

# The Boomerang Model

## Overview of Proposed Scheme

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The recent CRIS undertaken by the Standing Council on Environment & Water (SCEW) attempted to model the Boomerang Alliance's proposed scheme to address beverage container waste and litter. While a reasonable attempt was made many of the scheme's key features and benefits were NOT included in the assessment. Having reviewed the CRIS analysis and updated costings we have made a number of changes which also minimise any household budget considerations. This briefing seeks to outline the structure and key aspects of our model to ensure that when a Decision RIS is undertaken it is expanded to assess these features.

**1. Initial Deposit:** 10¢ per container. The deposit value may be increased in later years as government sees fit to maximise system performance.

**2. Scheme Coverage:** All beverages consumed in Australia (including imports; milk and wine) that are over 100mL and under 3L.

### **3. Performance Indicators and Targets:**

	By End of Year 1	By End of Year 2	By End of Year 3
<b>Recovery Target – Metal</b>	70%	75%	80%
<b>Recovery Target - Glass</b>	55%	60%	65%
<b>Recovery Target – PET</b>	55%	60%	65%
<b>Recovery Target - Other</b>	55%	60%	65%
<b>Efficiency Target</b> (overall cost per container recovered excluding deposit)	4.8¢	4.5¢	4.2¢
<b>Service Target</b> (Proportion of population who can redeem at their shopping point)	75%	85%	95%

**4. Governance of Scheme:** The Boomerang Alliance Model would be governed by a non-profit body (the Central Organisation or CO herein) with a board of directors comprising an Independent Chair & Company Secretary (appointed by SCEW) and representatives from the industry supply chain; collection stakeholders; and the community sector. This is also part of a need to prevent profiteering and ensuring all funds are allocated to system costs – an emerging general requirement for product stewardship schemes.

The Chair must have no pecuniary interest related to the food and grocery, packaging or recycling sector. Community representatives and the 2 independent roles are the only positions that are to be remunerated for their services and should reflect a realistic payment for the time and effort expected of independent directors.

All deposits, revenues earned from the sale of scrap, payment of handling fees and redemptions would be processed via a quarantined quasi-government fund administered by the secretariat and governed by the CO board.

The priorities of the CO are to administer the fund and audit payments and receipts. The secretariat and these services can be housed within the CO itself – though we believe it would be better if the secretariat was a unit established within the current NEPC Service Corporation forming a sub body to implement and administer EPR and Product Stewardship Schemes.

The day to day duties administering the scheme would be undertaken by a private sector co-ordinator (Co-Ord) to the CO, whose duties are explained in detail below.

The suggested composition of the Board for the Central Organisation is:

- Independent Chair (appointed by Government)
- Government appointed Company Secretary (doesn't vote)
- Supply Chain Representatives:
  - The Australian Food and Grocery Council
  - The Australian Council of Recyclers
  - The Australian Packaging Council
  - Retailers.
- Collection Stakeholders:
  - Collection points representative (probably the Recyclers of South Australia until network is established and then replaced by a national body representing the convenience point operators)
  - Representative of the "Hubs"

- A representative of local government
- Waste Management Association of Australia.
- The Community Sector:
  - Boomerang Alliance
  - The Australian Consumers Association
  - Total Environment Centre
  - Clean Up Australia.

**5. Summary of System Logistics Process:**

All Collection Points are required to collect and sort material into 7 splits (PET; HDPE, Aluminium, between 1 and 3 colours of glass (depending on local markets), LPB (incl. aseptics) and/or Other (steel, and possibly LPB depending on glass sort requirements)) and produce a voucher (known as the refund receipt) for consumer redemption at an identified retailer located nearest to the redemption point, volume repeat customers (e.g. C&I recovery, kerbside etc. will also be able to redeem via an EFT transfer)

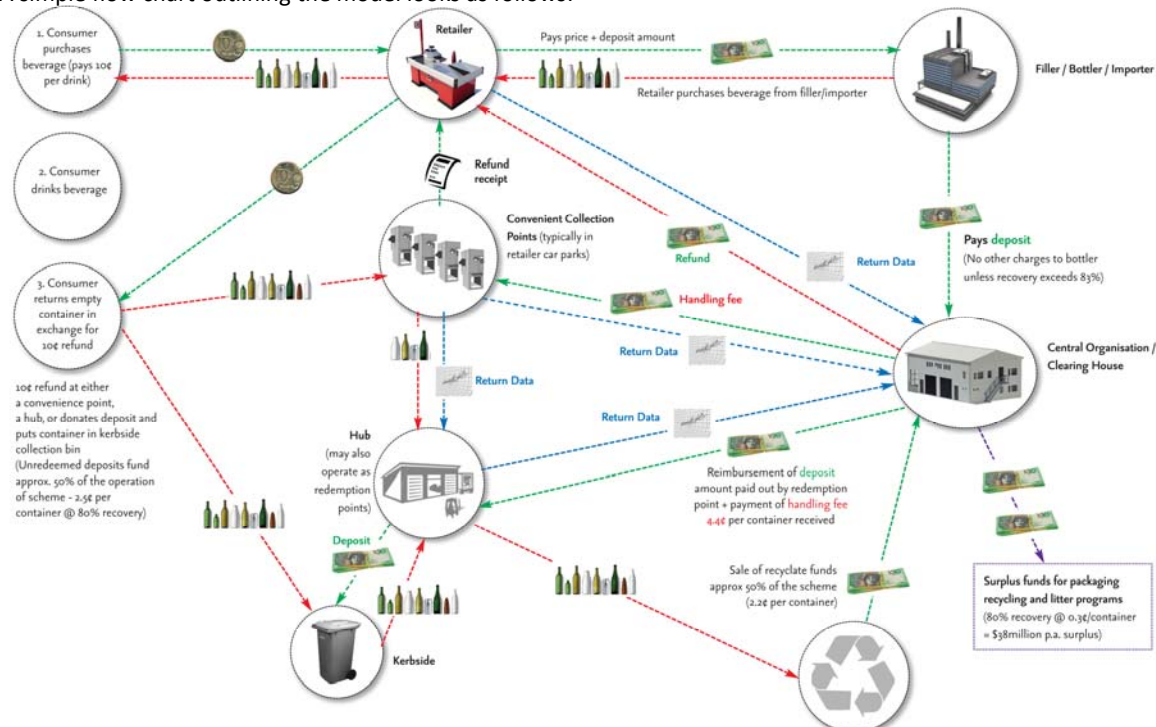
There are 2 types of redemption points focussed on recovering the containers consumed by the general public (the CRIS models this component based on ‘at home consumption’ but it should be noted that these centres also deal with the away from home component of consumption that is not in the domain of the C&I sector). The first is known as the Convenience Point. This collection point is established adjacent to any major beverage retailer via proposed regulations to ensure consumers can redeem containers and is directly linked to the supermarket for easy redemption via a voucher system. These collection points are the core network.

The second type of public redemption point is known as a sub-depot and is established via a partnership with the local hub – these types of depots are more likely to focus on shopping and lifestyle areas where major shopping centres are not operating e.g. a high street retail strip; sporting or public arena. It is not envisaged there will be many of these points; they are simply defined for circumstances where the network requires another collection point where there are no major shopping centres but high volumes of consumer traffic.

C&I and kerbside recycling services may participate in the scheme but operate within their own network of redemption points (the Hubs). These sectors are expected to deliver materials to the Hub; who on sell to reprocessors on the basis they collect the material from the Hub – eliminating transport costs for around 33% of all containers redeemed. Redemption via Hubs receives a lower handling fee (estimated at 2.7- 3.1¢ per container) reflecting the high volume / high speed redemption processes available. Much of this infrastructure already exists but not in any organised logistics chain.

Transport (other than in rural and remote communities) is limited to a single trip between a redemption point and the nearest Hub; which consolidate all recovered materials, and manage the collection and sale of these materials to the reprocessor. Transport costs from the redemption point to the Hub are borne by the Co-Ordinator.

A simple flow chart outlining the model looks as follows:



*NB Handling Fees are based on the midway cost of the range of charges modelled herein*

## **6. Obligations of Stakeholders (Roles and Responsibilities):**

**Government.** Government performs following functions:

- Passes legislation and enacts regulations to enable the operation of the scheme and preventing profiteering
- Establishes the non-profit company that will act as the Central Organisation, establishes the company's constitution and rules, and selects the board of directors
- Sets system parameters incl. deposit values, targets, and other charges (if at some time in the future there are insufficient funds via unredeemed deposits collected, the sale of scrap material, and interest earned by the fund)
- Enforce penalties in case of non-achievement, and provide sanctions on industry if targets not met (directly or via CO) – e.g. fines, eco-taxes, diversion of unredeemed + higher industry contributions
- Prosecutes companies which do not form agreements with CO, implement their obligations, or misreport sales figures etc. (ie safety net)
- Authorises the distribution of any surplus interest earned from the CD Fund (over and above monies reserved against future costs and contingencies) to encourage further recycling, litter abatement or value adding of materials collected within the scheme.

**The Central Organisation and Co-Ordinator.** The Central Organisation and their appointed Co-Ordinator are responsible for the overall management and governance of both the scheme and the fund. The Central Organisation is committed to authorising all actions and duties necessary to meeting:

- a) the recovery targets established;
- b) setting and meeting community service standards; and
- c) providing the highest standards of efficiency.

The CO performs following functions:

- Oversees and approves the distribution of funds collected via the scheme
- Appoints and oversees the performance of the system Co-Ordinator
- Audits system and ensures fraud is properly controlled
- Mediates any disputes between stakeholders
- Sets handling and other fees payable for service provision
- Recommends to government whether there should be any material specific admin fees charged to bottlers or importers of beverages
- Establishes labelling and point of sale consumer education requirements
- Reports non-compliance and recommends to government what action should be applied
- Reports on system performance to government and the public
- Co-ordinates promotion of the scheme and undertakes community regarding the scheme
- Registers and contracts (using a standard contract) with each filler/importer
- Registers and contracts with each qualifying redemption point (transparent criteria / conditions specified by government and legislation – e.g. location requirement, min standards)
- Becomes default owner of recovered material (though may allow direct sale from other participants where efficiency gains available).

The Co-Ordinator is appointed by the board to oversee the day to day running of the scheme. To eliminate any potential conflict of interest the Co-Ord must not participate in the operation of any redemption point nor may it purchase any recovered material. Their organisation may operate the transport system. The Co-Ord (under the supervision of the CO) performs the following functions:

- Approves beverage containers for sale within the market and whether they will or will not be subject to a deposit (i.e. interprets the legislation)
- Approves the proposed labelling on any bottler and promotion in store at major retailers
- Manages the network of collection points necessary to achieve the targets, service and system efficiency standards agreed between the CO and Government
- Provides all clearing house functions i.e. manages the day to day administration of all data, physical material flows and financial transactions
- Receives from the bottler/importer the payment of deposits and (if required) any material specific admin fee required to cover net costs along with auditable sales data
- Pays handling fees based on barcode-based data files (matching the physical material collected).
- Pays retailers for any refunds made (also based on barcode-based data files)
- Puts in place logistics arrangements to compaction / baling / transport of materials
- Negotiates the sale of recovered materials
- Provides barcode information covering all legislated containers to all system participants
- Oversees the compliance with scheme rules and regulations from each party (individual bottler/importer; retailer; redemption points etc.) and recommends penalties for non-compliance.

**The Bottler.** The Bottler is defined as the first person or company to sell packaged beverage products within the Australian supply chain i.e. either the entity which first fills a container with a beverage within Australia or imports a packaged beverage product from overseas. The Bottler's obligations are:

- To apply for all beverage containers they sell to be approved within the scheme and provide the barcodes of said containers to Co-Ord (who will in turn provide to all system participants)
- Not sell any packaged beverage without approval
- Pay the deposit to the CO at the earliest Australian point of sale in the supply chain, together with a material-specific admin fee (if required by the CO at some point in the future)
- Provide auditable sales data to the Co-Ord at the time the deposit is paid
- Ensure all approved containers carry clear labelling regarding the payment of the deposit
- Ensure the deposit and any other charges are clearly and separately identified on sales invoices.

**The Retailer.** Retailer obligations under the scheme are limited to major retail operations (defined as organisations which primarily sell groceries and/or packaged beverages with a total floor space of more than 1,200 square metres) and are subject to the following obligations:

- Should there be no redemption point located within 200 metres of the edge of the building housing said retailer (the convenience zone) - the retailer may:
  - Operate a redemption point themselves; or
  - Contract a third party to provide a redemption service within said convenience zone; or
  - Will be obliged to secure a minimum 60 square metres of hard stand (outdoor) area (with access to utilities) for a redemption point to be established.
- Each major retailer must form an arrangement with a redemption point located within the convenience zone so that consumers may redeem their refund receipts at the store
- Refunds may be made by way of a credit against purchases or cash but retailers must be prepared to refund cash if the consumer insists upon it
- Retailers must clearly show both the payment of deposits and any redemption refunds made, as separate line items on the shopping receipt
- The retailer must display approved signage at each cash register highlighting what containers are subject to the scheme and information identifying the nearest redemption point.

**Note: Rollout of convenience points will be staged over time to reflect the service targets established at the beginning of this document (see point 3 'Performance Indicators and Targets')**

**Retailer's Incentive:**

In lieu of any rental payment for property; retailers who comply with these obligations receive an incentive payment of up to 0.25¢ per container refunded via their store.

**Redemption Points.** It is important to note that in all instances the barcode is the default basis for redemption within this scheme and this information is fundamental to protect system integrity. Collection points are only paid handling fees on the provision of both the physical material and a data file identifying the redemption of approved containers.

Where high volume redemption from sectors such as C&I recovery are made it is expected that the Hub will record barcode information through the use of electronic information capture via certified bulk barcode readers

Where necessary, this requirement may be waived by the CO to allow weight-based redemption (based on average weights) or alternate processes in specific limited instances on a case by case basis where efficiencies are improved and the Co-Ord is satisfied that sufficient fraud protection is available. One example of this form of redemption would be materials captured via kerbside recovery (where materials have been crushed on collection) and the use of agreed weights and measures can be substituted for barcode data.

There are four points of approved redemption (Hubs, Convenience Points, Sub-Depots or kerbside collectors). Each has its own obligations and fee structure:

- Hubs have a number of functions. Their direct role in the redemption process is:
  - The approved point where containers recovered via kerbside operators can redeem the containers they have recovered
  - The licensed redemption point for C&I and C&D sector redemption (both by collecting themselves and/or via collection of existing recycling collectors)
  - Licensing sub-depots in public places (e.g. recreational venues, high street shopping etc.).

The obligation of the Hub (as a redemption point) is to:

- Be approved for operation by the system Co-Ord and comply with any rules the CO publishes
- Identify and record bar code data to verify that redeemed containers are legitimate
- Collect approved containers and make redemption via EFT transfer

- Devalue (i.e. destroy) the redeemed container and keep records of same
  - Where circumstance prohibit the use of the barcode for data verification (i.e. for kerbside recovery or collection of containers recovered in a remote or isolated location), a hub may apply to the Co-Ordinator to replace the barcode as a method of verification with an alternative so long as the co-ordinator is satisfied that: fraud can be managed; the process is auditable and the Hub bears any additional cost to operate.
  - If a Hub also wishes to provide a redemption service to the general public from its premises it must also register a sub-depot to do so.
- Convenience Points are depots designed for the redemption of containers from the general public. A Convenience Point is established via a contractual arrangement with a major retailer and will generally be located in the shopping centre of major retailers and shopping centres containing major retailers. Convenience Points may be manually operated or automated (using Reverse Vending Technology). The obligations of a Convenience Point are as follows:
    - Register and gain approval to operate by the Co-Ord and comply with any rules issued by same
    - Collect approved containers and provide a refund receipt for redemption at partnering retailer
    - Identify and record bar code data to verify that redeemed containers are legitimate
    - Devalue (i.e. destroy) the redeemed container and keep records of same
    - Provide convenient and timely access to their local Hub for the collection of recovered containers along with all necessary data in a format approved by the Co-Ordinator.
  - Sub-Depots are redemption points established to service locations where there are high volumes of containers consumed or opportunities for significant levels of redemption but do not have a depot established via the rules establishing convenience collection points (i.e. no major retailer). Sub-Depots are most likely to be located at high street locations (e.g. train stations or service stations); at major entertainment/sporting venues; or major lifestyle and leisure hubs (e.g. beachfront strips; national parks). In this instance the depot works under a sub-contract relationship with a local Hub and is paid the same handling fees that a convenience point would receive unless they are unable to provide bar code data for verification, in which case 0.02cents will be subtracted from their fee and paid to the Hub. The obligations for a Sub-Depot are:
    - Be approved for operation by the Hub and be registered as a sub-depot with the CO
    - Identify and record barcode data to verify that redeemed containers are legitimate OR comply with such record keeping as required by the Hub and approved by the Co-Ord
    - Provide convenient and timely access to their local Hub for the collection of recovered containers along with all necessary data in a format approved by the Co-Ordinator
    - Provide consumers with cash redemption or have an arrangement in place with a retailer located within 50 metres of sub-depot that will allow redemption for cash.
  - Kerbside Operators are existing MSW services that operate door to door waste and recycling services. These services will continue to collect containers that are eligible for refund. All Kerbside Operators will be able to participate in the CD scheme. Kerbside Operators obligations under the scheme are:
    - To be registered as redemption point with the Co-Ord
    - Establish an arrangement with a licensed Hub and have an agreed audit process that has been approved by the Co-Ord
    - To deliver collected materials to the Hub in a manner and timing agreed by the Hub
    - To accept that redemption will be via an agreed formulae of weights and measures based on a formula published by the Co-Ord
    - To allow the Co-Ord or Hub access to their premises and records for the purposes of audit.

Kerbside Operators receive the value of the deposit (forfeited by the consumer) but are not paid a handling fee.

**7. Funding:** The legislation and regulations to establish the scheme would create revenues from a number of sources to pay for system operation:

- Unredeemed deposits (2.5cents if 80% of all containers are recovered)
- Sale of recyclate collected (2.2cents using CRIS data)
- Interest earned from the fund (both surplus generated at start up and ongoing cash held - estimated to generate at least 0.5cents per container)
- Approval of bottles and licensing fees for depots (value not calculated)
- If recovery rates are so high as to create a shortfall in the annual operation of the scheme a small administration charge on producers and importers of beverages.

This means that effectively the scheme can afford to pay up to 5.2¢ per container without having to levy an administration charge on the bottler.

**8. Revenue and Costs:** Based on the analysis of the CRIS and our refinements, we have sought industry advice to update the modelled costs of the scheme. The range of costs and revenues the scheme is likely to attract are as follows:

Aspect of Operation	Scenario A: Optimistic Costs			Scenario B: Pessimistic Costs		
	¢ container	% of redemption	Weighted ¢/container	¢ container	% of redemption	Weighted ¢/container
Scheme Earnings						
Unredeemed Deposits		80%	2.5		80%	2.5
Sale of Recovered Containers			2.2			2.2
Interest Earned			0.5			0.5
<b>Sub Total Revenue</b>			5.2			5.2
<b>Less Scheme Costs</b>						
Co-Ordinator's Fees	-0.05	100.00%	-0.05	-0.07	100.00%	-0.070
C&I Handling Fees (Hub)	-2.7	23.70%	-0.6399	-3	23.70%	-0.711
Large Convenience Point Handling Fees (processing 8+mill containers/pa)	-2.7	14.80%	-0.3996	-3.1	14.80%	-0.4588
Medium Convenience Point Handling Fees (processing 3-8mill containers/pa)	-3.65	45.50%	-1.66075	-4.2	45.50%	-1.911
Small Convenience Point Handling Fees (processing <3mill containers/pa)	-4.4	7.40%	-0.3256	-5.1	7.40%	-0.3774
Remote Location Handling Fees	-6	1.40%	-0.084	-6	1.40%	-0.084
Kerbside Recovery	0	7.10%	0	0	7.10%	0
Compaction Fee	-0.4	69.20%	-0.2768	-0.4	69.20%	-0.2768
Crushing and Baling Fee	-0.2	92.90%	-0.1858	-0.25	92.90%	-0.23225
Retailer Incentive	-0.2	67.80%	-0.1356	-0.4	67.80%	-0.2712
Consolidation Fee	-0.1	100.00%	-0.1	-0.1	100.00%	-0.1
Transport to Hub	-0.4	69.20%	-0.2768	-0.5	69.20%	-0.346
Transport (rural & remote)	-0.8	1.40%	-0.0112	-1	1.40%	-0.014
<b>Sub-Total Cost:</b>			-4.14605			-4.852
<b>Deficit / Surplus</b>			1.05395			0.34755

### 9: Glossary of Terms:

**CRIS** – the Consultation Regulatory Impact Statement issued by the Standing Council on Environment and Water

**SCEW** – Standing Council on Environment & Water; joint council of state, territory & federal environment and water ministers

**Central Organisation (CO)** – a not for profit corporation responsible for the overall management of the scheme

**System Co-Ordinator (Co-Ord)** – A logistics company awarded the contract to manage the day to day operation

**Hub** – a central depot that links to a nearby network of redemption points and assists in the co-ordination of the system at a regional level and undertake the redemption from the C&I and MSW sector

**Convenience Point** – the primary redemption point for the scheme; established via 'convenience zone' regulations

**Sub-Depot** – any redemption point established outside of the convenience zone rules

**Remote Location** – redemption Points operating in remote areas of Australia

**Handling fee** – the fees paid to redemption point for the recovery and recording of returned containers

**Compaction Fees** – paid to either the redemption point for the value added function of compacting redeemed containers to reduce transport costs

**Crushing & Baling Fee** - paid to the hub for the value added function of crushing and baling containers in preparation for sale as scrap materials

**Retailer Incentive** – fee paid to retailers (in lieu of rental) in compensation for their obligations under the scheme

**Co-Ordination Fees** – fees paid to the Co-Ord for management of the system

**Consolidation Fees** – fees paid to the Hub for management of the sale of scrap and transport function

**Admin Fees** – fees charged to bottlers to cover scheme costs should it operate at a shortfall in the future

**Liabe Parties NT CD**

4 Pines Brewing Company  
A.Clouet (Australia) Pty. Ltd  
Accolade Wines  
Allstates Liquor Wholesalers  
Amway of Australia  
Angove Family Winemakers  
Aroona Valley Springs Pty Ltd  
Atkins Nutritionals Pty Ltd  
Aussie Bodies  
Aussie O Fruit Juice Co Pty Ltd  
Australian Beverage Holdings  
Australian Liquor Marketers Pty Ltd  
Australian Pure Fruits Pty Ltd  
Australian Pure Waters Pty Ltd  
Australian Trade Partners  
Australian Vintage Limited  
Australian Wine & Liquor Wholesale  
Australian worldwide  
AVO Trading Pty Ltd  
Bacardi Lion  
Balance Water Company Pty Ltd  
BDS Marketing (Aust) Pty Ltd  
Beach Avenue Wholesalers Pty. Ltd.  
Beer and Cider Co  
Bevco  
Bickfords Australia  
Blue Sky Brewery Pty Ltd  
Brown Forman Australia Pty Ltd  
Brownes Foods Operations Pty Ltd  
Buderim Ginger Limited  
Bundaberg Brewed Drinks Pty Ltd  
Calidris 28 Australia & New Zealand  
Campari Australia  
Campbells Soups Australia  
Cantarella Bros Pty Ltd  
Casella Wines  
Charlies Group (Australia) Pty Ltd  
Clearmind Pty Ltd  
Coca Cola Amatil  
Coles Liquor & Spirit Hotels  
Coopers Brewery Limited  
Cooroy Mountain Distribution Pty Lt  
Daiwa Food Corporation Pty Ltd  
Dana Waters Pty Ltd  
De Bortoli Wines Pty Ltd  
Diageo Australia Limited  
Dollars and Sense Discount Variety S  
Drinkworks  
East 9th brewing Pty Ltd  
Elite Distributors Pty Ltd  
Empire Liquor  
Endeavour Beverages Pty Ltd  
Ettason Pty Ltd  
Festival City Wines & Spirits Pty Limi  
FIJI Water (Australia) Pty Ltd  
Fonterra Australia Pty Ltd  
Fosters Group Limited  
Frucor Beverages (Australia) Pty Ltd  
Gage Roads Brewing Co  
GlaxoSmithKline  
Golden Circle Limited

**AFGC Members**

ASMI  
\*Baking Association Australia  
\*CropLife  
\*Food & Beverage Importers Ass.  
\*Food industry Association QLD  
\*Food Q  
\*Foodservice Suppliers Ass. Aust.  
\*Grains & Legumes Nutrition Council  
\*PLMA Australia / New Zealand  
ACI Operations Pty Ltd  
Allens Arthur Robinson  
Amcor Fibre Packaging  
Arnott's Biscuits Limited  
AT Kearney  
Australian Blending Company P/L  
Australian Pork Limited  
Baker & McKenzie  
Barilla Australia Pty Ltd  
Beak & Johnston Pty Ltd  
Beechworth Honey Pty Ltd  
Beerenberg Pty Ltd  
Benchmarking for Performance  
Bickfords Australia  
Birch and Waite Foods Pty Ltd  
Brisbane Marketing  
Bronte Industries Pty Ltd  
Bulla Dairy Foods  
Bundaberg Brewed Drinks Pty Ltd  
Bundaberg Sugar Limited  
Byford Flour Mills T/a Millers Foods  
Campbell's Soup Australia  
Cantarella Bros Pty Ltd  
Carman's Fine Foods Pty Ltd  
Cerebos (Australia) Limited  
Cheetham Salt Ltd  
CHEP Asia-Pacific  
Christie Tea Pty Ltd  
Church & Dwight (Australia) Pty Ltd  
Clorox Australia Pty Ltd  
Coca-Cola Amatil (Aust) Limited  
Coca-Cola South Pacific Pty Ltd  
Colgate-Palmolive Pty Ltd  
Coopers Brewery Limited  
CROSSMARK Asia Pacific  
CSIRO Food and Nutritional Sciences  
Dairy Australia  
Danisco Australia Pty Ltd  
Devro Pty Ltd  
DSM Food Specialties Australia Pty Ltd  
Eagle Boys Pizza  
Earlee Products  
FACTA (Food Allergen Control Training Analysis)  
Ferrero Australia  
Fibrisol Services Australia Pty Ltd  
Fonterra Brands (Australia) Pty Ltd  
Food Liaison Pty Ltd  
Food Spectrum Group  
Foodbank Australia Limited  
FPM Cereal Milling Systems Pty Ltd  
Frucor Beverages (Australia)  
General Mills Australia Pty Ltd

**PSF Members**

Amcor Packaging Australia  
Bundaberg Brewed Drinks Pty Ltd  
Schweppes Australia Pty Ltd  
Coca-Cola Amatil (Aust) Limited  
Lion Dairy and Drinks  
Owens Illinois  
Visy Pak

Greenland Pty Ltd	George Weston Foods Limited
Grocery Corporation Pty Ltd	GlaxoSmithKline Consumer Healthcare
<b>H. J. Heinz Co Australia Ltd</b>	Go Natural
Impulse Products Pty Ltd	Goodman Fielder Limited
Independent Distillers (Aust) Pty Ltd	Gourmet Food Holdings
Japan Food Corp (Aust) Pty Ltd	Grain Growers
JD Beverages Pty Ltd	Grant Thornton
Jireh International Warehousing & D	GS1
JMB Beverages Pty Ltd	H J Heinz Company Australia Limited
Juce Beverages Pty Ltd	Harris Smith
Just Squeezed Fruit Juices (NSW) Pty	Harvest FreshCuts Pty Ltd
Kollaras Group	Healthy Snacks
Lencia Fruit Juices Pty Ltd	Hoyt Food Manufacturing Industries P/L
<b>Lion Nathan National Foods</b>	Hungry Jack's Australia
Little Creatures Brewing Pty Ltd	IBM Business Cons
Lucky Drink Pty Ltd	IGEA Group
Maggie Beer Products Pty Ltd	Infosys
Manassen Foods Australia Pty Ltd	innovations & solutions
Mandovi	Jalna Dairy Foods
McLaren Vale Beer Company	JBS Australia Pty Limited
Mister Tom Tran	Johnson & Johnson Pacific Pty Ltd
Mountain Fresh Fruit Juices	Kellogg (Australia) Pty Ltd
Mountain Goat Beer Pty Ltd	Kerry Ingredients Australia Pty Ltd
Mountain H2O Pty Ltd	Kimberly-Clark Australia Pty Ltd
<b>Murray Goulburn Co Operative Limi</b>	KPMG
Nan Fong Trading Company P/L	Kraft Foods Asia Pacific
Narkena Pty Ltd	Laucke Flour Mills
<b>Nestle Australia Ltd</b>	Legal Finesse
New World Trading Company Pty Ltd	Linfox Australia Pty Ltd
Neways International (Aust) Pty Ltd	Lion Dairy and Drinks
Nippys Fruit Juice	Logan Office of Economic Dev.
Nu Pure	Madura Tea Estates
Nudie Foods Pty Ltd	Manildra Harwood Sugars
Nutrient Water Pty Ltd	Mars Australia
O'Brien Brewing Pty Ltd	McCain Foods (Aust) Pty Ltd
Oriental Merchant Pty Ltd	McCormick Foods Aust. Pty Ltd
Pacific Beverages Pty Ltd	McDonald's Australia
Palais Imports	Meat and Livestock Australia Limited
<b>Parmalat Australia Ltd</b>	Merisant Manufacturing Aust. Pty Ltd
Phoenix Beers Pty Ltd	Monsanto Australia Limited
Pikes Beer Company Pty Ltd	Murray Goulburn Co-operative
Pink Energy Beverages Pty Ltd	Myosyn Industries
POM Wonderful	Nerada Tea Pty Ltd
Premium Wine Brands Pty Ltd	Nestlé Australia Limited
Preshafood Limited	New Zealand Trade and Enterprise
Private Label liquor	Nutricia Australia Pty Ltd
Raw Materials	Ocean Spray International Inc
<b>Red Bull Australia Pty Ltd</b>	Only Organic 2003 Pty Ltd
Red Eye International Pty Ltd	Pacific Strategy Partners
Red Island Pty Ltd	Parmalat Australia Limited
Refresh Waters Pty Ltd	Patties Foods Pty Ltd
Rio Coffee	Pfizer Consumer Healthcare
Riviana Foods Pty Ltd	Procter & Gamble Australia Pty Ltd
Rose River Beverages	QLD DEEDI
Samuel Smith & Son Pty Ltd	QSR Holdings
<b>Sanitarium Health &amp; Wellbeing Com</b>	Queen Fine Foods Pty Ltd
Saxbys Soft Drinks Pty Ltd	Reckitt Benckiser (Aust) Pty Ltd
<b>Schweppes</b>	Red Bull Australia
Slades Beverages Pty Ltd	Red Rock Consulting
Snowy Mountains Bottlers Pty Ltd	Rosella Foods Pty Ltd
Soul Beverages LTD	RQA Asia Pacific
Spring Water Beverages Pty Ltd	Safcol Canning Pty Ltd



Steric Trading Pty Ltd	Sandhurst Fine Foods
Stone & Wood Brewing Company Pt	Sanitarium Health and Wellbeing
Sundance Brewing International	Sara Lee Australia
Sunraysia Natural Beverage Compar	SCA Hygiene Australasia
Suntory (Aust) Pty Ltd	Schweppes Australia
Tan and Co	Sensient Technologies
Thankyou Water Pty Ltd	Simplot Australia Pty Ltd
The Australian Cider Company	Solaris Paper
The Hills Cider Company	Spectrum Automation
Thirsty Thursday	Spicemasters of Australia Pty Ltd
Tony Ferguson LCD Pty Ltd	StayinFront Group Australia
Treasury Wine Estates Australia	Steric Pty Ltd
Tru Blu Beverages	Strikeforce Alliance
Ultimate International Pty Ltd	Stuart Alexander & Co Pty Ltd
Unilever Australia Ltd	Subway
United Distilletrs	Sugar Australia Pty Ltd
Valcorp Fine Foods	SunRice
Vok Beverages Pty Ltd	Swire Cold Storage
Who-Rae Pty Ltd	Swisslog Australia Pty Ltd
Woolworths Limited	Tasmanian Flour Mills Pty Ltd
Xiao Trading Pty Ltd	Tate & Lyle ANZ
Yakult Australia Pty Ltd	Tetra Pak Marketing Pty Ltd
	The Food Group Australia
	The Nielsen Company
	The Smith's Snackfood Co.
	The Wrigley Company
	Tixana Pty Ltd
	Touchstone Cons. Australia Pty Ltd
	Unilever Australasia
	Visy Pak
	Vital Health Foods (Australia) Pty Ltd
	Ward McKenzie Pty Ltd
	Wiley & Co Pty Ltd
	Yakult Australia Pty Ltd
	Yum Restaurants International



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21 December 2006

Project Manager, Beverage Container Bill  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001

Dear Project Manager

**RESPONSE TO THE  
DRAFT ENVIRONMENT PROTECTION (BEVERAGE CONTAINERS)  
AMENDMENT BILL 2006**

**1.0 OVERVIEW**

The introduction of Container Deposit Legislation (CDL) in SA was a first for Australia and originally targeted to control litter. The system was designed to be self-regulating and is best described as a hybrid market system. As environmental policy has evolved, the CDL is now better described as a model of Extended Producer Responsibility (EPR). The system still provides benefits for litter control, however its major benefit is in supporting the environmental and social objectives of the Government.

While RSA supports the proposed amendments to the legislation it remains unconvinced whether or not the proposed changes will achieve the objective of creating a cost effective, equitable and efficient Container Deposit System.

The Explanatory Report highlights some of the inequities and difficulties within the current system but the proposed changes may not achieve their stated objective.

RSA will cooperate with the EPA in working within the new legislative framework on the basis that its members (collection depots) can achieve the ultimate efficiency gains of commodity bulking and payment by count, not weight. There are just two commodities that need to be bulked – glass and aluminium. In RSA’s view if the current system can bulk PET containers then there should be no reason why glass or aluminium cannot be bulked.

In the case of glass, collection depots do all the work in sorting and recycling glass by delivering containers to the glass beneficiation plant. They must keep deposit glass containers separated to accommodate two separate super collectors handling the product. This adds significantly to the cost of the system and is grossly inefficient.

The audit control is undertaken at the beneficiation plant on behalf of super collectors and the cullet is sold to glass reprocessors by the collection depots. Super collectors have only an administrative role and RSA is at a loss to understand why this packaging is not bulked immediately.

Aluminium cans require the separation into three different streams to suit super collector, audit and central control. Aluminium cans are all baled and easily recycled into new aluminium products. There is no reason not to bulk this packaging except the vested interest of three super collectors owned by major fillers/distributors (fillers).

The EPA should note that RSA's stated position to Statewide and Marine Stores (whose contracts have expired) is that new contracts will only be negotiated that include the bulking of all packaging by material type and the payment by count based on actual deposits paid for the product. There is too much inaccuracy and loss of revenue with averaging systems that rely on payment by weight. This will be further exacerbated by any increase in the deposit or the continued variation to volumes of containers in each packaging stream.

If the amendments provide the EPA with sufficient control of the Container Deposit System to achieve bulking and payment by count then RSA supports this new legislative framework and applauds the EPA for taking responsibility for the efficient and cost effective running of the system.

However, if the amendments cannot achieve these outcomes then RSA will support the move to a true Extended Producer model previously outlined to the Minister and the EPA.

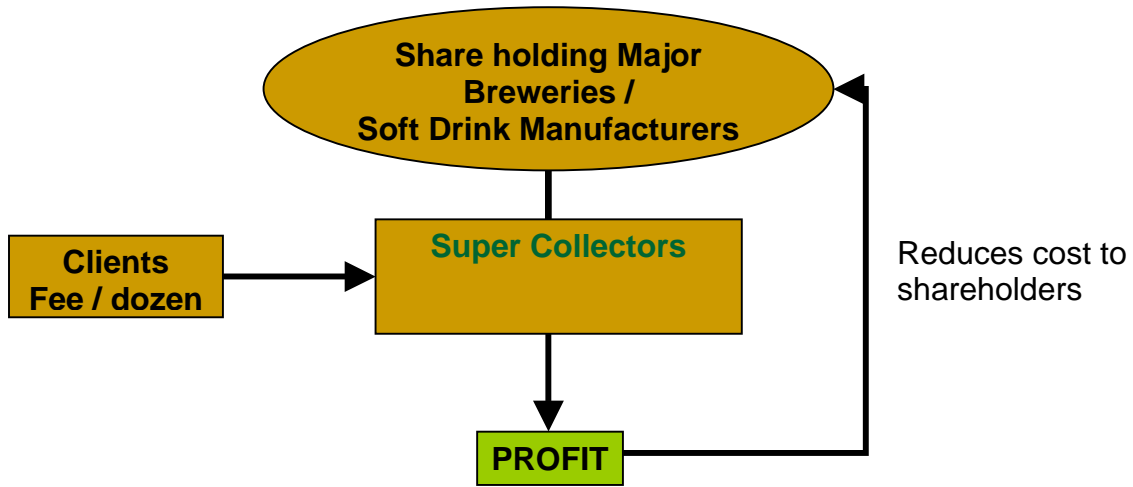
In summary, this model incorporates one only independent coordinator for the system who sets a fixed fee for all fillers to sell CDL items in SA and provides the coordination and liaison with the existing collection depot network for the sorting, aggregating and recycling of all product by the depot.

The benefits of this system are:

- Levels the playing field for all fillers in the State removing the profit received by fillers who happen to own super collectors under the old system (refer Diagram 1 over the page).

Diagram 1

**LEVEL PLAYING FIELD V CROSS SUBSIDIZATION**



- Removes inefficiencies in the system by the introduction of bulking for all packaging and reduces the overall cost of the system to the fillers.
- Allows the introduction of technology and sustainable Occupational Health & Safety systems within the industry.
- Removes the duplication between central processing by super collectors and the more efficient direct market model by collection depots, ie, no need to pack, transport and re-count at the super collector. All commodities are handled from the consumer to the recycler.
- Provides an opportunity to fund environmental programs for the Government from the coordinator of the system. (Refer to cost model below.)

**Average Cost Model for CDL All Products  
(40 million dozen sold annually)**

<b>Fee paid by Distributor / Filler</b>	<b>\$0.84</b>
<b>Collection Depot Handling fee and deposit</b>	<b>\$1.05</b>
<b>Transport, Processing and Administration cost</b>	<b>\$0.05</b>
<b>Total Cost of 100% returns</b>	<b>\$1.10</b>
<b>Cost for Average Return Rate at 76%</b>	<b>\$0.84</b>
<b>Value of Recycled product (scrap value)</b>	<b>\$0.20</b>
<b>TOTAL PROFIT to super collectors or for Environmental Fund</b>	<b>\$7,000,000.00</b>

All prices are per dozen, GST exclusive

The remainder of RSA's submission is set out in the same order and headings as the Explanatory Report (dated October 2006) prepared for the consultation on the draft amendments to the bill.

## **2.0 Amendment of Definitions**

### **2.1 New Definition: approved collection depot**

RSA supports the new definition.

### **2.2 New definition: approved refund marking**

While supporting the new definition for approved refund marking, RSA suggests the following issues should be addressed to lessen the risk of "free riders" within the system and to better promote the environmental benefits of CDL:

- The EPA should give consideration to linking label approval to a registered trademark. Conditions on the use of this trademark may be able to avoid label approval on products where there is no intention by the filler to market a product in SA. An example of where a product has label approval is Toohey's Gold & Red Beer, even though this product is not sold in SA. There are many more examples of this, one of which was highlighted in the Fells' court case.
- The design of the label should be bold and endorsed by the EPA as a trademark that carries prestige for fillers demonstrating their commitment to sustainable environmental packaging practice. This approval should have the same prestige as "Australian Made" branding and marketing.
- The positioning of the label on the container should be carefully considered. Collection depots are required to recognize labels and confirm a deposit is payable. A crushed can negates the reading of a label that is positioned on the body of the container which would be avoided if the labeling is embossed on the top of the can. This was the practice in the past and is superior to labeling the body of the can.
- While the common meaning of the words "when sold in SA" is clear, there is ample evidence to suggest that fillers do not always declare final retail sales in this State. This is especially the case for major supermarket chains that centrally warehouse and move stock around to suit market demand. The amendments must provide the EPA with the ability to control this situation.

### **2.3 Amended definition of beverage**

RSA supports the proposed changes.

### **2.4 Amended definitions of category A container & category B container**

RSA supports the proposed changes.

## **2.5 Amended definition of container**

RSA supports the proposed changes.

## **2.6 Removal of 'collection area' definition**

This definition is out of date and collection depots do compete for customers. While it is acknowledged that the National Competition Policy Review of the Act may have highlighted the need to amend this definition it must be stated that caution needs to be exercised. While it is desirable to have competition at all levels of the CDL system the over-riding objective must be a viable and cost-efficient return and resource recovery system for containers. Uncontrolled admission of collection depots and super collectors means that single commodities need to be sorted to suit audit requirements of new super collectors. This compromises single commodity processing, ie, bulking, and the system is rendered costly and ineffective.

A true market system for the SA Container Deposit model is clearly not possible. To ensure the integrity of the system collection depots have no choice but to deal with super collectors for their label approved containers, regardless of the commercial terms and conditions offered by the individual super collector. There is no opportunity for the collection depots to make their own arrangements to suit their own commercial needs and businesses as there would be if the system was truly market driven.

Similarly if super collectors were in a perfect market situation they would face competition and entry from a myriad of potential super collector companies that have the potential to render the CDL system unworkable.

The challenge for the EPA is to administer and manage the system to achieve a fair and equitable outcome for all stakeholders and achieve the objectives of the legislation.

## **2.7 Amended definition of 'collection depot'**

This revised definition is supported but the association is cautious of the approval of reverse vending machines (RVM's) as a collection depot without considering consistency between the approval conditions of collection depots and RVM's.

The approval of RVM's as collection depots should only proceed if they are linked to existing approved collection depots. This approach would avoid the opportunity to compromise the return system network and ensure that approval conditions are consistent for RVM's and collection depots. Linking RVM's and collection depots controls interstate rorting (refer to later in the amendments) and provides the ideal model to properly service and control this new technology.

### ***2.8 New definition of ‘super collector’***

The inclusion of super collectors under the legislation is supported by RSA.

### ***2.9 New definition of ‘waste management arrangement’***

This definition is supported by RSA, however it does not, in the association’s view, go far enough in defining the essential elements of a “waste management arrangement”. The key element missing in the definition is the requirement that a waste management arrangement for the “collection sorting and aggregation of containers” must also include the efficiency of handling that class of container.

It is quite possible to conceive a container that cannot be practically handled by the collection depot network. The waste management arrangement for a particular container should not add to the cost of the system. If the container packaging is already being handled within the system then it must be aggregated into that system. This is the only way to ensure cost control and efficiency at the collection depot end. In other words, a waste management arrangement should have regard to the ultimate aim of handling containers of the same packaging material in one system, ie, an aluminium can should be handled in one system similar to what currently exists with the return of PET containers. This must also be the case for glass containers.

## **3.0 Approval system for ‘classes of containers’**

RSA recognizes the need to link approval to the suitability of the product given the environmental objectives of the Government. A strengthening of the waste management arrangements as discussed above gives further impetus to the rationale behind this amendment.

## **4.0 Approvals for depots and super collectors**

### ***4.1 Regulation of super collectors***

RSA supports the regulation of super collectors but strongly disputes the statement by the EPA that super collectors are no longer closely aligned with a particular manufacturer. There are four super collectors and in excess of 80% of material handled within the CDL system is controlled by Statewide and Marine Stores. Statewide is owned by Coke and Schweppes, Marine Stores is owned by Lion Nathan and Coopers Brewery. Visy handles predominantly Carlton United Brewery (CUB) products and Flagcan is a minor player whose shareholding relates mainly to collection depots.

#### ***4.2 Strengthened approvals system***

#### ***4.3 Conditions of approval***

#### ***4.4 Improved appeal rights***

RSA supports the strengthening of the approval system with the EPA having power to impose conditions of approval and the accompanying appeal rights against decisions of the EPA regarding the approval process.

#### ***4.5 Sustainable waste management system***

The EPA, when considering a sustainable waste management system, must have regard to the efficiency and viability of the CDL system. A sustainable waste management system should not be able to compromise issues such as bulking or the viability of the collection depot network. It is not just a matter of considering the objects of the Act and the Beverage Container Provisions when making a determination on an alternative recycling stream.

#### ***4.6 Dispute resolution process***

The comments by the EPA that there is an imbalance between the power of the super collectors negotiating with collection depots is factual and has led to disputes that had the potential to compromise the CDL system. The current contractual arrangements with super collectors include dispute resolution clauses that have been used in the past to resolve relatively minor issues.

RSA wishes to point out that contracts with both Statewide and Marine Stores have not been renewed by the association on the basis that any new contract must include bulking and payment by count rather than by weight. This means that 80% of the returns in the CDL system rely on contracts that can be terminated between 30 and 45 days.

The EPA, in drafting this amendment, must be sure that it can intervene to achieve an equitable outcome that protects the viability and efficiency of the Container Deposit System. All stakeholders within the CDL system have a right to expect an efficient, viable, equitable system. This is the responsibility of the Environment Protection Authority.

#### ***4.7 Annual fees and reports***

Annual fees and reporting requirements are supported by RSA subject to understanding the fees proposed. The fees should be set commensurate with the involvement of the EPA to monitor and manage the system. This requires the EPA to understand the intricacies of the system and provide meaningful reports on the performance of the CDL system. It also must contemplate active involvement by the EPA when there is a dispute that has the potential to compromise the CDL system.

The EPA cannot just rely on super collectors and depots to operate the system as it does require administration and management by the EPA.



#### **4.8 Service of documents**

Is noted by RSA.

#### **5.0 Amendments to penalties**

Is noted by RSA.

#### **6.0 Interstate containers**

RSA strongly supports any initiative to stop interstate containers being returned via the CDL system in SA when these containers have not been sold in SA. The amendment to include this as an offence with a penalty of \$4,000 fine or a \$3,000 expiation fee is applauded.

RSA also supports an amendment that allows collection depots to refuse refunds if they believe the containers have not been sold in SA. It should be noted that this would be very difficult for collection depots to enforce. The amendment requiring a statutory declaration to be signed by a person confirming that the containers have been sold in SA is conditionally supported.

A statutory declaration requires a signature from a JP and this is clearly impractical for a depot owner. A declaration in a similar form to the Australian Taxation Office requirements for GST is more practical. However, the transaction amount is more realistically set at \$150 per transaction at the 5 cent deposit level. This should be pro-rated for any increase in the deposit level. While the GST form remains in force for up to five years, RSA would encourage its members to seek a declaration for each transaction that exceeds the suggested level.

#### **7.0 Schedule 1**

The rationale is understood and supported by RSA for these amendments.

#### **8.0 Transitional arrangements**

RSA supports a transitional phase for the introduction of the new legislation. However RSA would support the introduction of the change of deposit during this transitional period to minimize the disruption to the industry.

It may not be prudent for the EPA to automatically grant approvals to super collectors in this transitional phase given that existing contracts with collection depots have expired and the waste management arrangements rely on the notice period in those contracts for termination, ie, 30 or 45 days. The EPA may need to seize this opportunity of introducing the changes to broker a waste management arrangement that is sustainable and efficient, ie, bulking and payment by count.

## **9.0 Refund amount**

RSA strongly supports an increase in the deposit refund amount from 5 cents to 20 cents. There has not been an increase in the refund amount since the inception of the scheme and the real value of the deposit is well in excess of the 20 cents proposed.

RSA believes a review of the refund amount is timely, given the recent announcement by the WA Government to introduce CDL into that State and a recent trend of decreasing return rates for the highly recognized packaging such as PET, glass and aluminium.

Supporting the argument for an increase in the refund is the current low return rates for newly introduced product to the system such as liquidpaperboard, etc, at less than 40% return rates. Clearly the financial incentive has not been significant enough for return rates of this packaging to meet the return rates of the other packaging covered by the legislation.

The WA Government will need to set a refund amount that does provide sufficient financial incentive, coupled with community willingness to recycle to achieve best practice return rates for Container Deposit Systems. It is RSA's understanding that the refund amount in WA is likely to be 20 cents.

The SA CDL system was the first in Australia and should set an example for the rest of the nation on the appropriate refund amount. The refund amount must be the same for both WA and SA, and underpin consistency across the whole nation. SA is in the best position to take the lead and set a refund amount that will achieve the best practice return rates of other Container Deposit Systems in the world (between 77% and 93%). There is only one chance to set a refund amount and if it is set too low the system will be compromised.

From RSA's point of view, there are issues for collection depots, mainly cashflow management, security and transitional arrangements. RSA believes these challenges can be met by its members and the environmental benefits to the State for increasing the refund amount far outweigh any inconvenience for depot operators.

The impact on the public should only be positive given the results of the EPA survey, and the opportunity for all consumers to return the container and receive the deposit. There is a choice for the consumer and an increase would provide greater return rates and participation from the community.

RSA believes that the impact on the economics of kerbside recycling collection costs will not be significant. The greater diversion rate through the CDL system is likely to be offset by the increased value of the containers left in the kerbside collection systems.

RSA is of the opinion that the ideal implementation date for a refund increase is 1 July 2007. This is the quietest period for the industry and would cause the least disruption. A one to three month transitional period is supported by RSA where collection depots will

be required to refund both 5 cent and 20 cent containers. This will increase the number of splits required by the depot. RSA believes that if this transition period is no greater than three months then the additional costs can be borne by the collection network. If a greater transition period is proposed then substantial additional costs will need to be considered, especially if bulking has not been achieved within the industry.

The additional costs for any transitional period to introduce deposit refund increases reinforce the need to set the level correctly in the first instance.

An interim level of 10 cents deposit refund is not supported by RSA.

Communication with the community should occur at least three months prior to the introduction of an increase in the refund amount. The communication strategy should be coordinated by the EPA in conjunction with super collectors and collection depots represented by RSA.

Experience with the introduction of the new products clearly demonstrates that industry can accommodate changes to the system if all stakeholders are advised and a clear and consistent implementation program adhered to.

RSA does not support a tiered deposit refund scheme for SA. This adds significantly to sorting, handling and audit costs of the system with minimal environmental or social benefit. It is important to protect the overall cost of operating the system and any benefit from a tiered deposit system would not justify the cost increases within the system.

Thank you for the opportunity to respond to the proposed legislative amendments and RSA will continue to work with the Government in improving the CDL system in SA.

If you have any enquiries or would like to discuss the alternative EPR model mentioned in the Overview of this submission do not hesitate to contact the undersigned on mobile 0411 231 116.

Yours sincerely

Bob Naismith  
EXECUTIVE OFFICER  
RECYCLERS OF SOUTH AUSTRALIA INC

## Product Stewardship (Televisions and Computers) Regulations 2011

**The Australian Government has made Regulations to support a national, industry-led scheme for recycling televisions and computers.**

On 5 November 2009, all Australian environment ministers agreed to a new national policy on waste and resource recovery. The *National Waste Policy: Less Waste, More Resources*, endorsed by the Council of Australian Governments in 2010, sets a 10-year vision which puts the nation on a path to producing less waste and managing waste as a resource to deliver economic, environmental and social benefits.

Strategy one of the National Waste Policy relates to the principle of product stewardship, where responsibility for the environmental impacts of a product throughout its life cycle (from design to production through to disposal) is shared by everyone involved in the production, supply and use of that product.

Product stewardship takes many forms, for example when people recycle packaging or when companies re-design their product to reduce hazardous substances, they are being good product stewards.

All Australian environment ministers also agreed that televisions and computers would be the first products to be regulated, using a co-regulatory approach, under product stewardship legislation proposed in Strategy one of the Policy.

Co-regulatory approaches involve a combination of government regulation and industry action,

whereby government makes regulations that set the outcomes to be met, while industry funds and implements the scheme and has flexibility in determining how those outcomes are achieved.

### PRODUCT STEWARDSHIP ACT

The *Product Stewardship Act 2011* (the Act) came into effect on 8 August 2011 and fulfils a key Australian Government commitment under the National Waste Policy. The Act seeks to address the environmental, health and safety impacts of products. The implementation of the Act will help reduce hazardous substances in products and in waste, avoid and reduce waste, and increase recycling and resource recovery.

The Act provides a framework for mandatory, co-regulatory and voluntary product stewardship.

### NATIONAL TELEVISION AND COMPUTER RECYCLING SCHEME

The *Product Stewardship (Televisions and Computers) Regulations 2011* (the Regulations) came into effect on 8 November 2011 and support a co-regulatory recycling scheme for televisions, computers, printers and computer products.

In line with the aims of the National Waste Policy, the objectives of the Scheme are to:

- Reduce the amount of television and computer waste (particularly hazardous waste materials) for disposal to landfill;
- Increase recovery of resources from end-of-life television and computer products in a safe, scientific and environmentally sound manner;
- Ensure national coverage; and
- Ensure fair and equitable industry participation in the Scheme.

The Regulations aim to increase the recycling of covered products to 80 per cent in 2021-22.

## PRODUCTS COVERED

The Regulations apply to televisions, computers, printers and computer products. Computer products include both internal parts of computers (e.g. motherboards) and peripherals (e.g. keyboards). In order to precisely identify the products in question, Schedule 1 to the Regulations specifies 75 tariff/statistical codes of relevant products and associated descriptions. These are the codes used by importers in Customs import declarations.

## WHO IS REGULATED?

Only entities described in the Regulations have obligations under the Regulations.

The Regulations define liable parties as constitutional corporations that imported or manufactured in Australia products covered by the Regulations in the previous financial year.

To limit the impact of the Regulations on small business, the Regulations set thresholds that exempt companies that import or manufacture less than 15,001 computer products or 5,001 televisions, computers or printers from participating in the Scheme.

## WHAT IS REQUIRED OF A LIABLE PARTY?

The Act requires liable parties specified in the Regulations to become a member of an approved co-regulatory arrangement.

An approved co-regulatory arrangement is a set of activities or measures designed to achieve the recycling targets and other outcomes in the Regulations. All arrangements must have an administrator, which is the body corporate responsible for administering the arrangement on behalf of members, and must ensure all reasonable steps are taken to meet outcomes specified in the Regulations.

Arrangements can have one liable party member or multiple liable parties participating. Substantial civil penalties apply to a liable party that fails to become a member of an approved co-regulatory arrangement.

## OUTCOMES

The Regulations specify three key outcomes to be achieved by approved co-regulatory arrangements namely: the provision of reasonable access to collection services in metropolitan, regional and remote areas, annual recycling targets and a material recovery target.

### Reasonable access

The Regulations require each approved arrangement to provide reasonable access to collection services by 31 December 2013. Reasonable access is defined in the Regulations by the following set of minimum requirements:

- For each metropolitan area, the number of collection services available in each financial year must at least equal the population of that area divided by 250,000 and rounded up to the closest whole number;





- For inner regional areas, at least one service must be provided within 100km of the centre point of every town of 10,000 people or more in each financial year;
- For outer regional areas, at least one service must be provided within 150km of the centre point of every town of 4,000 people or more in each financial year; and
- For remote areas, at least one service must be provided within 200km of the centre point of every town of 2,000 people or more, once every two financial years.

These requirements are expected to provide around 98 per cent of the population with reasonable access to collection services.

Consistent with the co-regulatory nature of the Scheme and to provide flexibility to suit local circumstances, a collection service could take a number of forms, including a permanent collection site, take back events or mail back.

### Recycling targets

The Regulations set annual targets for recycling, which is defined as the initial stage of processing a product for the purposes of recovery of useable materials. The Scheme recycling target starts at 30 per cent of waste arising in 2012-13 and will rise to 80 per cent of waste arising in 2021-22. The Regulations set out how waste arising and recycling targets are to be calculated.

Co-regulatory arrangements are responsible for achieving their member's share of the Scheme's targets, which is based on the amount of covered products their members imported or manufactured in the previous financial year.

### Material recovery target

The Regulations include a material recovery target of 90 per cent, which will come into effect in the 2014-15 financial year.

The target requires each co-regulatory arrangement to ensure that at least 90 per cent of the weight of material they recycle in the financial year is sent for further processing into useable materials. This is consistent with the estimated average material recovery rate currently being achieved by Australian recyclers of televisions and computers.

The delayed introduction of the target is intended to provide time to standardise measurement and reporting methodologies for material recovery.

### IMPLEMENTATION

The Regulations have commenced and prospective arrangement administrators are able to apply for approval of a co-regulatory arrangement. It is anticipated that one or more co-regulatory arrangements will be approved in early 2012 and will commence roll-out in 2012.

### FURTHER INFORMATION

For further information on the Regulations or the Scheme, visit [www.environment.gov.au/ewaste](http://www.environment.gov.au/ewaste) or contact [ewaste@environment.gov.au](mailto:ewaste@environment.gov.au)



*Factsheet last updated 24 November 2011*

