Inquiry - Improving Queensland's Container Refund Scheme

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AUSTRALIAN
Grape & Wine

Submission to the Health, Environment and Innovation Committee Inquiry into Improving Queensland's Container Refund Scheme

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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 6,000 winegrape growers working across Australia's 65 wine regions. These businesses employ more than 160,000 people, making a significant contribution to rural and regional Australia, driving economic growth, local manufacturing, regional exports and food and wine tourism.

Our role is to help forge a political, social and regulatory environment - in Australia and overseas - that enables profitable and sustainable Australian grape and wine businesses. To do this, our activities focus upon the objective of providing leadership, strategy, advocacy, and practical support. We represent small, medium and large winemakers and winegrape growers, with policy decisions taken by the Australian Grape & Wine Board requiring 80% support, ensuring no single category can dominate the decision-making process and guaranteeing policy is only determined if it provides significant industry benefit. In practice, most decisions are determined by consensus.

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

Executive Summary

Australian Grape & Wine supports evidence-based, proportionate recycling policy and is committed to improving environmental outcomes through sustainable packaging practices. However, we have significant concerns about the decision to expand Queensland's Container Refund Scheme (CRS) to include wine bottles, which was implemented without clear policy rationale, robust data, or meaningful consultation with the wine sector.

The expansion was undertaken in the absence of a transparent cost-benefit analysis and against the backdrop of a national agreement to harmonise container deposit schemes (CDS) by the end of 2025. Queensland's unilateral action has created inconsistencies across jurisdictions, imposed administrative and financial burdens on producers—particularly small and medium businesses—and delivered minimal demonstrable improvement in recycling or litter reduction.

Our concerns fall into three broad categories:

1. **Lack of policy clarity:** The government has not articulated the specific environmental problem the expansion seeks to solve. Wine bottles make up less than 1% of the litter stream and are already widely recycled through kerbside collections.

2. **Failure to consider better alternatives:** Models such as the fourth kerbside bin offer superior outcomes in terms of glass recovery, carbon reduction, and system-wide efficiency. Global best practice also covers all container types regardless of the contents. These alternatives were not adequately assessed in Queensland's policy process.

3. **Inequity and poor design:** The cost of the scheme falls entirely on wine producers, rather than being shared across the value chain. The administrative burden is particularly acute for small businesses, many of whom report being unable to pass on costs in a highly consolidated retail market.

Throughout this submission, we outline serious concerns with the transparency of scheme performance data, the assumptions underpinning the cost-benefit analysis, and the broader implications for environmental outcomes and producer viability. We urge the Committee to pause and reconsider the current approach and instead work with stakeholders to develop a more effective, equitable, and nationally consistent model for glass recovery in Australia.

Recommendations

We recommend the Committee consider the following changes to improve equity, transparency and efficiency:

1. Publicly release accurate, disaggregated historical and current data on container types (including glass), landfill disposal, and kerbside recycling, to enable meaningful comparison of material flows before and after the scheme's expansion.
2. Consider alternative models to improve glass recycling (e.g. 4th kerbside bin, education programs, true product stewardship arrangements).
3. Consider improvements that could improve the equity and the practicality of participation for all eligible entities, for example:
    a. Include all containers in the scheme, not just beverage containers.

   b. Provide a fee-free threshold (e.g. first 5,000 units annually) and fixed fee option (e.g. $500 for 5,000–10,000 units) for small producers.
   c. Remove requirement to account for every container and replace with a proportionate fee (shared across the entire supply chain) based on units manufactured or sold in each jurisdiction to significantly reduce compliance costs.
   d. Remove statutory declaration requirements on sales reporting.
   e. Extend payment terms to at least 30 days to align with standard business practices.
4. Require COEX to publicly report glass volumes by beverage type (e.g. wine, spirits, beer, soft drinks).
5. Require COEX to maintain consistency in annual reporting to allow stakeholders to easily compare data from previous years.

Key Concerns with the Scheme Expansion

Australian Grape & Wine has consistently sought to work constructively with government to improve recycling outcomes. However, we remain concerned that the expansion of the Queensland CRS to include wine bottles was implemented without a clear policy rationale or a fair, evidence-based assessment of alternatives. Our concerns can be summarised in three key points:

1. Lack of Policy Rationale:

There has been no clear articulation of the policy rationale underpinning the expansion of the scheme. It is also clear that the expansion has failed to deliver materially significant increases in recovery rates, let alone recycling rates, which validates the view that container refund schemes are not designed for circularity and can never achieve world class recycling rates. If the Queensland Government's objectives include increasing recycling rates, reducing waste, or lowering emissions, we are eager to collaborate on practical and effective solutions. However, in the absence of a clearly defined problem and measurable goals, it is difficult to determine whether this policy is fit for purpose.

Container deposit schemes were originally introduced in the 1970s in South Australia as a litter reduction mechanism. In our submission, and those of other wine industry organisations, to the initial consultation, we highlighted that wine bottles account for less than 1% of the national litter stream—meaning their inclusion will have a negligible impact on litter reduction. Furthermore, due to the Queensland Government's decision not to release its cost-benefit analysis prior to implementation, we relied on publicly available data from the South Australian and New South Wales EPAs. These data suggest the inclusion of wine and spirit bottles would result in minimal improvements in glass recycling—just a 1% increase in South Australia and a 0.5% increase over 20 years in New South Wales.

If the goal is environmental benefit, then the most efficient, low-emissions, and scalable solution should be prioritised—such as advanced materials recovery facilities like the Enfield materials recovery facility (MRF) in NSW, which already sorts and processes beverage containers alongside other recyclables using highly efficient optical technology.

2. Ignoring Superior Alternatives:

Alternative models—such as introducing a fourth kerbside bin dedicated to glass—appear to offer better recycling outcomes, greater carbon savings, and a more equitable distribution of costs. Unfortunately, these options have not been meaningfully explored by the Queensland Government.

In contrast, the New South Wales Government acknowledged this option in its discussion paper, supported by an EPA cost-benefit analysis that found the fourth bin would deliver significantly better recycling outcomes. Victoria is currently rolling out a fourth kerbside bin, with data collection underway. This model has several benefits: it captures a wider range of glass items (e.g., jam and pasta sauce jars), and it separates glass—particularly shards—from other recyclable materials like paper and plastics. This results in both a cleaner glass stream and improved recovery of other materials.

In South Australia, the EPA's Hudson Howells economic modelling (p.27) concluded that the fourth kerbside bin delivered the greatest economic impact of all options considered. Similarly, the NSW EPA found that this model would divert twice as much waste from landfill compared to including wine bottles in their CDS — equivalent to 1.4 million tonnes in total.

Internationally, British Glass also supports kerbside collection over container return schemes. In December 2021, they noted that:

- A well-designed kerbside model would deliver 11% greater carbon savings than including glass in a deposit scheme—amounting to over two million tonnes of CO_2 saved by 2035.
- A consistent, improved kerbside system could achieve glass collection rates of up to 90% across all glass packaging types—exceeding the 85% collection rate projected under deposit return schemes, which apply only to beverage containers.

3. Inequity in Cost Allocation:

Under Australia's various container deposit schemes, including Queensland's CRS, all of the responsibility and cost burden falls on the user of the container – in the case of wine this is the filler of the bottle — whilst the manufacturer of the container bears none. A true product stewardship scheme should distribute costs across the entire supply chain, including importers, distributors, retailers, and even consumers. This scheme unfairly targets small and medium-sized producers without addressing the broader system impacts.

Wine industry commitment to sustainability

Sustainability is a core pillar of the Australian grape and wine sector's *"One Grape & Wine Sector Plan: Resetting the path to Vision 2050"*. Glass recovery and circular economy practices are embraced by our members, many of whom are signatories to the Australian Packaging Covenant. Approximately 25 leading wine companies have collaborated on packaging optimisation, regional waste pilots, and minimising environmental impacts. Our industry is committed to outcomes—but they must be effective, affordable, and supported by clear evidence.

Product stewardship

A true product stewardship scheme would distribute costs across the entire supply chain, including importers, packers, distributors, retailers, and even consumers. Furthermore, it should be based squarely on the type of the packaging and not be limited in scope to the type of contents (i.e. beverages) as in the Queensland CRS. If Queensland truly wishes to increasing packaging circularity through product stewardship, it needs to include all types of containers in whatever mechanisms it uses.

The Australian wine sector already participates in well-established packaging recovery and sustainability frameworks, including the Australian Packaging Covenant and the National Environment Protection (Used

Packaging Materials) Measure 2011 (NEPM). Medium and large producers are either signatories or are regulated under the NEPM, which obliges them to reduce packaging waste and improve recyclability. Many producers have invested heavily in using lightweight glass, recyclable closures, and minimising the wine packaging footprint. These pre-existing obligations should be recognised and not duplicated through additional state-based container deposit schemes.

The Queensland CRS places the full financial and administrative burden of container collection onto beverage producers without regard for the environmental impact or recyclability of their product. This is not consistent with the principles of shared responsibility that underpin product stewardship models. If wine producers are to be regulated under the CRS, then so too should other glass packaging such as olive oil, sauce and jam jars. The current model arbitrarily targets certain beverages while ignoring other products that also contribute to the glass stream.

Glass recycling: CDS vs alternative models

Including wine bottles in container deposit schemes will not significantly improve recycling outcomes. CDS is fundamentally designed for litter control and is not fit-for-purpose for maximising circularity.

In South Australia, the predicted increase in recovery from CDS expansion was just 1%, and NSW EPA estimates showed only a 0.5% gain. These marginal increases are not proportional to the cost burdens imposed on producers, particularly when glass is already being collected through efficient kerbside programs. International experience shows (e.g., New Zealand’s Glass Packaging Forum) that far higher rates of recycling can be achieved at lower overall cost (up to 1/10th) when compared to CDS alone.

Alternative models, such as the fourth kerbside bin system, provide a more effective solution for improving both the volume and quality of glass collected. Victoria is implementing a dedicated glass kerbside bin, and analysis by British Glass and CSIRO has shown this model delivers better carbon outcomes and greater overall recovery. A comprehensive cost-benefit analysis of these options has not been presented in the Queensland context, despite clear evidence from other jurisdictions that they may be more effective and efficient.

Environmental Outcomes and Superior Alternatives

Modelling in other Australian jurisdictions clearly shows that including wine bottles in a CDS would provide marginal environmental benefit:

- South Australia’s modelling predicted just a 1% increase in recovery (from 77% to 78%).
- The NSW EPA estimated only a 0.5% increase in recycling over 20 years.

Meanwhile, a fourth kerbside glass-only bin trialled in Victoria and modelled in NSW offered significantly greater benefits. NSW's own consultation paper showed the kerbside model could divert twice as much material from landfill compared to CDS expansion (1.4 million tonnes vs. 700,000 tonnes), and British Glass modelling suggests a well-designed kerbside system could achieve 11% greater carbon savings than a CDS—over two million tonnes by 2035.

We do not know the forecast for wine bottle recycling under the Queensland scheme because the government has not released the full cost-benefit analysis. The summary of the cost-benefit analysis was published online in July 2024. This absence of transparency hinders evidence-based decision-making.

To its credit, the Victorian Government has committed to a glass-only kerbside bin, which offers dual benefits—higher recovery rates and less contamination of other materials like paper and plastic. Rather than rushing to impose a flawed and inequitable CDS model, we encourage governments to take a step back and carefully evaluate all options. The risk of locking in a costly, ineffective system is too great for the environment, the economy, and regional businesses.

Inconsistent approaches across jurisdictions

The expansion in Queensland runs contrary to the 2021 agreement of National Environment Ministers to harmonise container deposit schemes across jurisdictions by the end of 2025. Queensland's decision to include wine and spirit bottles ahead of other states that are still consulting has undermined that agreement and torpedoed national consistency. This piecemeal approach adds complexity and cost, particularly as wine producers operate and trade across multiple jurisdictions.

Another example of inconsistency across jurisdictions is the Queensland Government's decision to reimburse the cost of barcode purchases for wine producers within the state. Whilst well-intentioned, this support was not extended to small producers in other jurisdictions—raising concerns about equity and fairness. In the absence of national coordination or oversight, state-based schemes risk creating fragmented and uneven outcomes across the country.

Scheme not fit for purpose

If the true objective of the CRS is to support greater resource recovery, reduce waste to landfill, and contribute to a circular economy, then limiting the scheme to beverage containers is fundamentally flawed.

Many other packaging materials—such as glass jars, plastic tubs, aluminium cans for non-beverage products, and other recyclable rigid packaging—also contribute to the waste stream and are excluded from current CRS. By focusing only on beverage containers, the scheme creates artificial distinctions between similar materials based purely on their contents, leading to consumer confusion and lost recycling opportunities.

A more effective and equitable model would consider all recyclable packaging types, regardless of use or contents, to ensure consistency, improve recovery rates, and reduce contamination of recyclable material.

Scheme performance and data gaps

Wine industry stakeholders have raised serious concerns about the absence of baseline data prior to the scheme's expansion. To accurately assess the effectiveness of the policy, it is critical to understand how many wine bottles were previously recycled through existing kerbside systems and how many were sent directly to landfill. This data has not been provided.

The Queensland Government's cost-benefit analysis summary published in 2024 cites reduced landfill disposal as a key benefit—yet, without baseline figures on wine bottle disposal rates, it is impossible to verify this claim. In the absence of meaningful pre-implementation data, how will the success or failure of this policy change be measured?

COEX's 2024 Annual Report indicates a 13.4% uplift in glass volumes following the expansion, but fails to disaggregate data by container type, such as wine versus other glass containers. Further, it does not identify how the return has occurred (i.e., from comingled kerbside collection or return points), which makes it impossible to identify if the expansion has changed behaviour at all. COEX has confirmed it does not collect data specifically on wine bottles because it has not been requested by the government.

Without robust data, it is impossible to evaluate whether including wine bottles has improved recycling outcomes. The Queensland cost-benefit analysis summary also notes the largest benefit of container schemes is typically litter reduction—a benefit not expected in this expansion due to the very low presence of wine and spirit bottles in the litter stream (less than 1% nationally).

Costs to industry

The South Australian Wine Industry Association (SAWIA) surveyed some of its members (20 respondents, margin of uncertainty of 5.5%) regarding the impacts of the expansion of the Queensland CRS. Findings included: average costs of $0.25 per bottle; 83% of businesses were unable to pass on costs to retailers and customers; and 6% of businesses withdrew completely from selling wine in the Queensland market.

Many small wineries reported in the survey that CRS administration costs exceeded the total CRS fee liability, and it was estimated that this would be the case for producers selling fewer than ~1,000 dozen bottles annually in Queensland. Other burdensome and unnecessary administrative impacts cited as major concerns included the complex legal nature of the materials recovery agreement, invoice frequency errors, replicate requests for reporting, and confusion over compliance requirements for legacy stock.

It must be stressed that SAWIA's survey result on the magnitude of the cost impact is consistent with the independently verified modelling that SAWIA undertook to estimate the costs of expanding the CDS in South Australia to include wine bottles. SAWIA's estimate was far higher than the costs estimated by South Australia's EPA, which remain contested and unresolved despite SAWIA having identified and communicated serious errors in assumptions used by the South Australian EPA.

In addition to the direct costs imposed by the scheme, producers are also subject to the Wine Equalisation Tax (WET), which is calculated based on the final wholesale price of wine, inclusive of scheme-related fees. This means the state-based costs of the container refund scheme effectively compound the federal tax burden on wine businesses. As a result, a state-imposed compliance cost indirectly increases a Commonwealth tax obligation, further inflating the overall cost to producers. These increased costs are rarely able to be passed on to consumers due to intense market competition and retail price suppression, disproportionately impacting small and medium-sized wine businesses.

Concerns with cost-benefit assumptions

The Queensland Government's cost-benefit analysis summary assumes, without any justification or evidence, that beverage manufacturers will recover costs of the CRS through increasing their retail prices. As advised during the initial consultation, wine businesses lack the market power to do so, especially given significant competition, retail concentration and long payment terms. The SAWIA member survey confirms that cost pass-through is not feasible for most producers. The cost pass-through rate assumed in the Queensland cost-benefit analysis summary—96.1% of beverage manufacturer costs—is apparently based on containers already included in the scheme and, as outlined in our submissions to the initial consultation, this does not reflect the realities for wine producers. In New South Wales, it was claimed that the beer industry was able to pass through approximately seven cents per container in CDS costs, however this is likely due to the fact that three large multinational companies control more than 90% of the Australian beer market, who are also beneficiaries of the scheme operation. By contrast, the wine sector is far less concentrated, with no similar level of market dominance. If major beer companies could only pass on a portion of costs, it is unrealistic to expect that wine businesses—particularly small and medium-sized producers—will be able to pass on any meaningful amount. Wine businesses cannot simply raise prices to offset CDS costs due to the structure of the retail landscape. Australia's retail wine market is dominated by two major players controlling over 70% of distribution. These retail businesses exert substantial price pressure on producers, and wine is often used as a loss leader. This is not a market where cost recovery is possible without risking market access.

It is also unclear how the expected 125 million container throughput referred to in the Queensland cost-benefit analysis summary was calculated or validated.

Reduce administrative burden

The Queensland Government's cost-benefit analysis summary refers to the potential to reduce the administrative burden where possible and we believe that this should include further consideration of:

- options to improve the scheme by sharing responsibility across the entire supply chain to deliver a more equitable distribution of administrative effort,
- revisiting what data is collected, as well as how often, to ensure it is fit-for-purpose without imposing unnecessary burden,
- allowing small manufacturers below a given scale threshold, such as those registered as artisan winemakers, brewers or distillers, to choose not to participate in the scheme, or to have a simplified single fee. The cost per container is exorbitantly high for these manufacturers, so not including these manufacturers would come at a cost saving to the community, and
- reduce administration costs to government through efficiency initiatives that simplify scheme operation.

Transparency and scheme evaluation

COEX and the former Queensland Government have repeatedly failed to provide disaggregated data on scheme outcomes, particularly since the expansion commencement (November 2023). Despite direct requests from industry, there is no breakdown of wine bottle redemption rates, nor any assessment of how many containers returned post-expansion were previously recovered through kerbside systems. If wine bottles are simply being diverted from one collection stream to another, this is not an environmental win—it is administrative shuffling with a major price tag for producers.

Proper public policy requires that implementation be based on measurable objectives, independently verified performance data, and regular review. The scheme, as expanded, fails all three tests. No public baseline was set, and no transparent mechanism exists to determine whether wine bottles have contributed to improved outcomes.

While COEX attributes the increase in its annual container recovery rate from 63.5% in 2022–23 to 67.4% in 2023–24 to the expansion of the scheme to include wine and spirit bottles, the annual report provides no specific data to substantiate this claim. There is no breakdown of the number or proportion of wine and spirit bottles collected, nor any detail on redemption rates by container type. While it may be plausible that the scheme's expansion contributed to the small (3.9%) increase in recovery rates, without transparent reporting on container-type volumes, it is impossible to assess the true impact of the policy change. As such, the claim remains unsubstantiated, and more detailed reporting is needed to evaluate the effectiveness and contribution of the scheme's expansion.

Consumer confusion and redundancy

The argument that wine bottle inclusion reduces consumer confusion is tenuous and unpersuasive. If the objective is to reduce consumer confusion, then all glass containers—regardless of contents—should be included. This would mean jam jars, cooking oil bottles, vinegar and other products in glass packaging should also be brought into scope. Without that consistency, selective expansion appears arbitrary.

We surmise that, instead of delivering clearer consumer outcomes, the scheme introduces complexity and confusion into the entire supply chain—requiring container registration, barcode changes, label redesigns, and reverse vending machine compatibility—all for negligible environmental return.

Conclusion

We remain committed to working constructively with the Queensland Government to improve recycling outcomes and contend that the current CRS is not fit for this purpose. We urge the Committee to act to ensure that policies are backed by transparent evidence and do not disproportionately impact and penalise small and medium wine businesses. The implementation of the current scheme expansion has lacked transparency, created unnecessary administrative burden, and imposed high costs on small and medium family businesses for minimal environmental gain. The process should be paused to allow for a thorough objective assessment of alternatives that might deliver better outcomes.

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Endorsement by State Wine Associations

This submission is supported and endorsed by the following state wine industry associations, who share our concerns regarding the impact of the Queensland Container Refund Scheme expansion on wine producers, and support our calls for reform:

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