

Container Deposit Scheme
Department of Water and Environmental Regulation
Locked Bag 33
CLOISTERS SQUARE WA 6850

Sent by email to: cds@dwer.wa.gov.au

6 December 2018

Dear Sir / Madam,

CUSTOMER SERVICE STANDARDS FOR THE CDS COLLECTION NETWORK

We appreciate the opportunity to comment on the Customer Service standards for the CDS collection network released in late October.

For context we note that 10 AUD cents is a relatively low deposit value by international standards, and when compared with average beverage prices or standards of living, it is right at the lowest end of the 30+ deposit markets around the world.

With a low financial incentive, convenience will be critical to achieve scheme outcomes.

As a general guide, we would observe that one collection point per 15,000 people is already a low density of collection infrastructure and compares unfavourably with most CDS markets overseas. Even in Australia we note, from our role as one half of the JV responsible for network operations in NSW, that there are now over 680 collection points across NSW, representing one for every 11,000 people or less.

As populations are more widely distributed over greater areas, logic would suggest that the planned number of people per collection point should reduce.

In TOMRA's JV role as Network Operator we are paid per container collected at a competitively tendered price. We are therefore incentivised to increase recycling, but will of course only continue to invest in additional collection infrastructure as long as it remains commercially viable to do so.

Economics modelling is unlikely to be able to determine the optimum level of infrastructure without detailed industry knowledge. For example, well-planned logistics, sorting and verification arrangements are likely to make over-the-counter redemption points which can store containers for a reasonable period a more cost-effective option, as well as a more convenient one, than the mobile or pop-up redemption points suggested for remote areas. We would therefore dispute the population thresholds modelled as having the best benefit-cost ratio. Less collection points simply transfers costs onto consumers and reduces the effectiveness of the scheme.

Perhaps of more importance and not addressed in the draft Customer Service standards is the fact that the number of collection points and their general locations (e.g. at a town or suburb level) is just one aspect of Customer Service and only one factor in driving convenience and participation. Equally or sometimes more important are:

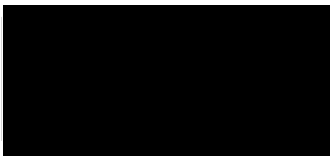
- 1) the specific location (e.g. the difference between an industrial area vs a destination site such as a supermarket/shopping centre) and how convenient it is to get there without additional travel
- 2) Opening hours
- 3) Type of site – refund services offered, volume throughput and capacity etc.

In summary we would recommend that one collection point per 15,000 people is regarded as an absolute minimum, and that the government should plan to go well beyond this and build the necessary incentive structures to do so.

In addition, customer service standards should take account of opening hours and the need for collection points at convenient locations (such as shopping centres and supermarkets) that are already incorporated into consumers' busy lives.

Thank you for the opportunity to comment and please do not hesitate to contact me if you have any questions in relation to the above.

Yours faithfully,



Markus Fraval

Director – Strategy and Business Development