Inquiry - Improving Queensland's Container Refund Scheme

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ACOR
AUSTRALIAN COUNCIL OF RECYCLING

AUSTRALIAN COUNCIL OF RECYCLING SUBMISSION: INQUIRY INTO IMPROVING QUEENSLAND'S CONTAINER REFUND SCHEME

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About the Australian Council of Recycling

The Australian Council of Recycling (ACOR) is the peak industry body for the resource recovery, recycling, and remanufacturing sector in Australia. The Australian recycling industry contributes almost $19 billion in economic value, while delivering environmental benefits such as resource efficiency and diversion of material from landfill. One job is supported for every 430 tonnes of material recycled in Australia.

ACOR is the peak industry body for the resource recovery, recycling, and remanufacturing sector in Australia. Our membership is represented across the recycling value chain, and includes leading organisations in CDS operations, kerbside recycling, recovered metal, glass, plastic, paper, organic, tyre, textile, oil and e-product reprocessing and remanufacturing, and construction and demolition recovery. Our mission is to lead the transition to a circular economy through the recycling supply chain.

Contacts for this submission

Suzanne Toumbourou
Chief Executive Officer
Australian Council of Recycling
[redacted]

Aziza Kuypers
Policy Adviser
Australian Council of Recycling
[redacted]

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Introduction: Priorities for an effective container refund scheme

Queensland's container refund scheme (the Scheme)—Containers for Change—has attracted industry and community participation and substantially supported litter reduction and recycling of beverage containers.

The Scheme has created 1580 jobs for Queenslanders, and enabled the recycling of 9.8 billion containers.

While the Scheme has achieved a return rate of around 67%—on par with other Australian schemes—it falls short of the Government's return rate target of 85%, and the achievements of best-performing schemes internationally, which achieve return rates of 90% or more.

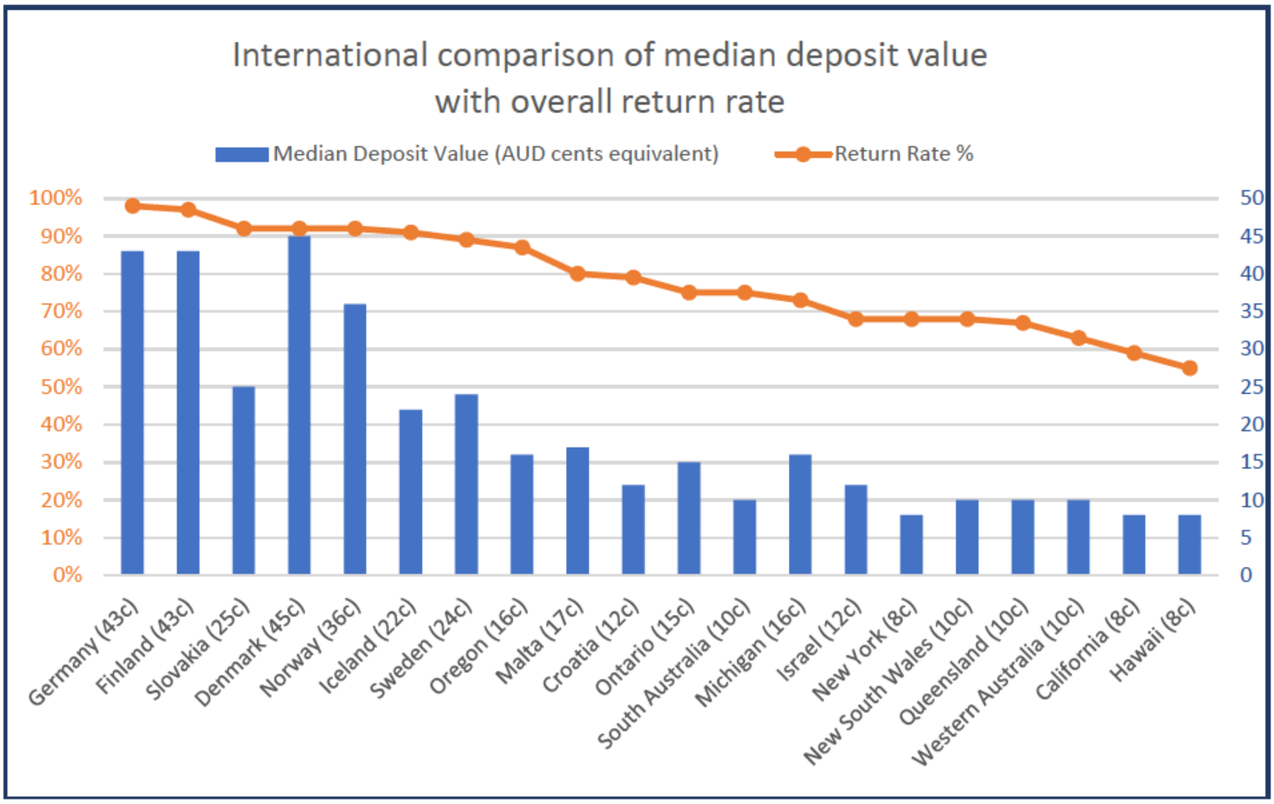
By increasing access to quality recovered material, the Scheme supports highest-value recycling outcomes, such as bottle-to-bottle recycling. For example, the hot-wash PET flake generated from CDS products can deliver food-grade recycled PET (rPET) for Australian packaging. The Scheme also supports the delivery of well-sorted glass for recycling back into bottles and jars.

To be sustainable, container refund schemes must operate efficiently and effectively, be commercially viable for recyclers, maintain social licence to operate, and function within the right policy settings.

The priorities outlined in this submission are aimed to elevate container return rates to the best practice and higher performance seen in global schemes.

1 Refund value

It is broadly evidenced that a higher refund value correlates with a higher return rate. The refund value is the strongest driver of return rates in a container refund scheme.



Graph: International comparison of median deposit value with overall return rate[1]

Queensland's refund amount ($0.10) is low compared to successful schemes like Germany's (€0.25 or approximately $0.40), which has a 98% return rate. The refund amount is also low in absolute terms and among the lowest internationally as a proportion of beverage prices.

[1] Data sourced from [Reloop Global Deposit Book 2024]

The refund value has declined over time due to inflation. A process should be put in place to adjust the container refund value to at least 20 cents, noting that those most affected by cost of living pressures are also those most incentivised to collect and return more containers for additional income.

Following the increase, two-year review periods should be adopted, with the refund value further increased if return rate targets are not met for two years in a row.

While it would be preferable for deposit rates to be lifted in harmony with other schemes, it is not essential: a container refund scheme operated in South Australia for more than 30 years before other Australian jurisdictions established a scheme.

2 Convenience, access and coverage

Convenience is a core element of a well-functioning CDS. There must be comprehensive and convenient access and coverage across geographical areas.

Prioritising collection within retail operations in densely populated areas can enhance convenience, reduce costs, and further improve return rates, as seen in world-leading schemes. Return options should include drop-off points located in retail environments, such as carparks or participating retail chains, which could best be facilitated through supportive legislation (e.g., via planning regulations).

There are also gains to be made in commercial settings, including hospitality venues, large hotel chains, larger governments facilities, and stadiums.

3 Return rate target

Clear and consistent return rate targets help to ensure scheme growth and high performance. While Queensland's Scheme has a return rate target of 85%, mechanisms to achieve the target have not all been activated.

Such targets should be more effectively supported by ensuring that a strong refund value, scheme governance and operational structures are all optimised.

Accuracy and transparency of data is also vital to measure progress against targets, and to engage and build the trust of the community. Data on sales volumes, network return volumes, and MRF return volumes should be published regularly in a clear and consistent dashboard.

4 Marketing

There must be consistent, strong marketing to create high levels of awareness within the community, in order to maximise return rates:

- Beverage companies should market the schemes they're involved in and refer to the refund amount in their own advertisements.
- Information on refund amounts should be printed on retail price displays and customer receipts to ensure that consumers are fully aware that a refund can be claimed when the container is returned for recycling.
- Scheme-wide marketing should aim for agreed metrics, including community awareness levels of at least 95%.

5 Governance

Container refund scheme governance structures must safeguard against inherent conflicts of interest, ensuring they are declared.

A mechanism for government intervention should be in place, in the event that recovery rates fall below agreed levels, with the ability to raise the refund amount, or address other root causes of failure, such as insufficient marketing or convenience.

6 Scope

ACOR welcomed the Queensland Government's expansion of the Scheme scope to include glass wine and spirit bottles.

Expanding the scope of eligible containers to include glass wine and spirit bottles has increased the supply of clean glass for high-value recycling, supporting a 13.4% increase in glass received through Containers for Change as at 30 June 2024.

We are actively encouraging other jurisdictions around Australia to follow Queensland's lead, recognising the immense opportunity to enhance recycling rates—noting the necessity of strategic planning to support effective implementation across existing and planned collection infrastructure, including widely used technologies.

At various times, container deposit schemes have been floated as a possible collection mechanism for additional waste streams, such as batteries, e-waste, soft plastics and other rigid containers. Many of these other materials have different consumption patterns, and may not be suited to current return infrastructure and technology. The potential to cause contamination in high-value pure container refund scheme streams needs to be addressed, as would the governance structure and targets of the Scheme. Any such expansion would need thorough consultation with industry.

7 Recyclability

Containers for Change was initiated to increase recycling rates of beverage containers, reduce litter, ensure producer responsibility, and provide community benefit.

To ensure public trust and achieve genuine circular economy outcomes, beverage containers included in container refund schemes should be comprised of recycled and recyclable material.

Recycling is essentially comprised of three key elements: collection, processing and end markets. Container refund schemes work well by ensuring the collection of well-sorted recovered materials, which can be processed into high-value products and directed to productive markets. Material that is non-recyclable—insofar as it is unrecoverable, lacks processing infrastructure or lacks end markets in the real world—must not be part of any container refund scheme. This is particularly pressing in light of the ACCC's focus on environmental claims.

Non-recyclable materials, including all those identified for phaseout within the Australian Packaging Covenant Organisation's (APCO) 'Action Plan for Problematic and Unnecessary Single-Use Plastic Packaging', should not be included in any container refund scheme.

Inclusion of non-recyclable containers affects the reputation of the Scheme and sends the wrong message to consumers. Problematic packaging as identified by APCO includes PVC containers, opaque PET bottles, drink sachets and wine casks. Container formats that are not recyclable in Australia, or eligible for the Australasian Recycling Label, such as drink pouches and wine casks, should not be included in any scheme.

Brand owner fees within the Scheme should be eco-modulated, reflecting material value, with higher fees for materials with lower circularity, format-specific return rates, and rewarding the inclusion of Australian recycled content.

It is important to ensure that containers excluded from the Scheme due to being non-recyclable do not gain a competitive advantage over recyclable containers. The forthcoming packaging reform, led by the Australian Government, should be expedited to support this outcome.

8 Cash

The future role of cash in container refund schemes requires careful consideration. A societal trend towards cashless transactions, coupled with the significant costs, risks, and inefficiencies associated with handling cash, necessitates a review.

The challenges posed by cash include logistical expenses, security risks from armed robberies, rising insurance costs, and increased potential for fraud. Many schemes already provide diverse cashless payment options, such as scheme apps, EFT direct credits, PayPal, and store vouchers.

The Queensland Government should collaborate with other States and Territories to develop a unified transition plan for managing the future of cash in these schemes. This plan must address the needs of vulnerable participants, including those experiencing homelessness, elderly individuals, and low-income populations, who may rely on cash and require support during such a transition. It should also clarify the tax status of refund income.

Conclusion

It is vital that container refund schemes across Australia support recycling through a nationally harmonised approach to targets, a higher refund amount, broad collection network coverage, strong marketing, appropriate eligibility settings, and robust governance and accountability. These elements are standard practice in well-designed schemes around the world, resulting in strong recycling outcomes and higher return rates than those achieved by Australian schemes. As Australia gears up for nationwide operation of container refund schemes, now is the time to step up to these globally accepted measures.