

## **Inquiry - Improving Queensland's Container Refund Scheme**

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**Queensland Parliament  
Health, Environment and Innovation Committee**

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via Online Form:



**Inquiry into Improving Queensland's Container Refund Scheme**

**Purpose of this submission**

- Clean Up Australia recommends an increase on the current refund rate of the Queensland Container Deposit Scheme (CDS) from 10c to 20c or more to maintain and grow the incentive to recycle within the community.
- Clean Up Australia further recommends an upgrade to the scheme, adding additional and more convenient return points, including more Reverse Vending Machines (RVMs) in high footfall locations such as supermarkets and retail centers.
- Further, a reconsideration of COEX as singular Scheme Coordinator and Network Operator and transitioning to a split model would benefit the Scheme by sharing governance between industry and community representatives, and recycling and environmental experts, thereby increasing accountability and transparency within the Scheme, in turn increasing the number of established return points.

**Background**

The introduction of the Queensland CDS Containers for Change in 2018 was an achievement for the state and a win for campaigners who for years had been calling for the establishment of a Container Deposit Scheme to accept eligible containers for recycling via return points in exchange for a refund.<sup>1</sup>

The Queensland CDS has had a positive impact on litter and recycling return rates, with the state's drink container litter levels reducing by approximately 48%,<sup>2</sup> while recovery rates have increased from 18% prior to the establishment of the CDS to around 67%.<sup>3</sup>

Furthermore, in 2023, Queensland led the way nationally when it became the first state to expand its CDS to allow large glass and spirit bottles to be returned. Since then, the Scheme



has recorded a 13.5% increase in the quantity of glass bottles being returned – an excellent example of increased container type eligibility increasing recycling rates overall.<sup>4</sup>

Nevertheless, despite these successes and despite a resource recovery target rate of 85%, the Scheme's return rates have stagnated, sitting at 67.4% for 2023-2024, with the rate for the first two quarters of this financial year at 62.7%, which is around 20% shy of legislated targets.<sup>5</sup>

The Queensland Scheme has a long way to go in terms of performance when compared to international schemes. Indeed, in Europe, most countries with Deposit Return Systems (DRSs) in place achieve recycling rates above 90%, diverting significant quantities of drink containers from disposal and keeping that material circulating in the economy.<sup>6</sup>

Germany is an excellent example of a country with an incredibly successful DRS in place. The country achieves a record 98% return rate on eligible single-use drink containers, owing both to the system's meaningful deposit value (€0.25 for single-use containers, equivalent to AUD \$0.43) and a convenient and dense network of return locations.<sup>7</sup> Within Australia, the Queensland CDS return rate is also low when compared to the South Australia return rate which is 75% over 2023-2024.<sup>8</sup>

As part of the Boomerang Alliance, Clean Up Australia has identified three key areas which could be improved within the Queensland CDS to lift stagnated return rates, increase recycling of eligible containers and consequentially reduce litter in our streets and reduce the incidence of eligible containers consisting of valuable resources going to landfill.

### **Increasing the refund amount from 10c to 20c or more**

Many community organisations have benefited from the bottle and can refund scheme, raising millions of dollars in Queensland for charity and other public benefit purposes. Container Deposit refunds also help individuals who collect and return used drink containers to cope with cost-of-living pressures. However, the current refund amount of 10c was set in 2019 and since then has not been adjusted for inflation. The value of the 10c refund is thus being eroded by inflation over time and should be increased to 20c or more to maintain and grow the incentive to recycle.

In 2023, the nation's Heads of EPAs (HEPA; Heads of Environmental Protection Agencies) commissioned the 'Container Deposit Scheme (CDS) Behaviour Change National Research' Report.<sup>9</sup> One of the recommendations from this report was analysing the regulatory impact of increasing the refund amount, in recognition of the need to increase return rates via increased incentive. Hudson Howells' 2023 report 'An Economic Analysis; The Impacts of Raising the Container Refund to 20c' informed this discussion, observing the plateauing of return rates across the nation and reporting that, without intervention via an increased refund, 'the number of consumers redeeming their used containers for the refund will



continue to decline as the effect of inflation continues to impact real value of Australia's 10 cent refund rate'.<sup>10</sup>

Hudson Howells' recommendation was that a doubling of the current refund rate would lead to a 16% increase in return rates, based on observed improvements in the South Australian scheme over time, following an increase in the refund amount. In South Australia, when the refund amount doubled from 5 to 10 cents in 2008, the overall return rate rose significantly from 69.9% in 2007/08 to 80.1% in 2009/10.<sup>11</sup> Hudson Howells further suggests that if we are to achieve European return rates of 90%+ Australia's refund value would have to immediately rise to 30c, with continuous monitoring over time to mitigate the erosive effect of inflation and maintain a scheme's effectiveness.<sup>12</sup>

Clean Up Australia strongly supports an increase in the refund amount from 10c to 20c or more, which would greatly increase social benefits for those doing the legwork in collecting and returning containers. Doubling the refund amount from 10c to 20c would also increase the rate of community participation in the scheme, improve the return rate for recycling and consequentially, reduce litter and the incidence of wasted resources in landfill.

Beyond Australia, there is further strong evidence which exists which shows that increasing the refund rate in a CDS leads to higher return rates. Reloop, an international circular economy not-for-profit based in Brussels, Belgium describes how the size of the deposit/refund matters, and that higher deposit/refund values tend to generate higher collection rates. Reloop cites the CDS in Alberta, Canada. Within just three years of the provincial government increasing the deposit on all drinks containers to 10 cents (up from 5 cents) for containers 1L and under, and 25 cents (up from 20 cents) for containers larger than 1L, the overall return rate increased by approximately 12%.<sup>13</sup>

Reloop further describes an increase in refund rate and the positive impacts on return rates in Norway.<sup>14</sup> In 2017, the Norwegian Scheme had strong return rates with cans and plastic bottles achieving 84.3% and 87.8% respectively. Nevertheless, 180 million cans and bottles were not being returned for recycling. To boost return rates even further, the deposit on bottles and cans smaller than 500ml doubled from NOK 1 to NOK 2 (AUD \$0.15 to AUD \$0.31) in September 2018, the first increase since the programme's launch in 1990. The deposit on bottles and cans larger than 500ml also increased from NOK 2 to NOK 3 (AUD \$0.31 to AUD \$0.46). By the end of 2020 – just two years after the deposit increase – return rates were up to 93% and 92% for cans and plastic bottles.

Further, anecdotal feedback from many consumers is that collecting, carrying, and queuing efforts are not always offset by the amount they receive, for example 20 containers – which is a large volume and weight to carry – only returns \$2.00. When we consider that the rate has not been adjusted in line with inflation, it's understandable that some consumers feel that efforts are not sufficiently rewarded to warrant redemption, hence negatively



impacting return rates. As part of an increased refund amount, a scaled deposit/refund could also be implemented based on container size and/or weight of the container.

### **Upgrading the scheme to add additional return points and increase convenience**

Within the 2023 HEPA Report, convenience and ease of use was the identified top factor for a good experience for contributors at return points.<sup>15</sup> In reviewing the current Queensland CDS, Clean Up Australia strongly suggests an upgrade to the scheme to add more return points and increase convenience.

When the Queensland CDS commenced in 2018, the Waste Reduction and Recycling (Container Refund Scheme) Amendment Regulation 2018 required a minimum of 307 container return points to be established in the state by 1 November, 2019.<sup>16</sup> However, a Health Report on the Queensland Container Refund Scheme completed by Total Environment Centre (TEC) in 2020 showed that only 131 of these return points were operating at over 35 hours pw.<sup>17</sup>

At that time, the TEC investigation also revealed that:

- Of 129 refund point locations reviewed, 38% either did not exist, were closed or did not operate correctly.
- All mobile/pop up points (except Return-it Victoria Point) were problematic due to restricted opening times.
- Many bag drops had no signage other than on the 'pod', often making them very difficult to locate.
- Many drop points did not provide bags or QR-tags on-site and many did not direct users to other locations to return their containers.
- Over-the-counter manual and Reverse Vending Machine depots worked very well.

Further, TEC also estimated that in South East Queensland, which contains the majority of the state's population, there was only 1 established refund point per 39,000 people.<sup>18</sup> Regulations suggest a 1:20,000-30,000 ratio in urban areas, with NSW legislation enforcing a 1:20,000 ratio in urban areas.<sup>19</sup> The South East Queensland ratio compares unfavorably with NSW which in 2020 had a ratio of 1:12,000 and twice as many refund points. In Europe, best practice Container Deposit Schemes achieve a standard ratio of at least 1:2500, although Germany, which has outstanding return rates at 98% has a ratio of 1 return point for every 640 residents.<sup>20</sup>

In 2024, COEX reported that the QLD Scheme had 354 return points.<sup>21</sup> Comparatively, in NSW records 633 return points in 2024.<sup>22</sup> In terms of the types of refund points which are available in Queensland, there is a strong reliance on depots and bag drops, with only 27 Reverse Vending Machines (RVMs) present across the state.<sup>23</sup> It can be noted that in Europe, high performing container refund schemes have more of a focus on retail-based



individual refund points (RVMs for example), which are more likely to be located in convenient and high footfall locations such as supermarkets and retail centers. In Queensland, there is a need for increased refund points but also an improvement in the types and locations of refund points available. TEC has called for more engagement by the retail sector in locating refund points and recommends government devise ways this can occur.

From this research, there is a clear need for a complete and independent review of the Queensland CDS Scheme and its return points, and ultimately, a need for an increase in the number of return points available in the state of Queensland as well as increased accessibility and signage. An increased number of return points and convenient access to these would positively impact return rates from the currently stagnated 67%.

### **Reconsideration of the split scheme model**

The Queensland CDS has a single coordinator responsible for all parts of the scheme operation including the rollout of refund points. NSW, on the other hand, has separated governance into two organisations – Scheme Coordinator, which collects industry funds, data and undertakes reporting, and Network Operator, which seeks to maximise the number of containers refunded in order to redeem the handling fee per container, and will therefore focus on creating convenience through creating more refund points, and improving the customer experience.<sup>24</sup>

TEC postulates that if a single industry-based entity controls both roles, the type and number of refund points will be significantly influenced by the cost considerations of industry and thus adversely influence the convenience for the community.<sup>25</sup> Maintaining a singular operator and scheme coordinator to govern the Queensland CDS may therefore be negatively impacting the number of established return points (as outlined previously) and in turn, impacting return rates.

With only one singular body governing, there also runs a risk of lack of accountability. The COEX board is made up of beverage industry representatives – including two of the largest beverage manufacturers – Coca-Cola Amatil and Lion – plus independent representation.

In every state, beverage producers are responsible for paying refunds and handling costs in the CDS. However, in Queensland and WA, where beverage producers maintain control of all aspects of the scheme, TEC research suggests that beverage industry views can dominate, with a key focus on reducing costs which in turn can impact the number of refund points established and therefore impact convenience.<sup>26</sup> TEC conveys that a reliance on self-serve collection points among the Queensland scheme, as well as imposition of significant costs on refund point operators including charities, suggests a focus on keeping costs down for the beverage industry. Notably, there has also been a lack of transparency via reporting by COEX, apart from an Annual Report each year.



A reconsideration of the singular governing model, therefore, could improve return rates by

- Increasing transparency and reporting through shared Scheme governance.
- Increasing established return points through the appointment of an independent Network Operator to set up more and improved return points, which in turn would increase convenience and improve return rates.

An independent operator would also improve accountability within the scheme, ensuring customer value and convenience is prioritized over operational costs.

### **About Clean Up Australia**

Clean Up Australia (CUA) inspires and mobilises communities to improve and conserve our environment, eliminate litter and end waste. Our volunteers participate in practical action to remove accumulated litter from the environment, both on Clean Up Australia Day and year-round. We are one of Australia's most recognised and trusted environmental charities, engaging more than 22 million volunteers in our Clean Up activities over a 35-year heritage. The Clean Ups that Clean Up Australia drive play an important role in maintaining healthy and sustainable ecosystems but also support social well-being within the community.

As a trusted community voice, Clean Up Australia educates on issues of waste and empowers communities to engage in sustainable behaviours such as improved recycling and composting. Education work forms a key part of our waste prevention strategy as we seek to develop and implement policy and advocacy initiatives which help transition Australia to a circular economy.



## Endnotes

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<sup>2</sup> Containers for Change (2022). *Our 2022 Impact.*

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<sup>6</sup> Reloop (2022). *Deposit return systems: How they perform.*

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<sup>8</sup> SA EPA (2024). *New framework to modernise container deposit scheme.*

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<sup>10</sup> Reloop & Boomerang Alliance (2023). *The Value of a 20c Container Deposit Scheme Briefing.*

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