

Submission on the Draft *Waste Avoidance and Resource Recovery (Container Deposit Scheme) Amendment Regulation 2026 (No 2)* (NSW)

22 October 2026

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Who we are

Australian Grape and Wine Incorporated (Australian Grape & Wine) is Australia's national association of winegrape and wine producers. We represent the interests of the more than 2,000 winemakers and over 5,000 winegrape growers working across Australia's 65 wine regions.

The Australian grape and wine sector is a major contributor to Australia's economy and to rural and regional communities.

The grape and wine sector:

- Supports 203,392 direct and indirect full- and part-time jobs.
- Generates $15 billion in income from direct and flow-on employment.
- Contributes $51.3 billion to Australia's gross output.
- Adds $25.4 billion in value-added to the Australian economy[1].

Wine production is a critical pillar of many regional communities, underpinning local manufacturing, exports, tourism, hospitality and supply-chain businesses.

Australian Grape & Wine works to create a political, social and regulatory environment - domestically and internationally - that enables profitable, innovative and sustainable grape and wine businesses. We provide leadership, strategy, advocacy and practical support across issues affecting growers and producers of all sizes. Our Board decision-making processes require an 80% support threshold, ensuring that industry positions reflect broad and genuine consensus.

Australian Grape & Wine is recognised as a representative organisation under the *Wine Australia Act 2013* and is incorporated under the *SA Associations Incorporation Act 1985*.

[1] AgEconPlus & Gillespie Economics, *Economic Contribution of the Australian Wine Sector 2025*, report prepared for Wine Australia, 7 August 2025, Executive Summary (unnumbered pages).

Executive Summary

Australian Grape & Wine (AGW) welcomes the opportunity to provide feedback on the *Waste Avoidance and Resource Recovery (Container Deposit Scheme) Amendment Regulation 2026 (No 2)* associated with the expansion of the NSW Return and Earn scheme from 1 July 2027.

AGW is the national association representing Australia's grape and wine sector, including more than 2,000 winemakers and over 5,000 winegrape growers across 65 wine regions.

AGW has consistently opposed the inclusion of wine bottles in container deposit schemes (CDS). Wine bottles represent a very small proportion of the litter stream, and available cost-benefit analysis indicates that their inclusion delivers only a modest additional increase in glass recovery and recycling, while imposing significant costs and administrative burdens on wine businesses.

Notwithstanding this position, the NSW Government has decided to expand Return and Earn to include wine and other beverage containers from 1 July 2027. AGW's priority is therefore to ensure implementation is nationally consistent, practical and cost-effective, with unnecessary regulatory and financial burdens minimised wherever possible.

AGW acknowledges the considerable engagement undertaken by the NSW Environment Protection Authority (EPA) and Exchange for Change (EfC) with the wine sector during development of the proposed arrangements.

In particular, AGW welcomes the proposed two-year transition for barcode and refund-marking requirements, the additional provisions for aged wine, clarification of first-supplier obligations for contract bottling, streamlined container approval processes and reduced reporting and invoicing frequency for smaller suppliers.

These measures respond to longstanding industry concerns and should be retained.

However, several important issues require further consideration before the expanded scheme commences.

First, the proposed micro and small supplier arrangements should be given regulatory standing. While AGW welcomes EfC's commitment to annual reporting and invoicing for micro suppliers and quarterly arrangements for small suppliers, these concessions are currently proposed as administrative measures rather than requirements prescribed in regulation. Queensland has already established comparable small-producer thresholds and payment arrangements in its regulations. AGW recommends that NSW adopt a similar approach to provide certainty for small wine businesses and protect these concessions from material changes without appropriate regulatory oversight and industry consultation.

Second, small suppliers require direct financial relief in addition to administrative concessions. Reduced reporting frequency does not address the scheme contributions payable by smaller wineries. AGW recommends that NSW introduce a fee-free threshold for the first 20,000 eligible containers supplied into NSW annually by qualifying small beverage suppliers, consistent with the approach being progressed in Queensland.

Third, NSW must prioritise national harmonisation. The development of a consolidated NSW and ACT supplier portal is welcome, but it must be a step towards a single national supplier portal, with one point of entry for registration, product information, reporting, invoicing and payment. Wine businesses supplying nationally should not be required to repeatedly provide the same information or maintain different packaging and administrative arrangements for individual jurisdictions.

Fourth, the regulatory framework must recognise the unique characteristics of wine. This includes the long-term storage and ageing of wine, the use of common bottle formats across different vintages and varieties, and the complexity of contract winemaking and bottling arrangements. In particular, AGW recommends enduring protection for legacy wine stocks bottled before the relevant compliance deadlines, including appropriate

treatment of wines held in private collections beyond 1 July 2039.

Finally, greater transparency is needed to establish the actual environmental benefits and costs attributable to including wine bottles in Return and Earn. Wine bottles have historically been recovered through established kerbside and commercial recycling systems. The movement of wine glass into Return and Earn should not automatically be treated as additional recycling. AGW recommends separate reporting of wine-glass recovery and recycling, assessment of the additional environmental outcomes attributable to expansion, and transparent glass contribution pricing.

AGW recognises that implementation of the expanded scheme will require significant preparation by government, scheme operators and affected businesses. It is essential that supplier onboarding, container approvals, payment arrangements and consumer communications are established well before commencement.

The recommendations outlined in this submission are intended to provide greater regulatory certainty, reduce unnecessary compliance costs, strengthen national consistency and ensure that the costs imposed on Australian wine businesses are proportionate to the environmental benefits delivered.

Summary of Recommendations

Australian Grape & Wine recommends that the NSW Government and the NSW Environment Protection Authority (EPA) adopt the following measures to minimise the financial and administrative burden on wine businesses and support the practical implementation of the expanded Return and Earn scheme from 1 July 2027.

1. Ensure timely supplier onboarding and approvals

Establish clear onboarding milestones, processing service standards and appropriate transitional compliance arrangements so that suppliers who have made complete and timely applications are not prevented from supplying wine, or subject to compliance action, because of processing delays outside their control.

2. Clarify first-supplier obligations for contract bottling

Retain the proposed clarification of first-supplier responsibilities for contract bottling and provide practical, wine-specific guidance covering contract winemaking, private-label production, interstate bottling and related commercial arrangements. Any process for transferring first-supplier responsibility to a contract bottler should be simple and timely.

3. Retain transitional arrangements for barcode and refund marking

Retain the proposed two-year transition until 1 July 2029 for newly eligible containers to comply with barcode and refund-marking requirements, and continue working towards nationally consistent labelling and barcode arrangements.

4. Provide enduring protection for aged and legacy wine stocks

Retain the proposed additional transition for qualifying aged wine until 1 July 2039, but provide an enduring exemption for legacy wine bottled before the relevant compliance deadlines, including wine held for future release. The framework should protect against retrospective compliance obligations and penalties and clarify the treatment of wine held in private collections beyond 1 July 2039, including refund eligibility.

5. Streamline container approvals for wine products

Ensure that changes in wine vintage, variety, label artwork or other product information do not unnecessarily trigger new container approvals or CDS-specific identifiers where the physical container and its recyclability

characteristics remain unchanged. Provide practical guidance and examples before supplier onboarding commences.

6. Prioritise a single national supplier portal

Ensure that NSW supplier systems are designed for integration with a single national portal, providing one point of entry for supplier registration, container information, reporting and payment. Product and supplier information already provided in another jurisdiction should be recognised or transferable wherever practicable, avoiding duplicate data entry and inconsistent requirements.

7. Prescribe micro and small supplier concessions in regulation

Establish the micro and small supplier categories and their eligibility thresholds in regulation, based on eligible containers supplied into NSW annually:

- Micro suppliers: fewer than 100,000 containers, with annual reporting and invoicing.
- Small suppliers: 100,001 to 300,000 containers, with quarterly reporting and invoicing.

Eligibility should be automatic, with suppliers able to elect more frequent arrangements. Material changes to the thresholds or concessions should require appropriate regulatory oversight and industry consultation. The arrangements should be reviewed 12 to 18 months after commencement.

8. Introduce a fee-free threshold for small beverage suppliers

Exempt the first 20,000 eligible containers supplied into NSW annually by qualifying micro and small beverage suppliers from scheme contributions, consistent with the approach being progressed in Queensland. The exemption should apply to containers supplied into NSW rather than total national production and operate without unnecessary applications or additional administrative requirements.

9. Establish reasonable payment terms

Retain and formally document the confirmed 28-day payment terms for micro and small suppliers.

10. Require wine-specific reporting and evaluation of environmental outcomes

Require separate reporting of wine glass within scheme performance data, including the number of wine bottles supplied, returned and recycled, and associated recovery and recycling rates. Evaluation should distinguish additional recycling and litter reduction attributable to the inclusion of wine bottles from the transfer of containers previously recovered through kerbside and commercial recycling systems.

11. Improve transparency of glass pricing and supplier contributions

Publish sufficient information to explain how glass contribution rates are calculated, including recovery forecasts, operating costs, shared-cost allocation, the treatment of surpluses and deficits, and changes in contribution rates. Reporting should identify, where practicable, supplier contributions and refund liabilities attributable to wine bottles, including the treatment of unredeemed refunds, and ensure wine suppliers are not unfairly cross-subsidising other packaging materials.

12. Provide coordinated consumer communications during transition

Ensure that statewide consumer communications clearly explain the eligibility of newly included wine bottles for refunds from 1 July 2027, including during the period when eligible bottles may not display refund markings. These communications should be coordinated and funded through the scheme rather than imposing additional obligations on individual wine businesses.

13. Maintain structured wine industry consultation

Maintain formal engagement with the wine sector throughout supplier onboarding and implementation, including through the Industry Reference Group. Consultation should cover supplier reporting, pricing, container approvals, labelling, portal functionality, consumer communications and national harmonisation, with opportunities to address emerging issues after commencement.

Key Issues

Commencement and supplier onboarding

AGW notes that the expanded Return and Earn scheme is scheduled to commence on 1 July 2027, with supplier education and onboarding expected to commence in early 2027.

Suppliers of newly eligible beverages, including wine, will be required to have a supply arrangement and relevant container approvals in place by commencement.

AGW supports a clearly defined commencement date and welcomes the proposed six-month onboarding period.

However, the scale and diversity of the Australian wine sector mean that a substantial number of businesses and products will need to be brought into the scheme over a relatively short period. This includes many small and family-owned wineries with limited dedicated regulatory or administrative capacity.

Wine businesses commonly produce multiple varieties, vintages and product lines, often using different labels and packaging configurations. Consequently, the number of container approvals and associated records requiring processing may be substantial, even for relatively small producers.

It is therefore essential that the EPA and Exchange for Change (EfC) have sufficient resources and system capacity to process supplier registrations, supply arrangements and container approvals well before 1 July 2027.

AGW is particularly concerned about the potential for administrative delays during the initial onboarding period. Businesses that have taken reasonable steps to comply should not be prevented from supplying wine into NSW, or face compliance action, because of delays in processing applications that are outside their control.

AGW recommends that the EPA:

- establish and communicate clear onboarding milestones, application requirements and processing service standards well ahead of commencement;
- ensure that sufficient resources and system capacity are available to manage the expected volume of supplier registrations and container approval applications;
- provide practical guidance and dedicated support for smaller suppliers unfamiliar with NSW scheme requirements; and
- establish appropriate transitional compliance arrangements for suppliers that have submitted complete and timely applications but are awaiting approval due to administrative processing delays.

These measures would provide greater certainty for wine businesses, reduce the risk of supply disruptions and support an orderly transition to the expanded scheme.

Contract bottling and first-supplier obligations

AGW supports the proposed amendments clarifying that a contract bottler is not automatically considered the

first supplier for the purposes of the NSW Container Deposit Scheme.

Under the proposed arrangements, the contract counterparty will generally be treated as the first supplier, while parties will retain the flexibility to agree that the contract bottler will assume this responsibility, subject to approval by the Scheme Coordinator.

This is a sensible approach that better reflects the commercial arrangements commonly used within the Australian wine sector and improves consistency with arrangements in Queensland and Western Australia.

Contract winemaking and bottling are widespread throughout the wine industry. Many wineries engage third-party facilities to undertake some or all of their production and bottling activities, while retaining responsibility for the wine, its branding, distribution and sale.

It is important that regulatory responsibility for scheme participation is clearly assigned and that businesses are not exposed to uncertainty or duplicated obligations simply because they use contract production or bottling services.

AGW recommends that the final arrangements be supported by clear, wine-specific guidance and practical examples covering common industry structures, including:

- contract winemaking and bottling arrangements;
- private-label wine production;
- wine produced or bottled on behalf of retailers;
- interstate wineries using NSW bottling facilities; and
- businesses operating through separate entities for production, distribution or brand ownership.

Where the parties elect to make the contract bottler the first supplier, the approval process should be straightforward, timely and supported by clear documentation requirements.

AGW also recommends that EfC publish a standard or model first-supplier agreement that businesses may use voluntarily to clarify their respective responsibilities.

These measures would provide greater certainty for wine businesses, reduce the risk of duplicated compliance obligations and ensure that scheme responsibilities are allocated in a manner consistent with established commercial practices.

Two-year transition for barcode and refund-marking requirements

AGW strongly supports the proposed two-year transition period, until 1 July 2029, for newly eligible beverage containers to comply with barcode and refund-marking requirements.

The Australian wine sector holds substantial stocks of finished wine, pre-printed labels and packaging materials. Unlike many other beverage categories, wine is frequently produced and bottled well in advance of sale, and individual products may remain in the supply chain for extended periods.

Wine businesses also commonly produce multiple varieties and vintages, often in relatively small quantities. Changes to labelling and packaging requirements can therefore create significant costs, particularly where existing stocks of labels, packaging materials or finished wine cannot readily be used.

The proposed transition appropriately recognises these characteristics and will allow businesses to progressively exhaust existing stocks rather than incur unnecessary costs through relabelling, repackaging or disposal of

otherwise compliant products.

AGW recommends that the proposed two-year transition period be retained in the final Regulation.

AGW also strongly encourages the NSW Government to continue working with other jurisdictions to achieve nationally consistent barcode and refund-marking requirements.

Wine businesses supplying products across Australia should not be required to produce jurisdiction-specific labels or packaging to comply with different container deposit schemes. Such requirements increase production costs, complicate inventory management and create unnecessary administrative burdens without delivering additional environmental benefits.

Extended transition for aged wine and enduring protection for legacy stocks

AGW welcomes the proposed additional 10-year exemption, until 1 July 2039, from barcode and refund-marking requirements for wine sealed in glass before 1 July 2029 for the purpose of ageing.

This is an important recognition of the unique characteristics of wine. Unlike most other beverages, wine may be deliberately held for many years, and in some cases decades, before its initial release for sale or subsequent consumption.

AGW particularly welcomes the proposal to establish the extended transition in regulation rather than relying on administrative discretion. This provides greater certainty for wine businesses managing long-term inventories.

However, while the proposed exemption is a positive step, AGW considers that a fixed expiry date of 1 July 2039 does not adequately reflect the long-term ageing and storage characteristics of premium wine.

Some wines bottled before the relevant compliance deadlines may legitimately remain in commercial storage or private collections well beyond that date.

AGW therefore supports retaining the proposed 10-year exemption as a minimum safeguard but recommends that the final Regulation provide enduring protection for qualifying legacy wine stocks, as outlined below.

The EPA should also provide clear guidance on the evidence suppliers will be expected to retain to demonstrate that wine qualifies for the exemption. Evidentiary requirements should be proportionate and recognise normal winery business records, including production, bottling, inventory and warehouse records.

AGW further recommends that the EPA clarify how the exemption applies as qualifying wine moves through the supply chain, ensuring that wholesalers, retailers, auction houses and other subsequent suppliers can lawfully deal in eligible stock without being required to independently establish information that may only be held by the original producer.

Enduring protection for legacy wine stocks

Premium and super-premium wines are frequently held for long-term ageing, either by wineries before their initial release to market or by consumers and collectors following purchase. These wines may remain in commercial storage or private collections for several decades before being released, consumed, resold or entering the waste stream.

Many wineries deliberately bottle and cellar premium wines for extended periods, sometimes exceeding 10 years, before releasing them for sale. Requiring these businesses to relabel or over-sticker wines that were bottled in accordance with the requirements applicable at the time would impose unnecessary costs, create risks associated

with handling aged bottles and potentially compromise the presentation and value of premium wines.

Similarly, wines already lawfully supplied to market may remain in private collections for decades. Wineries have no control over when those bottles are subsequently consumed, resold or disposed of, particularly after ownership has transferred to private consumers or collectors.

It would be unreasonable for wine businesses to face retrospective compliance obligations, financial penalties or other regulatory consequences in relation to wine bottled before the relevant marking requirements commenced, regardless of whether it has already been lawfully supplied to market or remains in storage for ageing and future release.

Consumers should likewise not be disadvantaged because a legitimately purchased, cellar-aged wine does not carry a refund marking or barcode introduced many years after its original sale.

AGW therefore recommends that the NSW Government provide an enduring exemption from barcode and refund-marking requirements for wine bottled before the relevant compliance deadlines, including wine retained in commercial storage for ageing and future release, as well as wine already lawfully supplied to market. This protection should not be limited by the proposed 10-year transition period.

At a minimum, the Regulation should:

- explicitly exempt qualifying legacy wine stocks bottled before the relevant compliance deadlines from future barcode and refund-marking requirements, regardless of whether they remain in commercial inventory or have already been supplied to market;
- ensure that wineries are not required to relabel, over-sticker or otherwise alter the packaging of qualifying wines that have been deliberately retained for long-term ageing before release;
- protect suppliers from retrospective compliance obligations, financial penalties or other regulatory consequences relating to qualifying legacy wine stocks;
- clarify that wine lawfully supplied before the relevant compliance deadlines may continue to be held, resold or transferred without retrospective labelling obligations;
- establish clear arrangements for the treatment of qualifying legacy bottles when they eventually enter the waste stream, including their eligibility for refunds; and
- ensure that wineries, subsequent suppliers and consumers are not disadvantaged by the expiry of the extended transition period in circumstances beyond their control.

These protections must recognise the distinction between wine that remains in commercial inventory awaiting its initial release and wine that has already been lawfully supplied to consumers or entered private collections. Both circumstances warrant enduring protection, although the practical compliance and refund arrangements may differ.

An enduring exemption would provide long-term regulatory certainty for wine businesses, retailers, collectors and consumers, while recognising the distinctive ageing, storage and resale characteristics of premium Australian wine. It would also avoid imposing unnecessary costs on businesses that have made legitimate commercial decisions to produce and cellar wines for release beyond the proposed transition period.

Container approvals, vintages and product variations

AGW supports efforts to streamline container approval processes and reduce unnecessary duplication for wine businesses participating in the expanded Return and Earn scheme.

The Australian wine sector produces a diverse range of products, with individual wineries commonly offering

multiple varieties, vintages, blends and labels. These products may be packaged in identical glass bottles, with the same capacity, weight and other physical characteristics.

Wine labels are routinely updated to reflect changes in vintage, variety, geographical indication, brand presentation or other product information. These changes do not necessarily alter the container's physical characteristics, recyclability or eligibility under the scheme.

Requiring a new container approval each time a wine vintage or label changes would impose a substantial administrative burden on producers, particularly smaller wineries producing numerous wines in relatively limited quantities.

It could also result in large numbers of approval applications for containers that are materially identical from a recycling perspective, increasing costs for both suppliers and scheme administrators without delivering corresponding environmental benefits.

AGW recommends that the EPA and Exchange for Change (EfC) adopt a streamlined, risk-based approach to container approvals that recognises the particular characteristics of wine production and labelling.

In particular:

- Changes to vintage, grape variety, geographical indication or label artwork should not automatically require a new container approval where the container's relevant physical characteristics remain unchanged.
- Suppliers should be able to update product information associated with an existing approval through a simple administrative process where a new approval is not necessary.
- Where multiple wine products use the same container format, suppliers should not be required to duplicate information already provided to the scheme.
- Any requirements relating to product identifiers and barcodes should be consistent with applicable GS1 standards and should not require suppliers to reuse a barcode where those standards require a distinct identifier.
- Clear guidance, supported by practical wine-specific examples, should be published before supplier onboarding commences.

AGW recognises that different wine products may require distinct commercial barcodes under established product identification standards. However, this should not automatically result in duplicative regulatory assessment of the same physical container.

The objective should be to distinguish between information necessary to identify a product and information necessary to establish a container's eligibility under the scheme.

A proportionate approval framework would reduce unnecessary administrative costs, improve the efficiency of supplier onboarding and ensure regulatory requirements remain focused on the characteristics relevant to container recovery and recycling.

One supplier interface and a single national portal

AGW welcomes Exchange for Change's (EfC) proposed development of a consolidated supplier portal for NSW and the ACT, expected to be available from 1 February 2027.

A single interface for supplier registration, container approvals, reporting and invoicing across these two

jurisdictions would be a positive step towards reducing administrative duplication.

However, AGW strongly maintains that the ultimate objective must be a **single national supplier portal for all Australian container deposit schemes**, providing one point of entry for beverage suppliers operating across multiple jurisdictions.

The expansion of container deposit schemes to include wine bottles is creating significant additional administrative obligations for Australian wineries. Many wine businesses supply products nationally, either directly or through distributors, wholesalers and retailers.

Despite supplying the same products in the same packaging, these businesses are required to navigate different jurisdictional arrangements for registration, container approvals, reporting, payment and compliance.

These requirements are particularly burdensome for smaller wineries, which frequently have limited administrative resources and may supply relatively small quantities into several states and territories.

The establishment of separate jurisdictional systems also risks embedding further complexity at a time when governments have committed to greater national harmonisation.

AGW notes that environment ministers agreed in March 2026 to progress work on a single national supplier portal as a matter of urgency. It is important that this commitment results in practical improvements for beverage suppliers rather than further layers of administration.

AGW recommends that the NSW Government, working with other jurisdictions and scheme operators, prioritise a genuinely national system based on the following principles:

- **One point of entry:** Suppliers should be able to register once and manage their container deposit scheme obligations across all participating jurisdictions through a single portal.
- **One-touch data entry:** Supplier and product information should only need to be entered once, with relevant information shared across participating schemes rather than repeatedly submitted by businesses.
- **One-touch payment:** Suppliers should have access to a consolidated payment mechanism, avoiding separate payment processes for each jurisdiction while preserving appropriate allocation of funds between schemes.
- **Mutual recognition of container approvals:** Container approvals and associated product information should be recognised across jurisdictions wherever eligibility requirements are equivalent.
- **Consistent reporting requirements:** Data definitions, reporting periods, product classifications and submission formats should be harmonised to minimise duplication.
- **Interoperability:** Any new or upgraded state-based systems should be designed to integrate with a future national portal without requiring suppliers to repeat onboarding or recreate existing product records.

AGW is concerned that continued investment in separate state-based systems, while a national solution remains under development, may make harmonisation more difficult and costly to achieve.

Accordingly, the NSW and ACT portal should be developed as an interim step towards a national solution, rather than as a permanent standalone system.

The NSW Government should also provide greater transparency about the anticipated timetable for national portal development, including key milestones, governance arrangements and opportunities for supplier consultation.

AGW recommends that NSW use its leadership role in national harmonisation discussions to ensure that the design of the national portal is informed by the practical needs of beverage suppliers, particularly smaller businesses operating across state borders.

A genuinely national portal would deliver meaningful reductions in compliance costs, improve data consistency and allow businesses to focus resources on production, employment and market development rather than duplicative administrative processes.

For the Australian wine sector, **one-touch data entry and one-touch payment must remain central objectives of national harmonisation**.

Micro and small supplier arrangements

AGW welcomes the proposed introduction of simplified reporting and invoicing arrangements for micro and small beverage suppliers participating in the expanded Return and Earn scheme.

The Australian wine sector comprises a large number of small and family-owned businesses, many of which supply relatively modest volumes of wine into NSW. These businesses often have limited administrative resources and do not have dedicated staff responsible for container deposit scheme compliance.

Requiring smaller suppliers to undertake monthly reporting and payment processes would impose a disproportionate administrative burden, particularly where the number of eligible containers supplied into NSW is relatively low.

AGW therefore supports the arrangements outlined by Exchange for Change (EfC) following its Phase One industry consultation, including:

- **Micro suppliers:** Businesses supplying fewer than 100,000 eligible containers into NSW annually, with annual reporting and invoicing.
- **Small suppliers:** Businesses supplying between 100,001 and 300,000 eligible containers into NSW annually, with quarterly reporting and invoicing.

AGW understands these arrangements are intended to operate on an opt-out basis, allowing eligible suppliers to elect more frequent reporting and invoicing if this better suits their business requirements.

These concessions are welcome and would provide meaningful administrative relief for smaller wine businesses.

Regulatory certainty for micro and small suppliers

However, AGW is concerned that the proposed micro and small supplier categories, eligibility thresholds and reporting concessions are not currently prescribed in the draft Regulation.

Instead, they are proposed to be implemented through EfC's administrative arrangements.

While AGW acknowledges EfC's constructive engagement with industry, administrative commitments do not provide the same level of certainty as requirements established in regulation.

The absence of regulatory protection creates the potential for eligibility thresholds, reporting frequency or invoicing arrangements to be altered in future without formal regulatory scrutiny or appropriate industry consultation.

For small wine businesses making long-term decisions about their operations, pricing and administrative systems, this uncertainty is undesirable.

There is already a relevant precedent in Queensland.

Queensland's *Waste Reduction and Recycling Regulation 2023* establishes eligibility thresholds and differentiated contribution arrangements for smaller beverage manufacturers, including specific provisions for wine and certain spirits producers.

Under those arrangements, qualifying smaller beverage manufacturers may calculate and pay scheme contributions quarterly, while qualifying wine and spirits manufacturers may access annual arrangements, subject to the relevant eligibility criteria and elections.

Although Queensland's definitions and eligibility criteria differ from those proposed in NSW, the regulatory approach demonstrates that small-supplier thresholds and reduced payment frequencies can be established in legislation rather than relying solely on administrative discretion.

AGW considers that NSW should provide equivalent regulatory certainty.

AGW recommends that the final Regulation:

- formally establish micro and small supplier categories, with eligibility based on the number of eligible containers supplied into NSW annually;
- prescribe a micro supplier threshold of fewer than 100,000 eligible containers, with annual reporting and invoicing;
- prescribe a small supplier category of 100,001 to 300,000 eligible containers, with quarterly reporting and invoicing;
- provide for automatic application of the relevant concession where a supplier meets the eligibility criteria, rather than requiring a separate application or approval;
- allow suppliers to elect more frequent reporting and invoicing where this better suits their commercial circumstances;
- ensure that any material changes to the thresholds or concessions are subject to appropriate regulatory oversight and consultation with affected industries; and
- provide for a review of the arrangements 12 to 18 months after commencement to assess their effectiveness and whether the thresholds remain appropriate.

AGW also recommends that eligibility be determined by the number of containers **supplied into NSW**, rather than a business's total national production or sales.

Many Australian wineries operate outside NSW but supply relatively small volumes into the state. Applying national production volumes to determine eligibility would unfairly exclude businesses whose actual participation in the NSW scheme is limited.

The reporting framework should also be proportionate, with suppliers able to report actual container supply using information readily available from normal business records.

Prescribing these arrangements in regulation would provide greater certainty, protect smaller suppliers against unnecessary future compliance burdens and ensure that the concessions are applied consistently.

AGW considers this particularly important given that many smaller wineries will be participating in a container deposit scheme for the first time following the NSW expansion.

Fee-free threshold for small beverage suppliers

AGW recommends that the NSW Government introduce a fee-free threshold for the first 20,000 eligible containers supplied into NSW annually by qualifying micro and small beverage suppliers.

While AGW welcomes the proposed reductions in reporting and invoicing frequency for micro and small suppliers, these arrangements address only the administrative burden associated with scheme participation. They do not reduce the direct financial costs imposed on smaller wine businesses.

For many small and family-owned wineries, container deposit scheme contributions represent an additional operating expense at a time when businesses are already managing rising production, packaging, freight and distribution costs, alongside challenging market conditions.

Unlike larger beverage manufacturers, small wineries generally have limited capacity to absorb additional costs or spread compliance expenses across high production volumes.

These pressures are particularly significant for wineries that supply relatively small quantities into NSW, including interstate producers selling through cellar doors, wine clubs, direct-to-consumer channels, distributors and independent retailers.

A fee-free threshold would provide targeted financial relief to these businesses without materially affecting the overall operation of the scheme.

AGW notes that Queensland is progressing a comparable exemption for the first 20,000 eligible containers supplied by qualifying micro and small beverage manufacturers.

NSW should adopt a consistent approach, while ensuring that the eligibility criteria reflect the volume of containers supplied into the NSW market rather than a producer's total national production.

This distinction is important for the wine sector. A winery may produce more than 20,000 bottles nationally while supplying only a small proportion of its production into NSW. Such a business should not be excluded from targeted relief simply because it operates across state borders.

AGW recommends that the NSW Government:

- exempt the first 20,000 eligible containers supplied into NSW annually by qualifying micro and small beverage suppliers from scheme contributions;
- determine eligibility by reference to eligible containers supplied into NSW, rather than total national production or sales;
- ensure the exemption applies automatically to eligible suppliers without requiring a separate application or approval;
- allow eligibility to be established using information already provided through ordinary supplier reporting, avoiding additional administrative requirements; and
- work with other jurisdictions to harmonise small-supplier exemptions and eligibility criteria wherever practicable.

The exemption should be designed to complement the proposed micro and small supplier reporting arrangements, rather than operate as a separate and unnecessarily complex compliance process.

AGW recognises that the scheme must remain financially sustainable. However, a modest fee-free threshold would provide meaningful assistance to smaller businesses while recognising that their contribution to total eligible container volumes is relatively limited.

It would also help ensure that the costs of expanding Return and Earn are proportionate and do not place an unreasonable burden on smaller wine producers.

AGW considers that introducing a fee-free threshold, alongside reduced reporting and invoicing frequency, would provide a more balanced package of support for small beverage suppliers affected by the expansion.

Payment terms and invoicing arrangements

AGW welcomes Exchange for Change's (EfC) announcement on 1 October 2026 that payment terms for micro and small suppliers participating in the NSW Return and Earn scheme will be extended from seven to 28 days, effective from 1 July 2027.

This is a positive and practical response to concerns raised by the beverage industry and will provide important cash flow relief for smaller wine businesses.

Wine production is capital-intensive and seasonal. Businesses incur substantial expenditure on vineyard operations, harvesting, winemaking, bottling and storage, often well before revenue is received from the sale of finished wine.

Cash flow can also be affected by extended payment periods from distributors and retailers, seasonal sales patterns and the costs associated with holding wine inventories.

These characteristics make reasonable payment terms particularly important for wine businesses, many of which are already operating under considerable commercial pressure.

AGW also welcomes EfC's confirmation that, from 1 July 2027, micro suppliers will be eligible for annual reporting and invoicing, while small suppliers will be eligible for quarterly reporting and invoicing.

Together with the extension to 28-day payment terms, these measures represent a meaningful reduction in the administrative and financial burden on smaller suppliers.

AGW supports these confirmed arrangements and recommends that they be maintained as ongoing features of the NSW scheme.

To provide greater certainty for wine businesses, AGW recommends that EfC:

- clearly document the 28-day payment terms and associated eligibility requirements in supplier arrangements and published guidance;
- ensure that invoices are clear, accurate and sufficiently detailed for suppliers to verify the contribution amounts payable;
- continue to calculate supplier contributions using actual eligible container supply, avoiding unnecessary advance payments based on projected volumes;
- provide straightforward mechanisms for correcting reporting errors and resolving disputed invoices;
- establish proportionate hardship and late-payment arrangements for suppliers experiencing genuine financial difficulties; and
- consult affected industries before making material changes to payment terms or invoicing arrangements.

AGW also encourages EfC to consider extending 28-day payment terms to suppliers outside the micro and small supplier categories, recognising that cash flow pressures are not confined to businesses below the relevant thresholds.

National consistency

Payment arrangements should also be considered as part of broader national harmonisation efforts.

AGW notes that the confirmed NSW arrangements differ from those applying in the ACT, where payment terms remain at seven days.

Wine businesses supplying multiple jurisdictions should not face unnecessarily different payment terms, invoicing processes and reconciliation requirements for essentially equivalent obligations.

AGW therefore recommends that NSW work with other jurisdictions and scheme coordinators to promote greater consistency in payment terms and supplier reporting requirements.

The confirmed 28-day payment terms, combined with reduced reporting frequency and the proposed fee-free threshold for qualifying small suppliers, would provide a more proportionate approach to scheme participation and help minimise the financial impact of expansion on smaller Australian wine businesses.

Wine-specific data and evaluation of environmental outcomes

AGW recommends that the NSW Government require transparent, wine-specific reporting to enable an accurate assessment of the environmental outcomes and costs associated with expanding Return and Earn to include wine bottles.

AGW has consistently opposed the inclusion of wine bottles in container deposit schemes on the basis that wine bottles represent less than one per cent of the litter stream and are already widely recovered through established kerbside and commercial recycling systems.

The inclusion of wine bottles will impose significant additional costs on wine businesses. It is therefore essential that the environmental benefits attributable to their inclusion are clearly identified, independently evaluated and proportionate to those costs.

Distinguishing additional recycling from changes in collection pathways

AGW is particularly concerned that increases in the volume of glass collected through Return and Earn could be presented as evidence of improved recycling outcomes without adequately accounting for glass that would otherwise have been recovered through existing recycling systems.

Wine bottles are commonly consumed in homes, restaurants, hotels and other hospitality venues, where established kerbside and commercial glass collection arrangements already operate.

Following the expansion, some of these bottles are likely to be returned through Return and Earn rather than placed in existing recycling collections.

While this may increase the number of containers collected through the scheme, it does not necessarily represent an equivalent increase in total glass recovery or recycling.

The transfer of wine bottles from one established recycling pathway to another should not automatically be counted as an additional environmental benefit.

AGW therefore recommends that the NSW Government establish an evaluation framework capable of distinguishing between:

- wine bottles that would otherwise have entered the litter stream;
- wine bottles that would previously have been recovered through kerbside or commercial recycling;
- any genuine increase in total glass recovery attributable to the scheme expansion;
- changes in the quality and end uses of recovered glass; and

- the additional collection, transport, processing and administrative costs associated with including wine bottles.

This distinction is fundamental to assessing whether the expansion delivers a net environmental benefit.

Wine-specific reporting

AGW also recommends that wine bottles be separately identified within the scheme's performance reporting, rather than being reported only as part of an aggregated glass category.

At a minimum, published performance information should include:

- the number and estimated weight of eligible wine bottles supplied into NSW;
- the number and estimated weight of wine bottles returned through Return and Earn;
- wine-specific return and recovery rates;
- the quantity of recovered wine glass sent for recycling and its principal end uses, where measurable;
- the contribution of wine bottles to changes in litter outcomes; and
- the additional recycling outcomes attributable to wine bottle inclusion, accounting for changes in existing collection pathways.

Reporting should distinguish wine bottles from other newly eligible glass containers wherever practicable.

AGW recognises that accurately identifying individual beverage categories within collection and processing systems may require additional data collection or estimation. However, these challenges should be addressed through appropriate scheme design and evaluation methodologies rather than used as a reason to rely exclusively on aggregated glass performance measures.

The introduction of wine bottles into Return and Earn presents an opportunity to establish a clear baseline and measure the actual effects of expansion over time.

Independent evaluation and transparency

AGW recommends that the NSW Government commit to a transparent evaluation of the expansion after sufficient operational data has been collected, including a specific assessment of wine bottles.

This evaluation should consider the additional environmental outcomes achieved, the costs imposed on suppliers and consumers, and the extent to which the scheme has displaced existing recycling activity.

The methodology, assumptions and results should be made publicly available and subject to appropriate independent scrutiny.

AGW also recommends that wine-specific performance data be made available to industry on a regular basis to inform ongoing discussions about scheme pricing, operational efficiency and future regulatory changes.

The inclusion of wine bottles should be assessed against measurable environmental outcomes, rather than simply the number of additional containers processed through Return and Earn.

AGW's position remains that any additional regulatory and financial burden imposed on the wine sector must be justified by demonstrable, additional environmental benefits.

Glass pricing and transparency of supplier contributions

AGW recommends greater transparency in the calculation of glass container contribution rates and the allocation of scheme costs, particularly following the inclusion of wine bottles in Return and Earn.

AGW welcomes Exchange for Change's announcement on 1 October 2026 that the NSW scheme contribution rate for glass containers will remain unchanged at 14.03 cents per container, up to and including the January 2028 invoice period.

At this rate, the inclusion of wine bottles represents a significant additional cost for Australian wine businesses, particularly when considered alongside existing packaging, freight, distribution and regulatory expenses.

While AGW recognises that scheme contributions are necessary to fund container refunds and the operation of Return and Earn, it is important that suppliers can understand how these costs are calculated and whether they accurately reflect the costs attributable to their products.

Transparency of glass contribution rates

AGW recommends that Exchange for Change (EfC) publish sufficient information to enable suppliers to understand the principal components of glass contribution rates, including:

- forecast container supply and return volumes;
- anticipated refund payments;
- collection, transport, processing and administration costs;
- the methodology used to allocate shared scheme costs between packaging materials;
- the treatment of scheme surpluses and deficits;
- assumptions regarding container return rates; and
- the factors driving changes in contribution rates over time.

This information should be provided in a form that is commercially appropriate but sufficiently detailed to allow meaningful scrutiny by affected industries.

AGW also recommends that in addition to suppliers receiving adequate notice of proposed contribution rate changes, they also receive a clear explanation of the underlying cost drivers.

Unredeemed refunds and scheme surpluses

AGW considers that the treatment of unredeemed refunds warrants particular attention following the inclusion of wine bottles.

Wine differs from many other beverages because bottles may be held in commercial inventories, winery cellars and private collections for extended periods before consumption.

Consequently, the time between a wine bottle being supplied and its eventual presentation for a refund may be considerably longer than for other beverage containers.

This characteristic has implications for forecasting return rates, calculating refund liabilities and determining the treatment of funds collected from suppliers.

AGW recognises that contributions associated with containers not yet returned cannot automatically be treated as surplus funds. Some of these containers may be returned in future years, and the scheme must retain appropriate provision for those liabilities.

Nevertheless, suppliers should have confidence that the financial treatment of unredeemed refunds is transparent and that any genuine surplus is appropriately accounted for.

AGW therefore recommends that EfC:

- separately identify, where practicable, the contribution revenue and estimated refund liabilities associated with wine bottles;
- explain how delayed returns are reflected in financial forecasts and the recognition of outstanding refund liabilities;
- publish the principles governing the treatment and allocation of genuine scheme surpluses;
- ensure that surplus funds attributable to glass containers are appropriately considered when determining future glass contribution rates; and
- consult affected industries before making material changes to the allocation of scheme costs or surpluses.

Avoiding cross-subsidisation

AGW is also concerned that the expansion of Return and Earn should not result in wine suppliers bearing costs that are disproportionate to the actual collection and recycling requirements of wine bottles.

Glass containers differ from other packaging materials in their weight, transport requirements, processing costs and recovery characteristics.

The scheme's pricing methodology should appropriately reflect these differences and minimise unjustified cross-subsidisation between packaging categories.

AGW recommends that the NSW Government and EfC provide greater transparency about the allocation of shared costs and demonstrate that glass contribution rates are based on a reasonable and evidence-based assessment of scheme costs.

Where wine bottles can be separately identified, this information should also be used to assess whether their inclusion creates materially different costs or return patterns from other glass beverage containers.

Ongoing monitoring and review

AGW recommends that glass contribution rates and associated financial assumptions be reviewed as operational data becomes available following the 1 July 2027 expansion.

This review should consider actual wine bottle return rates, delayed returns associated with cellaring, collection and processing costs, and the extent to which existing recycling pathways have been displaced.

Findings should inform future contribution rates and be made available to affected suppliers through established industry consultation processes.

Greater transparency would strengthen supplier confidence in the scheme, improve accountability and help ensure that the costs imposed on wine businesses are reasonable, proportionate and supported by evidence.

Consumer communications and the transition to refund-marked wine bottles

AGW recommends that the NSW Government and Exchange for Change (EfC) implement a coordinated consumer education and communications program to support the inclusion of wine bottles in Return and Earn from 1 July

2027.

The expansion will introduce new refund entitlements for consumers, including for wine bottles that have not previously been eligible under the scheme.

The proposed two-year transition for barcode and refund-marking requirements means that, between 1 July 2027 and 1 July 2029, consumers may encounter eligible wine bottles that do not display the familiar 10-cent refund marking.

This creates a risk of confusion about which wine bottles are eligible for refunds, particularly where marked and unmarked bottles are available for sale at the same time.

Consumer uncertainty could undermine participation in the expanded scheme, create difficulties at return points and result in additional enquiries to wine businesses, retailers and hospitality venues.

It is therefore important that consumers receive clear and consistent information about the new eligibility arrangements and how they apply during the transition.

AGW recommends that the NSW Government and EfC:

- undertake a coordinated statewide consumer education campaign ahead of the 1 July 2027 commencement date;
- clearly explain that newly eligible wine bottles may qualify for a refund during the transition period even where they do not display a refund marking;
- provide practical information about how consumers can determine whether a particular container is eligible;
- ensure that return point operators and customer service personnel receive appropriate guidance about newly eligible and unmarked containers;
- develop consistent communications materials that can be used by wineries, retailers, hospitality businesses and industry associations; and
- coordinate messaging with other jurisdictions wherever possible to minimise confusion for consumers purchasing wine across state borders.

AGW also recommends that consumer communications explain any specific arrangements applying to aged wine and legacy stocks, particularly where bottles may remain in circulation for many years after the standard marking transition has ended.

Funding and responsibility for consumer education

AGW considers that responsibility for communicating changes to scheme eligibility should rest primarily with the NSW Government and the scheme operators.

Individual wine businesses should not be expected to fund separate consumer education campaigns or undertake extensive additional communications to explain the operation of a government-mandated scheme.

This is particularly important for smaller wineries, which may have limited marketing and administrative resources.

AGW recommends that consumer education be coordinated and funded through the scheme, with industry associations and suppliers consulted on the development of practical guidance and communications materials.

Clear and consistent messaging will support consumer participation, reduce confusion during the transition and help ensure that the expanded scheme operates effectively from commencement.

Ongoing industry consultation

AGW welcomes the engagement undertaken by the NSW Environment Protection Authority (EPA) and Exchange for Change (EfC) with the Australian wine sector throughout the development of the proposed expansion of Return and Earn.

The consultation process has provided valuable opportunities for industry to identify practical implementation challenges and propose measures to reduce unnecessary regulatory and administrative burdens.

AGW particularly acknowledges the establishment of the Industry Reference Group and the opportunities for direct engagement with EfC on matters affecting beverage suppliers.

These consultation arrangements have contributed to important proposed improvements, including transitional labelling requirements, provisions for aged wine, clarification of first-supplier obligations and simplified reporting arrangements for smaller suppliers.

However, the expansion of Return and Earn to include wine bottles represents a significant regulatory change for the Australian wine sector, and many practical issues will only become apparent as businesses commence registration, container approvals and reporting.

AGW recommends that structured consultation with the wine sector continue throughout implementation and beyond the 1 July 2027 commencement date.

In particular, ongoing engagement should address:

- supplier registration and onboarding, including application processing times and administrative difficulties;
- the operation of micro and small supplier reporting and invoicing concessions;
- container approvals, product identification and barcode requirements;
- the treatment of aged wine and legacy stocks;
- glass contribution rates, financial transparency and payment arrangements;
- supplier portal functionality and progress towards national harmonisation;
- consumer education and communications;
- wine-specific scheme performance data and environmental outcomes; and
- emerging compliance issues and opportunities to simplify regulatory requirements.

AGW recommends that the Industry Reference Group continue to provide a formal mechanism for supplier consultation, supported by direct engagement between EfC, the EPA and relevant national industry associations.

Given the significant impact of the expansion on the wine sector, AGW also considers that appropriate opportunities for direct engagement with the EfC Board should be maintained.

Consultation should be undertaken sufficiently early to allow industry feedback to inform decisions, rather than occurring only after operational or regulatory changes have been finalised.

AGW further recommends that the EPA and EfC establish a structured review process following commencement, including an opportunity to assess the effectiveness of transitional arrangements and identify unnecessary compliance burdens.

This should include a review of micro and small supplier concessions within 12 to 18 months of commencement,

as well as ongoing consideration of national harmonisation opportunities.

Continued engagement will be essential to ensuring that the expanded scheme operates efficiently, that implementation issues are addressed promptly and that the regulatory burden on Australian wine businesses remains proportionate.

Conclusion

Australian Grape & Wine appreciates the opportunity to provide feedback on the *Waste Avoidance and Resource Recovery (Container Deposit Scheme) Amendment Regulation 2026 (No 2).*

AGW maintains its longstanding opposition to the inclusion of wine bottles in container deposit schemes, given their limited contribution to litter and the additional financial and administrative burden expansion imposes on Australian wine businesses.

Nevertheless, recognising the NSW Government's decision to proceed with expansion from 1 July 2027, AGW has engaged constructively with the EPA and Exchange for Change to identify practical measures that will reduce unnecessary costs and complexity.

AGW welcomes the proposed transitional arrangements for barcode and refund marking, additional provisions for aged wine, clarification of first-supplier obligations and reduced reporting requirements for smaller suppliers.

However, further improvements are necessary to provide regulatory certainty and ensure the expanded scheme operates fairly and efficiently.

Of particular importance is the need to prescribe micro and small supplier concessions in regulation, introduce a fee-free threshold for qualifying small beverage suppliers, and provide enduring protection for legacy wine stocks.

AGW also urges the NSW Government to prioritise the delivery of a genuinely national supplier portal, with one-touch data entry and one-touch payment, rather than allowing further jurisdictional differences to become entrenched.

Finally, transparent reporting of wine-specific costs and environmental outcomes will be essential to determining whether the inclusion of wine bottles delivers measurable additional recycling and litter reduction benefits.

AGW looks forward to continuing to work with the NSW Government, the EPA and Exchange for Change to support practical implementation arrangements that minimise unnecessary burdens on Australian grape growers and winemakers.

The overriding objective must be to ensure that the costs imposed on wine businesses are proportionate, transparent and justified by demonstrable environmental outcomes.

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