 container refund sites across Queensland, including staffed over-the-counter depots, bag drops, temporary pop-up collection points and 10 reverse vending machines. In addition, community organisations can also provide donation points where refunds are not paid to consumers but to those organisations as a donation.
Case study: ‘Return and Earn’ in New South Wales

The New South Wales CDS launched on 1 December 2017 as Return and Earn. It has now collected more than 4.86 billion containers.

The New South Wales Government has contracted separate scheme coordinator and network operator roles through competitive tender processes. Roles, responsibilities and financial arrangements are detailed in contracts between these organisations. The New South Wales Government is responsible for designing and developing the scheme, managing registration of all eligible beverage containers supplied in New South Wales and managing the obligations and performance of contracts with the scheme coordinator and network operator.

The scheme coordinator, Exchange for Change, was established as a joint venture of five Australian beverage companies; Asahi, Carlton United Breweries, Coca Cola Amatil, Coopers and Lion. Exchange for Change is contracted to provide financial management, scheme auditing, fraud identification, verification, community education and marketing services. A key part of the scheme coordinator’s role is to manage suppliers and ensure supplier funds are paid into the scheme.

The network operator, TOMRA Cleanaway, is a joint venture partnership of two companies based in the waste and recycling industry; TOMRA and Cleanaway. TOMRA-Cleanaway is contracted to set up and manage a state-wide network of collection points, as well as manage the logistics and sale of commodities to ensure all collected containers are recycled.

The New South Wales scheme contains a variety of collection point operators including from the private sector, community groups and charities. Collection points include over 323 reverse vending machines, 27 automated depots and 285 local businesses providing over the counter collections.
Proposed Victorian governance framework

It is proposed that the Victorian CDS adopts an industry-operated administration with a split responsibilities structure as per the following governance framework:

- The Victorian Government will provide regulatory oversight and ongoing evaluation of the scheme.
- A scheme coordinator with beverage industry involvement is appointed by the Victorian Government to administer the scheme.
- One or more network operator/s is appointed by the Victorian Government to manage a network of refund collection infrastructure.

The scheme coordinator is incentivised to minimise overall scheme costs and create efficiencies. The network operator/s is driven to collect as many containers as possible because it is their revenue source. Separating the network operator from the scheme coordinator creates a direct market incentive to collect the highest number of containers, and therefore will promote convenience and accessibility in the refund collection network.

The split responsibility creates a self-correcting tension between cost minimisation of the scheme and achieving high redemption rates. It also increases the transparency of the system, with the scheme coordinator driven to validate and audit the network operator’s collection claims. This approach maximises opportunity to deliver our objective of achieving circularity, while still enshrining product stewardship with the scheme coordinator’s involvement.

Victoria is not proposing a mandatory requirement for Victorian retailers to participate in the scheme, because we expect many retailers will see the benefit of voluntary participation. Retailer participation has increased in Australia recently, including in Queensland and New South Wales. Benefits for retailers include increased foot traffic, consumer spending and improved brand image.

The proposed model will provide opportunities for a range of organisations to manage collection points under the network operator/s including community groups, charities, sporting groups and small to medium enterprises. This will create positive social outcomes by encouraging new local jobs throughout Victoria and enabling community-based organisations and small businesses to participate in the scheme and share the financial benefits.

The diagram overleaf in Figure 3 illustrates the hierarchy of the scheme with flows of material and payment.

3. Is the proposed model the right one for Victoria?
Funding
Like all the other Australian schemes, the Victorian CDS will be funded by the beverage industry. Payments flow through scheme participants to create incentives to recover and recycle beverage containers. The green arrows in the Figure 3 diagram illustrate these flows, which include:

- **scheme contribution** - fees collected by the scheme coordinator from beverage suppliers
- **refund** - consumers receive a 10-cent refund for each eligible container deposited at a refund collection point. They can also dispose of eligible containers in their kerbside recycling system (without refund).
- **network fee** - fees distributed by the scheme coordinator to the network operator(s)
- **handling fee** - fees distributed by the network operator(s) to the refund collection point operator(s)
- **processing refund** - fees distributed to material recovery facilities (MRF) by the network operator(s) if they return sorted eligible containers.

Fees and payment requirements will be set through the design of the CDS regulations and contracts.

In the first few months of any CDS, the scheme must immediately pay refunds, network fees, handling fees and processing refunds, perhaps before scheme contributions have been made. Two questions must be answered to resolve this potential problem:

- Will the beverage industry pay refunds in advance or in arrears? The in advance model could see either all or some of the start-up costs covered through payment by beverage suppliers to the scheme coordinator prior to the start of the scheme. The in arrears model requires the scheme to have an initial float to cover initial redemption costs and administration costs, either by requiring the scheme coordinator to provide the float, or through a government loan.

- What kind of float might be required to cover the scheme’s first months of operation, and how might it be provided? The size of the float depends on the number of containers handled by the scheme in its first months. This might be many millions of dollars. Other governments have chosen to provide a loan to a new CDS as a float that is then repaid over a period of months or years.

4. What model of funding should Victoria’s CDS adopt?

5. How should the float for the initial start-up of the scheme be designed?

Roles and Responsibilities
The Victorian Government proposes to split the responsibilities for managing Victoria’s CDS between a scheme coordinator and network operator(s) (one or more) to create a balance between cost minimisation and achieving a high redemption rate. Cost and revenue flows in the proposed scheme would mean the scheme coordinator is motivated to keep the scheme efficient, while the network operator is incentivised to collect as many containers as possible. The incentives will include the inherent drivers created in separating responsibilities, but also designed into the scheme with a performance framework that will deliver against Victoria’s objectives. This is similar to other Australian jurisdictions, where a mixture of legislation, regulations and contractual obligations have been used to drive the desired scheme outcomes.

It is expected that this approach enables the Victorian Government to manage the relationships between the scheme coordinator and the network operator/s to drive the scheme objectives.

By having direct oversight of the network operator/s, the Victorian Government can ensure the performance requirements of convenience and accessibility, that influence high rates of container refunds by consumers, are achieved.
Roles and responsibilities within this scheme governance framework are proposed to include the following, similar to those of other Australian jurisdictions:

**Scheme regulator**
- select and contract the scheme coordinator and network operator/s
- approve eligible beverage containers within the scheme
- regulate the scheme and monitor compliance with the legislative framework
- conduct regular reviews of scheme operation and performance
- report on scheme performance to the Minister for Energy, Environment and Climate Change.

**Scheme coordinator**
- operate the scheme in an efficient and cost-effective manner
- manage the scheme’s finances, including allocating scheme costs to beverage suppliers
- pay the refund amounts and associated handling costs for returned containers to the network operator/s
- monitor and report against the scheme requirements and performance targets set by the Victorian Government
- minimise fraud, including managing verification mechanisms to prevent inflated container return claims
- inform consumers about scheme requirements

**Network operator/s**
- establish and maintain a network of refund points by entering into arrangements with refund points and material recovery facility operators, while minimising handling fees
- provide a convenient and accessible network throughout Victoria for consumers to return beverage containers for refund
- meet the performance requirements of the Victorian Government to enable high participation by Victorians and deliver high redemption rates
- provide employment opportunities for Victorians and enable social organisations to participate in the scheme
- build and operate the refund collection points themselves or contract other organisations to do this

6. *How do you think scheme participant responsibilities should be set to promote achievement of scheme objectives? Comment Box*
Proposed Victorian scheme elements

Achieving the highest redemption rate is one of the most important features of a successful CDS. Evidence from successful schemes throughout the world demonstrates that providing refund collection points at the most convenient locations, such as retail outlets, is the most effective way to maximise convenience for consumers.

There are many benefits for retailers who provide refund collection points. Some of these include:

- meeting growing consumer expectation to see less waste and have more opportunities to recycle
- achieving corporate environmental and social aspirations
- increased foot traffic into their businesses when consumers return containers
- The Victorian Government intends to design the scheme to maximise consumer convenience and to provide an enjoyable customer experience.

7. What is your view of the best way to promote convenience in a CDS? (Comment Box)

8. How best can retailers engage with the proposed scheme? You can select more than one option.
   a) Providing over the counter-drop off services
   b) Integrating Automated Reverse-Vending Machines (RVMs) on premises
   c) Utilising car-park space for separate depot area
   d) No engagement with scheme (comment box for why this option selected)
   e) Other (Comment box)

9. How can community organisations such as charities and sports clubs, best participate in Victoria’s CDS? You can select more than one option.
   a) By building and operating refund collection points themselves?
   b) By hosting refund collection points that are built and operated by commercial recyclers?
   c) By doing a bulk collection of containers to take to a local collection point?
   d) By registering with the scheme as a nominated charity that is eligible to receive electronic funds donations through Automated Reverse Vending Machines?
   e) Through mobile or ‘pop-up’ refund points as part of community fund-raising drives?
   f) Other (Comment box)

There are many different types of refund collection points used throughout Australian jurisdictions, and it is expected that a mix of refund collection points will provide the most convenient and effective network and maximise the amount of returned beverage containers.

It is anticipated that a contemporary CDS is likely to rely upon a blend of infrastructure including reverse vending machines, bulk refund points, over-the-counter refund points, and large depots. Special consideration will be given to regional and rural areas. In remote locations, mobile refund points and pop up events may play a role.
10. Which types of location/s would you find the easiest to return eligible beverage containers to? Please select and rank these options from most (top) to least convenient.

   a) Supermarket
   b) Local small retail outlet e.g. newsagency or convenience store
   c) Shopping centre
   d) Industrial/commercial area
   e) Waste transfer station
   f) Home pick up service (for fee)

11. How far do you normally travel for shopping, sporting, work or other regular activities?

   a) Less than 1km
   b) 1-5km
   c) 5-10km
   d) 10-20km
   e) Greater than 20km

Refund collection point infrastructure types
The Victorian Government will work with the Network Operator/s to ensure all Victorians have reliable and convenient access and deploy the appropriate mix of refund collection point infrastructure, which could include some or all of the below in Figure 4.
Automated Reverse Vending Machines (RVMs) - often located at supermarkets, shopping centres or major public places such as train stations, often in car parks.

Large manual depots - Depots that have staff manually count the containers using counting tables and other low-cost equipment. Some of these sites can also be accessed by consumers as a drive through.

Over the counter (OTC) refund collection points - smaller manual refund points with staff, often located in supermarkets and small retail outlets.

Mobile or ‘pop-up’ refund points - mobile infrastructure that can be established to periodically act as a refund point.

Larger scale automated refund collection points - High speed counting machine with optical sorter and bar code reader – these are particularly utilised by commercial operators. Unlike single RVMS these facilities involve a number of operating staff.

Bag drop facilities - Consumers must place containers in a bag provided by the facility, with refunds provided at a later date once the containers have been counted and verified.

12. What mix of refund collection point infrastructure will achieve the highest redemption rates? Please select and rank all that are relevant, from most (top) to least convenient.

a) Automated Reverse Vending Machines (RVMs)
b) Large manual depots
c) Over the counter (OTC) refund collection points
d) Larger scale automated refund collection points
e) Bag drop facilities
f) Mobile or ‘pop-up’ refund points
13. How would you like to receive your refunds for containers?
   a) Cash Electronic Funds Transfer (EFT) / online payment
   b) Vouchers (e.g. to local stores)
   c) Donations to local community organisations
   d) Access to all refund options

14. How can employment opportunities for Victorians be encouraged through the refund collection network?
   a) Direct employment via community-run refund collection points?
   b) Employment and training partnerships with commercial recyclers?
   c) Employment and training partnerships with beverage manufacturers?
   d) All

Refund amount

It is proposed that a 10-cent refund will be available for eligible drink containers returned to refund points. This is consistent with the refund amount in South Australia, the Northern Territory, New South Wales, Queensland, Australian Capital Territory and the soon to commence schemes in Western Australia and Tasmania. National consistency on this will make it easier for consumers and beverage industry.

15. Do you support national consistency on the proposed refund amount of 10 cents?
   a) Yes
   b) No
   c) Not sure
   d) Comment Box

Refund mark

The scheme will require eligible containers to display an approved refund mark to advise consumers it can be exchanged for a refund.

Many containers sold in Victoria already carry the refund mark used in other Australian jurisdictions as illustrated in Figure 5. It is proposed that Victoria adopts an approach that aligns with other states and territories.

Figure 5: Typical refund mark

A common refund mark across all participating states and territories will ensure consistency is in place for consumers and the beverage industry to enable a common approach to education campaigns. A consistent approach to the refund mark will also reduce costs for beverage suppliers.
16. Do you support Victoria’s position on creating a nationally consistent refund mark to be used by all states and territories?

a) Yes  
b) No  
c) Not sure  
d) Comment Box

Eligible containers

Victoria’s CDS will target beverage containers that most commonly contribute to litter. Through introducing an incentive to return beverage containers for a refund, the Victorian scheme will help reduce litter, increase recycling and protect our environment.

It is proposed that containers eligible for a refund in Victoria’s CDS are consistent with those already eligible in other Australian jurisdictions. Schemes in other jurisdictions comprise beverage containers between 150 millilitres and three litres in volume.

Containers excluded from the Victorian scheme (those not eligible for a 10-cent refund) are proposed to be similar to those in South Australia, the Northern Territory, New South Wales, Queensland, Australian Capital Territory and the soon to commence schemes in Western Australia and Tasmania. Figure 6 illustrates typical examples of eligible containers.

Figure 6: Proposed typical eligible containers

- Cans (e.g. soft drinks)
- Bottles (e.g. beer bottles)
- Cartons
- Juice boxes or poppers

Excluded containers are those generally consumed at home and are less likely to be littered. For example, containers below 150 ml (such as small fermented milk drinks) are not commonly seen in the litter stream and the 10-cent deposit is disproportionate for these small containers. Similarly, wine bottles, milk containers and glass spirit bottles are proposed to be exempt as they are commonly consumed at home or at commercial premises. Recycling Victoria initiatives to reform kerbside recycling collections and introduce mandatory sorting requirements for the commercial sector will improve collection of these materials independent of the CDS.

Figure 7 illustrates typical examples of ineligible containers.
**Figure 7: Proposed typical ineligible containers**

- Milk containers
- Glass wine bottles
- Glass spirit bottles
- Juice bottles over 1 litre
- Cordial bottles

17. Do you support containers included that are consistent with other states and territories and targeting those items that are commonly littered?

   a) Yes
   b) No
   c) Maybe

*If no, why not? Comment Box*

**Complementary reforms: standardising kerbside collections**

The Victorian Government is introducing a new glass service for all households as part of its kerbside reform. Separating glass will improve the quality of all material streams, particularly paper and cardboard where broken glass causes contamination. It will also improve the quality of glass collected, resulting in more recycled glass bottles and an increased usage of recycled glass sand in civil construction projects.

The kerbside reform and CDS will together deliver cleaner material to our recycling system, supporting secondary reprocessing into new items. These complementary initiatives will raise awareness and provide education around the importance of source separation and correct recycling within our community. Neither scheme in isolation can deliver the full benefits of both.

The CDS will alter the composition and volume of kerbside recycling collections, including volumes collected through the new glass service. The CDS will encompass a range of eligible beverage containers but it won’t remove all glass from kerbside bins, as ineligible beverage containers such as wine bottles and non-beverage glass will still rely on the kerbside system for recycling. Table 3 below provides some indication of the potential impact that a CDS might have on materials in the kerbside system.

**Table 3: Impact of a CDS on kerbside materials**

<table>
<thead>
<tr>
<th>Material</th>
<th>Estimated loss of material in the kerbside (by weight)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glass</td>
<td>-28%</td>
</tr>
<tr>
<td>Aluminium</td>
<td>-37%</td>
</tr>
<tr>
<td>Plastic</td>
<td>-18%</td>
</tr>
</tbody>
</table>

*this is from experience in NSW in the first and second year of its CDS.
These figures were determined using the weight-based calculations from the NSW MRF protocol.
The CDS could be an additional source of revenue for MRFs and councils, helping to reduce overall costs of kerbside recycling for residents. In South Australia and the Northern Territory, eligible containers are physically separated from the kerbside waste stream at MRFs and presented to refund points. In New South Wales and Queensland, MRFs are entitled to receive refunds for beverage containers collected through the kerbside system. A claims process involves weighing the containers and applying a state-wide factor for the number of containers for a given weight.

In some Australian jurisdictions, refunds for beverage containers collected through the kerbside recycling system are shared between MRFs and individual councils. While it is appropriate for MRFs and councils to share in this benefit, experience in other jurisdictions suggests that it can be challenging for MRFs and councils to reach individual agreements on how these benefits should be shared.

The Victorian Government will continue to gather evidence and insights to better understand the impacts and opportunities for both councils and MRF’s of the CDS and kerbside reform. Where containers are collected at the kerbside, the aim will be to ensure that deposit refunds are shared between councils and MRFs fairly, including that the arrangement is adaptable to changing market conditions. The government needs to determine what role it will take in supporting councils and MRFs to reach these agreements.

18. How can the Victorian Government best support material recovery facilities and councils to determine revenue sharing arrangements for beverage containers collected through the kerbside recycling system?

Next steps

The Victorian Government will keep working to ensure Victoria’s CDS is ready for use in 2022/23.

To inform the development of Victoria’s CDS, the government has established a CDS Advisory Group that includes representatives from environmental groups, the beverage sector, retail, waste and recycling industries, local government and charities. The advisory group is providing expert advice and knowledge to help ensure the scheme is the best fit for Victoria and will continue to meet on a monthly basis through to the end of 2020.

In 2021, the Victorian Government will develop legislation and then regulations that govern the actions of all scheme participants. Public consultation on the regulations is expected in the second half of 2021.

The government expects to appoint a scheme coordinator and network operator/s in 2021. Some scheme operation requirements will be included in contracts with scheme participants.

Victoria’s CDS will require extensive collection and sorting infrastructure to be rolled-out across the state. In some instances, existing infrastructure will be repurposed to work with the CDS, but new infrastructure will also be required. Many stakeholders have advised us that planning and implementing state-wide CDS infrastructure could take up to 12 months, and shouldn’t be rushed, to ensure a successful launch. The Victorian Government has incorporated this suggestion into its planned CDS infrastructure roll-out that will commence in 2021/22, once a scheme coordinator and network operator/s are in place.

Community education will be vital to the success of the scheme and will help avoid confusion for Victorians. Victorian businesses and households will need to understand how they can participate and benefit from the scheme. The Victorian Government will provide more information about Victoria’s CDS in 2021 and deliver state-wide public education to help consumers make best use of the scheme when it commences in 2022/23.

19. What considerations should be given when planning for Victoria’s CDS infrastructure?

20. What information or explanatory material will be most useful to help you/your business participate in Victoria’s CDS?
Victoria’s Container Deposit Scheme Consultation Survey Questions

These questions can be answered on the Engage Victoria website until 30 November 2020. Your feedback will help the Victorian Government to understand the design considerations for Victoria’s CDS and determine which areas to prioritise for further work.

Community Questions

1. Which types of location/s would you find the easiest to return eligible beverage containers to? Please select all that are relevant, and rank these from most preferred at the top to least preferred.
   a) Supermarket
   b) Local retail outlet e.g. newsagency or convenience store
   c) Shopping centre
   d) Industrial/commercial area
   e) Waste transfer station
   f) Home pick up service (for fee)

2. How far do you normally travel for shopping, sporting, work or other regular activities?
   a) Less than 1km
   b) 1-5km
   c) 5-10km
   d) 10-20km
   e) Greater than 20km

3. How would you like to receive your refunds for containers?
   a) Cash
   b) Electronic Funds Transfer (EFT) / online payment
   c) Vouchers (e.g. to local stores)
   d) Donations to local community organisations
   e) Access to all refund options

4. How can employment opportunities for Victorians be encouraged through the scheme?
   a) Direct employment via community-run refund collection points
   b) Employment and training partnerships with commercial recyclers
   c) Employment and training partnerships with beverage manufacturers
   d) All
5. How can community organisations such as charities and sports clubs, best participate in Victoria's CDS? Please select all that are relevant.

a) By building and operating refund collection points themselves
b) By hosting refund collection points that are built and operated by commercial recyclers
c) By doing a bulk collection of containers to take to a local collection point
d) By registering with the scheme as a nominated charity that is eligible to receive electronic funds donations through Automated Reverse Vending Machines
e) Through mobile or 'pop-up' refund points as part of community fund-raising drives

6. Do you support national consistency on the proposed refund amount of 10 cents?

a) Yes
b) No
c) Not sure
d) Comment Box

7. Do you support containers included that are consistent with other states and territories and targeting those items that are commonly littered?

a) Yes
b) No
c) Maybe

If no, why not? Comment Box

8. What is your view on the best way to encourage participation in a CDS?

Comment Box

Scheme Design Questions

1. Do you agree with the objectives of Victoria's Container Deposit Scheme?

a) Yes
b) No
c) Maybe
d) Comment Box

2. What do you see as the risks and benefits of each of these scheme administration options for Victoria?

Comment Box

3. Is the proposed model the right one for Victoria?

Comment Box

4. What model of funding should Victoria's CDS adopt?

Comment Box
5. How should the float for the initial start-up of the scheme be designed?
   
   Comment Box

6. How do you think scheme participant responsibilities be set to promote achievement of scheme objectives?
   
   Comment Box

7. What is your view on the best way to promote convenience in a CDS?
   
   Comment Box

8. How best can retailers engage with the proposed scheme?
   Please select all that are relevant.
   a) Providing over the counter-drop off services
   b) Integrating Automated Reverse-Vending Machines (RVMs) on premises
   c) Utilising car-park space for separate depot area
   d) No engagement with scheme
   e) Other (comment box)

9. How can community organisations such as charities and sports clubs, best participate in Victoria’s CDS?
   Please select all that are relevant.
   a) By building and operating refund collection points themselves
   b) By hosting refund collection points that are built and operated by commercial recyclers
   c) By doing a bulk collection of containers to take to a local collection point
   d) By registering with the scheme as a nominated charity that is eligible to receive electronic funds donations through Automated Reverse Vending Machines
   e) Through mobile or ‘pop-up’ refund points as part of community fund-raising drives
   f) Other (comment box)

10. Which types of location/s would you find the easiest to return eligible beverage containers to?
    Please select all that are relevant, and rank these from most preferred at the top to least preferred.
    a) Supermarket
    b) Local retail outlet e.g. newsagency or convenience store
    c) Shopping centre
    d) Industrial/commercial area
    e) Waste transfer station
    f) Home pick up service (for fee)

11. How far do you normally travel for shopping, sporting, work or other regular activities?
    a) Less than 1km
    b) 1-5km
    c) 5-10km
    d) 10-20km
    e) Greater than 20km
12. What mix of refund collection point infrastructure will achieve the highest redemption rates? Please select all that are relevant, and rank these from most preferred at the top to least preferred.
   a) Automated Reverse Vending Machines (RVMs)
   b) Large manual depots
   c) Over the counter (OTC) refund collection points
   d) Larger scale automated refund collection points
   e) Bag drop facilities
   f) Mobile or ‘pop-up’ refund points

13. How would you like to receive your refunds for containers?
   a) Cash
   b) Electronic Funds Transfer (EFT) / online payment
   c) Vouchers (e.g. to local stores)
   d) Donations to local community organisations
   e) Access to all options

14. How can employment opportunities for Victorians be encouraged through the scheme?
   a) Direct employment via community-run refund collection points
   b) Employment and training partnerships with commercial recyclers
   c) Employment and training partnerships with beverage manufacturers
   d) All

15. Do you support national consistency on the proposed refund amount of 10 cents?
   a) Yes
   b) No
   c) Not sure
   d) Comment Box

16. Do you support Victoria’s position on creating a national consistent refund mark to be used by all states and territories?
   a) Yes
   b) No
   c) Not sure
   d) Comment Box

17. Do you support containers included that are consistent with other states and territories and targeting those items that are commonly littered?
   a) Yes
   b) No
   c) Maybe

   If no, why not? Comment Box
18. How can the Victorian Government best support material recovery facilities and councils to determine revenue sharing arrangements for beverage containers collected through the kerbside recycling system?

Comment box

19. What considerations should be given when planning for Victoria’s CDS infrastructure?

Comment box

20. What information or explanatory material will be most useful to help you/your business participate in Victoria’s CDS?

Comment box