



Environment Protection Authority

Summary of Consultation: Driving NSW's Circular Economy



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The NSW EPA is committed to genuine engagement with the community and industry as we collectively drive a circular economy.

In October–December 2022 we invited public feedback on proposals to improve our recovery and recycling of beverage and other containers, including through the NSW *Return and Earn* Container Deposit Scheme.

This report provides a summary of feedback and key themes.

What is included in this report?

This report focuses on the feedback received regarding the discussion of options to improve beverage container and glass container recycling. Feedback on the discussion of improvements to Part 5 of the *Waste Avoidance and Recovery Resource Act 2001* (WARR Act) will be summarised and reported on as part of the statutory review of Part 5 of the WARR Act, which establishes NSW's Container Deposit Scheme, *Return and Earn*.

This report:

- summarises the way we consulted and who we heard from
- summarises the feedback that we heard regarding the options to improve beverage container and glass container recycling
- provides a response to the key issues that were raised regarding the options to improve beverage container and glass container recycling, and
- outlines the next steps in the decision-making process about the options to improve beverage container and glass container recycling.

In summary, what did we hear?

We received 984 responses, including submissions and survey responses from the NSW community, industry, local government and interested NSW *Return and Earn* stakeholders.

Part 1 of the discussion paper: options to improve beverage container recycling

Across all sectors, stakeholders emphasised their support for initiatives that protect the environment and improve recycling outcomes. There was consensus among all stakeholder groups that the protection of the environment, driving a circular economy and reducing landfill is a shared goal. There was divergence of opinion about how this could be achieved.

There was very strong support from the community and from most stakeholders for expanding the *Return and Earn* scheme to include additional containers. However, expanding *Return and Earn* was not supported by the wine or spirit industries. The wine industry questioned the data in the cost-benefit analysis and the potential benefits of the proposal, as well as raising concerns about the potential impact expanding the scheme would have on small winemakers. The wine industry's preferred option was the 'glass only' kerbside recycling bin option.

Part 2 of the discussion paper: review of legislation

Part 2 was about the statutory review of Part 5 of the WARR Act which establishes the *Return and Earn* scheme. A summary of the feedback received on this part of the discussion paper will be incorporated into a separate report which will be tabled in Parliament once finalised.

What did we consult on?

We consulted on proposed options to improve the recycling of beverage containers and glass containers more broadly. We also consulted on reforms to enhance the efficiency and effectiveness of the *Return and Earn* scheme.

The EPA released a discussion paper, *Driving NSW's Circular Economy*, for public comment from 15 October to 2 December 2022.

There were two key focus areas in the discussion paper:

1. Discussion of options to improve beverage container and glass container recycling, focusing on proposed expansion of containers in the *Return and Earn* scheme. Four options were outlined:
Option 1: expand the scheme to take in additional glass containers, specifically wine and spirits in glass containers, and juice bottles 1 litre and over.
Option 2 (preferred option): expand the scheme to include all containers in Option 1 plus wine and water in casks and sachets, flavoured alcoholic drinks with a wine base, cordial bottles, fruit and vegetable juices up to 3 litres, flavoured milk over 1 litre.
Option 3: expand the scheme to include all containers in Option 2 plus plain milk from 150 ml to 3 litres. This includes all animal and plant-based milks for drinking.
Option 4: provide an additional 'glass only' household kerbside recycling bin.
The preferred Option 2 reflects an agreement from Environment Ministers across Australia to harmonise the scope of containers in container deposit schemes by 2025 and an agreement by Heads of Environment Protection Authorities (HEPA) for each jurisdiction to consult on the same scope of containers. Nearly all Australian states and territories have now undertaken similar consultations.
A cost-benefit analysis (CBA) accompanied the discussion paper and examined the options in detail.
2. Discussion of suggested improvements to Part 5 of the WARR Act. Part 5 of the Act establishes the *Return and Earn* scheme.
The WARR Act requires that Part 5 is reviewed to determine if the policy objectives of the Part remain valid and whether the terms of the Part remain appropriate for securing those objectives.

What was the consultation process?

The consultation process was conducted in accordance with the [EPA's Charter of Engagement](#).

The EPA is committed to being open and transparent. We strive to provide a genuine opportunity for stakeholders to influence regulatory decision-making. We are also continually evaluating the success of our engagement methods.

Submissions were welcomed in a variety of formats:

- a survey on the NSW EPA *Have Your Say* portal
- written responses
- verbal feedback at public meetings and through meeting with individual stakeholders
- telephone calls and emails.

We engaged with stakeholders through:

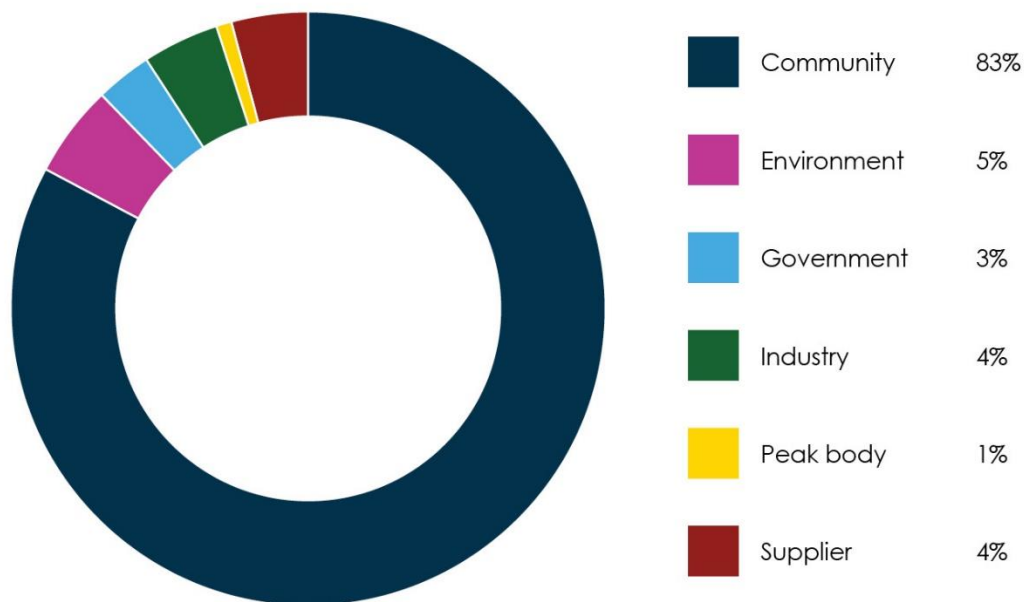
- a media announcement from the former Minister for Environment and Heritage
- publishing a discussion paper, *Driving NSW's Circular Economy*, and accompanying cost-benefit analysis on EPA's *Have Your Say* website
- emails to stakeholders directly and through associations and peak bodies
- a social media campaign
- individual meetings with stakeholders
- an online session
- face-to-face and online public information sessions, which let participants listen and ask questions. Sessions were held in:
 - Sydney

- Mittagong
- Orange
- Armidale
- the Hunter Valley
- Griffith
- Queanbeyan
- Albury (online due to floods).

Information presented at the public information sessions is available on the EPA's *Have Your Say* webpage.

Who did we hear from?

Figure 1 Respondents by type*

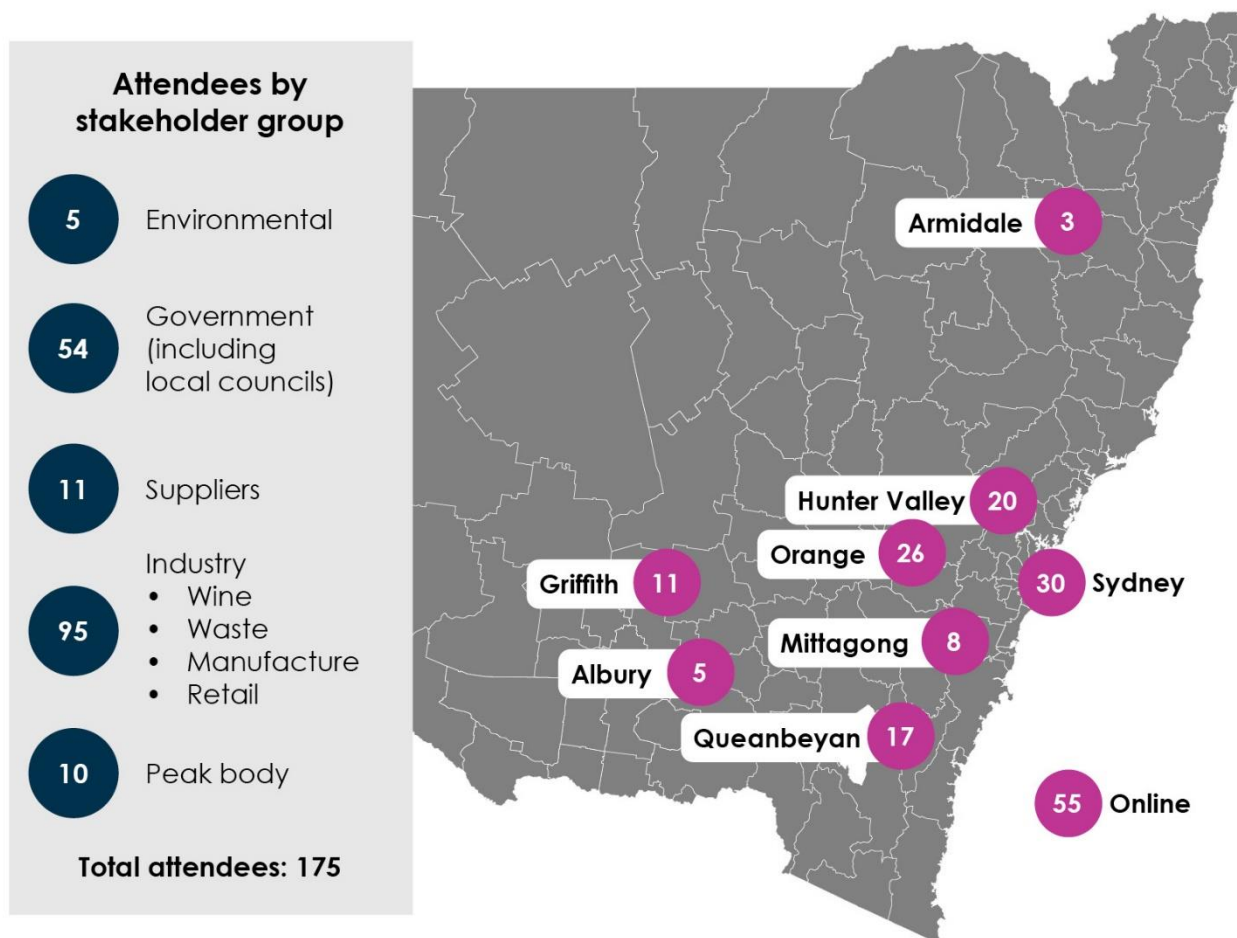


**People could respond by answering the survey, sending a submission, and/or attending an in-person session. Figure 1 captures all respondent types across all methods of engagement.*

We also had individual briefing sessions with stakeholders if they requested.

Face-to-face and online information sessions

Figure 2 Locations, number of attendees and make-up of stakeholders at information sessions



The EPA held nine public information sessions. Seven of these were face-to-face meetings. The Albury session was intended to be face-to-face but had to be moved online due to flooding. The last session was designed as an online session to allow anyone to attend who had not been able to attend a face-to-face session.

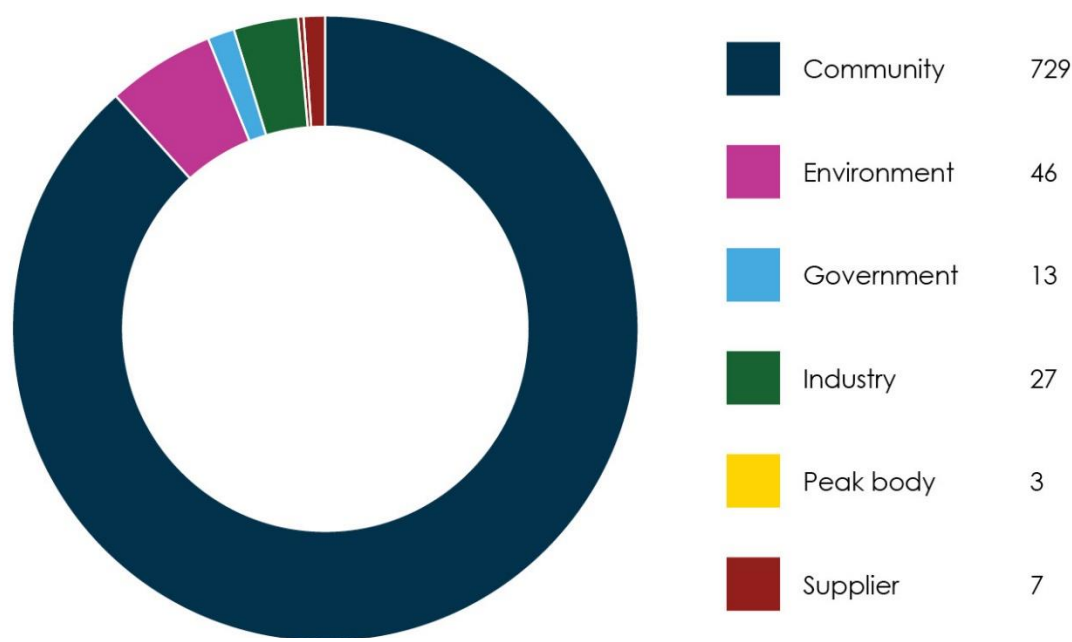
Engagement from industry, such as the alcoholic and non-alcoholic beverage industry and waste sector primarily came from the face-to-face and online sessions, individual briefings and written submissions.

Survey

We made a survey available on the NSW EPA *Have Your Say* engagement platform. It was open to anyone who wanted to provide feedback on the discussion paper and CBA.

There were 825 responses to the survey. Community members provided 88% of responses and the environment sector 6%. The remaining responses were from industry, suppliers, government and peak bodies.

Figure 3 Number of survey respondents by category



Analysis of feedback

Response across all feedback channels

Figure 4 Responses on expanding the scope of the NSW container deposit scheme

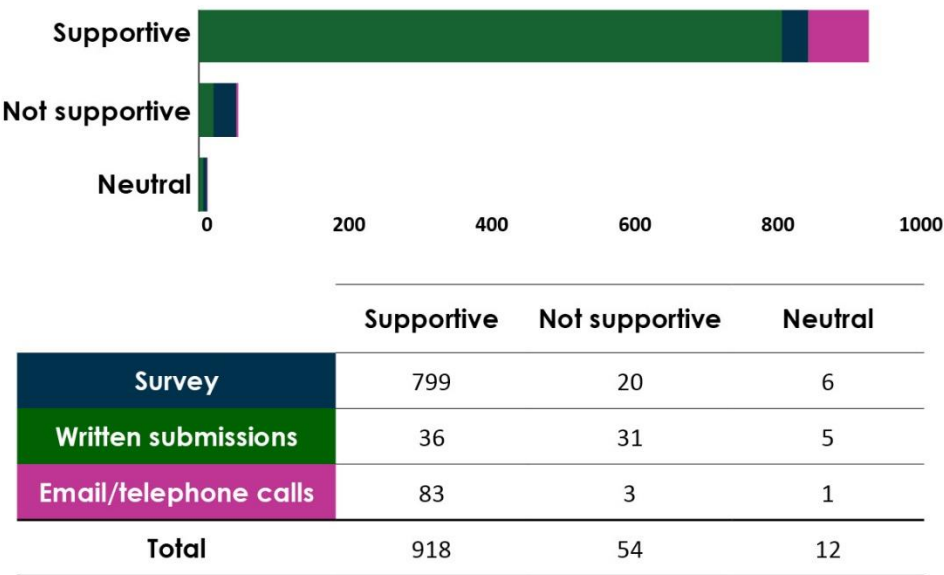
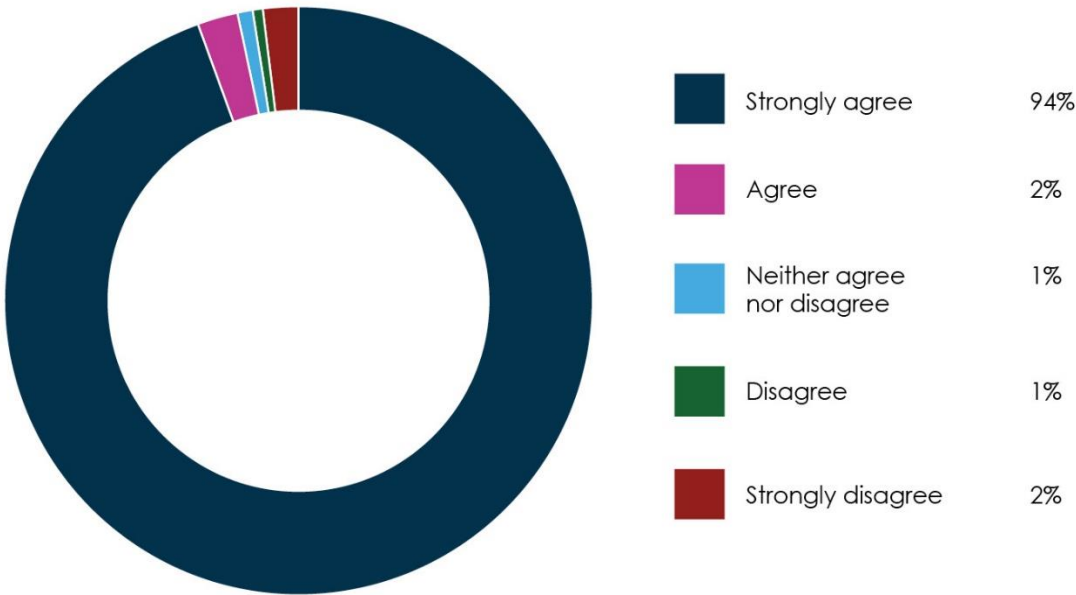


Figure 5 Responses to survey question 1, ‘Do you support more containers being accepted in the NSW container deposit scheme?’



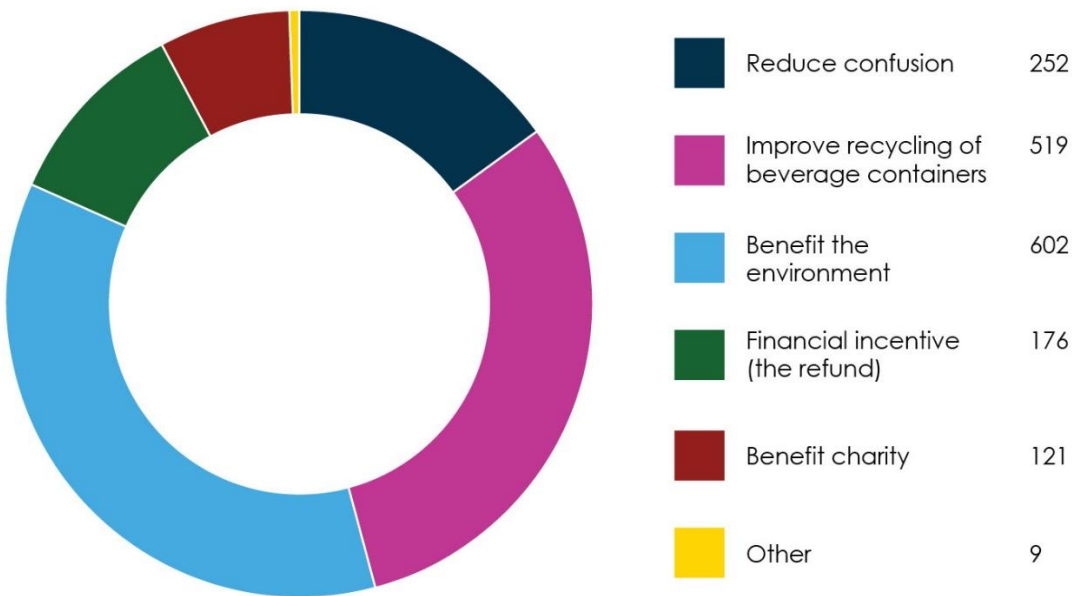
Survey responses

Ninety-seven per cent (97%) of survey responses supported expanding the scope of beverage containers accepted by *Return and Earn*.

Reason for supporting an expanded scope

The results show that the environmental benefit and improved recycling outcomes are the primary motivators and are of greater importance than the 10 c refund.

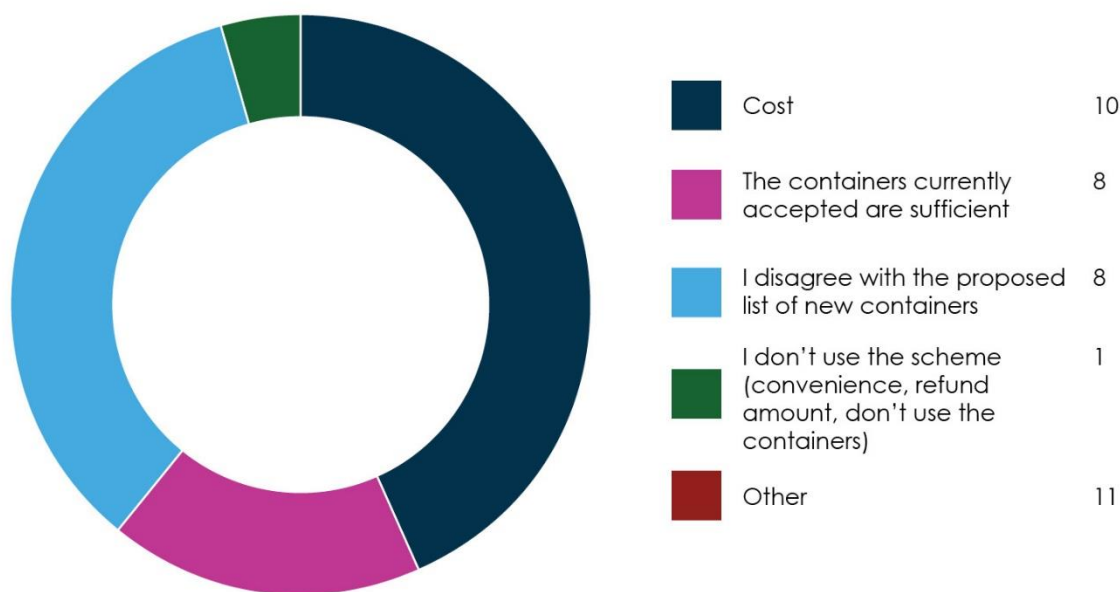
Figure 6 Responses to survey question 2, a follow-on from survey question 1 (represented in Figure 5): ‘If you agree or strongly agree, what is the main reason?’ (Note, more than one answer could be chosen.)



Reason for not supporting an expanded scope

Although 97% of respondents supported expanding the scope of the **NSW container deposit scheme**, 3% did not.

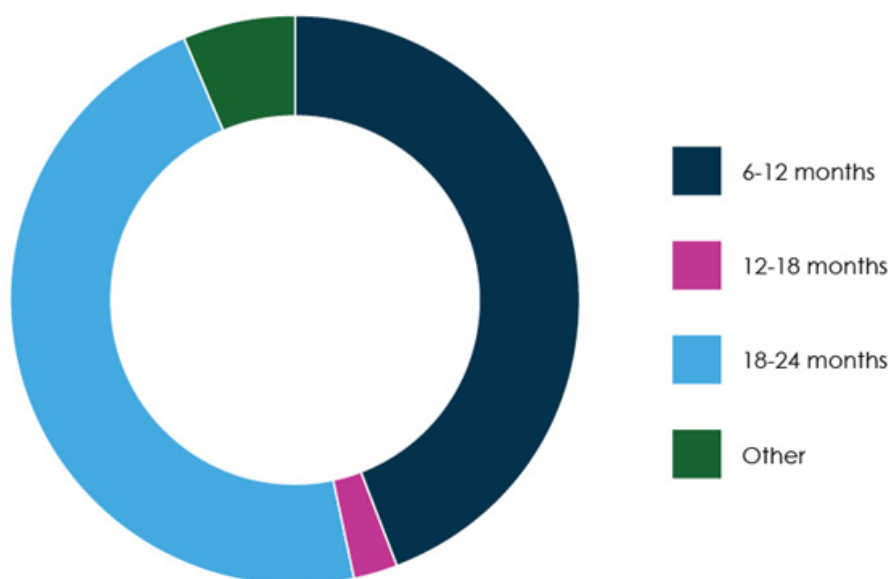
Figure 7 Responses to survey question 2, a follow-on from survey question 1 (represented in Figure 5): 'If you disagree or strongly disagree, what is the main reason?' (Note, more than one answer could be chosen.)



Time frames

Respondents were divided on when the scheme should be expanded. The majority wanted to see the changes either as soon as possible or within 18–24 months.

Figure 8 Responses to survey question 5, 'When should the scheme be expanded?'



As to why a particular time frame was supported, responses included:

- as soon as possible to benefit the environment
- differing timelines across Australia will create implementation issues
- it takes time to re-educate people
- facilities are already available
- need time to update packaging and make modifications to infrastructure
- all containers should have been included when the scheme commenced.

Legacy containers

Wine and spirits are sometimes stored for a long period of time or consumed over a long period, so we asked whether wine and spirit containers produced/purchased before an expansion should be accepted. There was strong support for including these 'legacy containers', with 94% in favour of this approach.

Allowing for a smooth transition

When asked what would be needed for a smooth transition, common themes were that we need to:

- ensure the network has capacity for more containers
- help small suppliers
- educate the public on what containers can be accepted
- engage more with local councils to understand impacts on existing contracts with material recovery facilities (MRFs)
- ensure sufficient end markets exist
- allow sufficient time to manage transitional issues e.g., existing stock
- consider hazards around larger glass containers and flammability of spirits
- include milk and registered health tonics now, rather than later.

Additional suggestions

The survey allowed respondents to provide additional comments or suggestions. Suggestions that relate to the options to improve beverage container recycling included:

- have a greater focus on reducing materials and reuse schemes
- introduce a 'return to retailer' model – reverse vending machines (RVMs) are often full, broken or have queues
- increase the refund amount possibly in line with the size of the container
- include take away packaging such as coffee cups and cups from fast-food outlets to reduce litter of these items
- include milk and health tonics
- have more collection points
- mandate recycled glass content for NSW Government procurement for road base and aggregate
- introduce mandatory requirements for packaging e.g. all containers be made from recycled material and bans on the sale of non-sustainably packaged beverages
- have ongoing charity participation rather than using campaigns, or option for both
- readily available information for community members on how much collected material is recycled

- ensure sufficient value remains in kerbside recycling bins so that system remains viable.

Written submissions

Written submissions provided more detailed, nuanced feedback. Key themes that emerged are below.

Support for improved recycling

- All stakeholders supported improving recycling outcomes. There was consensus among all stakeholder groups that the protection of the environment, driving a circular economy and reducing landfill is an important goal.

Views on the options

- Seventy-eight per cent (78%) of the written responses from the waste sector voiced support or conditional support for an expanded scope. Similarly, 82% of written responses from local governments were supportive, or conditionally supportive.
- Written submissions that supported expanding the scope of containers were supportive because:
 - they supported producer responsibility for beverage containers
 - *Return and Earn* reduces litter and incentivises the collection of higher quality materials for recycling back into new containers
 - *Return and Earn* provides more reliable, cleaner streams of material, which will help develop the domestic recycling industry
 - *Return and Earn* will help with the transition to a circular economy, using existing infrastructure
 - *Return and Earn* is state wide, including areas where kerbside recycling is not available
 - expanding the scope of *Return and Earn* will reduce consumer confusion
 - *Return and Earn* also delivers social good by supporting charities.
- The wine industry was opposed to including glass wine bottles in the NSW container deposit scheme (CDS) and instead advocated for Option 4 in the discussion paper – to provide a fourth ‘glass only’ kerbside recycling bin instead of the inclusion of wine in the CDS.
- The wine industry suggested that consideration should be given to product stewardship schemes like those proposed for New Zealand. The wine industry also proposed that glass manufacturers or retailers pay for wine bottles within the CDS.
- Local councils were opposed to the fourth bin option. Specific objections included:
 - the fourth bin option would result in significant additional costs for councils (and therefore ratepayers)
 - multi-unit dwellings have limited space for an additional bin
 - the fourth bin option would result in increased emissions through additional truck movements
 - the fourth bin option would not deliver producer responsibility for waste (unlike the other options).
- Local Government NSW, the peak body, supported the expansion of scope through *Return and Earn* because the weight of glass would be removed from council kerbside bins and it would result in cleaner (more valuable) recycling streams leading to savings for councils. Some councils also wanted further investigation of the financial impact of an expanded scope on the cost of managing kerbside recycling services.

- There were suggestions from community, environment groups and beverage industry that the scheme should include a broader range of containers e.g. soap, shampoo, glass food containers and other similar packaged items.
- The wine and environment sectors were concerned that the current 10 c refund is insufficient to drive participation but drew different conclusions. The wine industry argued that the 10 c was insufficient to motivate people to take large and heavy wine bottles to a return point and therefore wine should not be included in the scheme. Environment groups argued that the refund amount should be increased so that it would act as a stronger incentive.
- At a broader level, there was strong support for NSW to act with other jurisdictions to harmonise container deposit systems to avoid costs for suppliers and confusion of consumers, and to maximise the benefits.

Impact of the CDS on the wine industry

- The wine industry indicated that wine is a product produced from permanent plantings and therefore growers cannot decide to produce different volumes. There is a small window of time in which a grape grower must harvest and sell grapes, which sometimes makes it difficult to find a purchaser and be satisfied about the terms of the arrangement. This makes it different from beer and soft drinks, which are industrial processes that can be scaled up and down as needed.
- The wine industry indicated that small wineries, which account for most of the wine sector, do not have sufficient bargaining power to pass on scheme costs to major retailers. Small wine producers that are forced to absorb the scheme costs would experience significant financial hardship.
- The wine industry indicated that the addition of scheme costs on top of other recent major impacts on the wine industry such as the COVID-19 pandemic, drought, fires, floods and tariffs on Australian wines have caused unfavourable market conditions. Adding additional administrative, reporting and scheme costs would make these businesses unviable.
- Stakeholders suggested the scheme should be changed to make it easier for small suppliers to participate, such as harmonising the definition of 'first supplier' across jurisdictions.
- Wine producers indicated the current timeframes for payments to the scheme would not work for the wine industry. Typical time frames for payments to wine suppliers for their product are up to 90 days, meaning a longer time frame would be needed for payments to the CDS.
- The wine industry submitted that this will be an additional tax on the wine industry, which already pays the wine equalisation tax (WET).

Consultation process and the assumptions in the cost–benefit analysis

- The wine industry raised concerns about the lack of engagement with it prior to release of the discussion paper, and particularly the appearance that a decision had already been made to include glass wine bottles in the CDS.
- The small business sector expressed concern that the modelling in the CBA did not include a range of redemption rates.
- The wine industry was critical of the CBA's findings about increases in recycling rates from options that include wine within the CDS. It also questioned other assumptions.
- A local council was concerned that the additional weight of larger glass containers could impact considerably on transportation costs, making the scheme more expensive.
- Councils also raised concerns that there was insufficient analysis of the fourth bin option in the cost–benefit analysis and therefore an under estimation of the costs to councils and rate payers for this option.

Impact on kerbside and end markets

- There was feedback from the community and environment groups that there should be greater transparency around what happens to recovered CDS material.
- Some local councils and waste organisations were supportive of the environmental outcomes of an expanded scope but thought more consideration should be given to the financial impacts of removing wine and spirits bottles from the kerbside system (which will impact the value of the material that remains in the kerbside bin), the agreements between MRFs and councils to share the revenue from CDS refunds, and other factors. Feedback from the waste sector was that transporters and MRFs should be compensated for any drop in tonnages of kerbside materials.
- There were also some calls to have any renegotiation of contractual terms between MRFs and local councils paid for or subsidised by the scheme. Others commented that the proposal would disproportionately impact MRFs that have invested in better sorting capability.
- Some stakeholders raised the possibility of glass supply outstripping demand for that material collected by the CDS and other Australian container deposit schemes if all were expanded to include wine and spirits containers.
- The waste sector questioned if and how the network operator would be able to accept uniquely shaped spirit containers, larger containers, and containers made from materials that may contaminate other recyclable material streams (such as PVC). One suggestion was that only 'recyclable' containers should be included in the scheme or that this should be a phased-in approach, with standard dimension wine and spirit containers as the first stage.
- The community and local government sector raised concerns about the impact on community collection services if larger (and therefore heavier) containers are included in the CDS. A community sector submission also raised concerns about an increase in the potential for odour issues if larger flavoured-milk containers were added.
- Litter around reverse vending machine return points and an increase in 'bin diving' were raised as a concern by some community and local council stakeholders. In some local council areas, community members will source containers from residents' kerbside bins.

Labelling and barcodes

- The wine and spirit sector was concerned that labelling and barcoding requirements in the CDS would be costly to implement.
- The wine industry also raised concerns that wine may be stored for long periods before being sold or consumed. There may be an existing stock of containers that will not be correctly labelled (and without having been subject to scheme contributions) if the scheme includes those products.

What are the next steps?

The NSW Government is committed to moving toward a circular economy to benefit the community and protect the environment. The feedback indicated that some stakeholders are particularly affected by the proposals in the discussion paper. The EPA will engage further with stakeholders on the matters raised.

Please let us know if we can improve our engagement methods by contacting us at engagement@epa.nsw.gov.au.