



Review: Australian Container Refund Schemes

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INTRODUCTION

A Container Refund Scheme (CRS) provides a refund for consumers who individually or via groups such as charities, return their beverage containers for recycling creating a strong incentive for participation. Scheme management, refund points, transport, sorting facilities and provision to recycling are funded by industry which passes the refund and some or all of the costs onto the price of drinks. By 2023 - when Tasmania and Victoria begin their schemes – Australia will become the first continent to be fully covered by Container Refund Schemes.

There had been periodic attempts by the community to bring back bottle refunds since the 1970s but a broad momentum for change did not emerge until 2017 when a persistent community campaign against the opposition of large beverage companies such as Coca Cola and Lion, convinced the NSW government to implement *Return and Earn*.¹ This led to a collapse of the inertia in other states with Queensland and Western Australia following not long thereafter.

Total Environment Centre carried out this review during the second half of 2022 and into early 2023. South Australia had already embarked on a major review; and the NSW, Qld, WA and ACT governments are reviewing their CRS, particularly in regard to eligible containers.²

Because each state or territory has had to legislate for its scheme, Australia has a refund model which imposes costs onto each beverage supplier according to return rates. A national approach (which industry convinced the federal government to reject) would have imposed a deposit on all sales and resulted in unclaimed deposits being kept by government that could be directed to support the CRS. It was judged to be unconstitutional for states and territories to do so separately because it would have been regarded as a tax.

Also as observed in the New Zealand consultation document (regarding their proposed CRS and which reviewed various schemes), *Transforming Recycling* (2022):

Although the refund model reduces the up-front financial contribution for beverage producers to the CRS, the risk is that producers managing the scheme are incentivised towards lower return rates over the life of the scheme (ie, the fewer containers that are returned, the less producers are required to pay into the scheme). The refund model can create an unnecessary tension that undermines scheme performance. (p55)³

In response to this tension, NSW adopted the governance model whereby the installation of refund points was the responsibility of a Network Operator while funding, reporting and audit

¹ The Northern Territory established a scheme in 2012 but it did not lead to action by other states.

² For example – SA Environment Protection Authority (2019), *Improving South Australia's Recycling Makes Cents*; NSW Environment Protection Authority (2022), *Driving NSW's Circular Economy*

³ <https://environment.govt.nz/assets/publications/Transforming-recycling-consultation-document.pdf> - accessed 14 Jan 2023

was by a Scheme Coordinator. Victoria and Tasmania also have this model, while Queensland and Western Australia merged the roles into one entity, which has a range of Directors some with significant involvement in the beverage industry.

Logically Australia should have only one national scheme, but in its absence (and it is virtually impossible to now untangle the various state laws and subsequent hundreds of contracts along the chain of operation), the states and territories aim for harmonisation of aspects such as key refund, container eligibility and label requirements. As noted above there is currently a review to expand eligibility to wine, spirits, cordial and juices and larger containers overall.

We have developed a range of indices by which to assess each scheme's performance. Data is drawn from publicly available reports such as Annual Reports, websites and government reviews. The indices are described below, followed by the data sets. While the data sets show clear achievements and differences, we then comment on key issues and responses to current challenges. Finally, we discuss some common issues that governments should resolve in coming years.

1. REVIEW INDICES

A wide range of indices have been chosen and their utility is explained below.

Indice	Explanation
CRS OPERATION	
Official start date	There is a range of dates for scheme commencement. These indicate the degree of maturity, as once it begins, it follows an upwards trajectory for some years as the community becomes fully engaged, reaching a stable point of recovery consistent with the refund value and access to refund points. Further growth can depend on the improved value of the refund and consumer access.
Container refund amount	Australia's schemes seek to harmonise the refund amount to 10c but this needs to be kept under review. For example, the South Australian CDS had been in operation since 1977 with a 5c refund and experienced a decline in the return rate due to inflation eroding the value. Subsequently the value was increased to 10c in 2008, which then led to a recovery. Interestingly New Zealand was proposing a 20c refund and most European scheme refund values are closer to the equivalent A\$0.40cents. The refund amount will become a more prominent issue over time.
Published target	Some schemes have published one or more targets; others have none. A target informs the level of investment required in refund points and allows for public accountability. It also includes returns from Material Recovery Facilities (MRF). However a target does not guarantee success. For example the Qld scheme had a target of 85% recovery by mid-2022, but this was not reached, with the rate being only 62%. NSW did not adopt a target as the governance model was intended to incentivise higher return rates.

% container annualised return rate (latest data)	The return rate is a critical number for the success of the CRS and is derived from total sales v returns. Containers that are not returned for recycling are either landfilled or littered with consequent environmental and resource waste impacts. It should be noted that COVID policies restricted operations in some states and territories. A COEX survey reported 18% said COVID was a barrier to participation ⁴ and NSW shut its scheme in metro areas down for some months.
% return rate in first year	This gives the basis upon which to show the growth trend.
% of those containers collected - via refund point network	The refund point network is the preferred collection pathway as it delivers a clean stream of material and directly benefits consumers. The rate is partially influenced by the extent of alternative kerbside collection (eg, NSW has extensive kerbside collections compared to Qld); accuracy is also influenced by how containers are counted (ie, barcode more accurate than average weights); and high MRF returns indicate lower levels of consumers accessing refund points and also represent a loss of refunds to the community.
% of those containers collected - through kerbside	Schemes can allow the inclusion of kerbside collections but the material can be of lesser quality. Councils and their collector can share the refund – the contracts for negotiated revenue shares are not easily available.
Barcode data used	The use of barcode data for returns allows accurate reporting of brands and is also a check for fraud (for example, provision of refunds for ineligible or unregistered drink containers as the producer is not paying into the scheme). Some use the less accurate manual counts and average weight. This can lead to ongoing disputes between super collectors or network operators and collection point operators on number/weight factors, for example in SA.

⁴ COEX Annual Report 2022, p18

REFUND POINTS	
Reported number of refund points	Clearly the number of return points influences how convenient it is for the consumer to obtain their refund.
Types of refund points	The type of refund points are also key factors, as is how quickly the money is obtained (some provide cash or vouchers, others are based on bank deposits which may take time to process). Another aspect is whether small or bulk returns are involved. Large amounts of containers (eg, 500+) are best served by depots with automated sorting machines involving less time, offering unloading facilities and staff assistance. Research has consistently shown that consumers with small amounts prefer return points near or at retail outlets, so they can do their shopping and redeem containers in the same trip. However "return to retail" has been resisted in Australia.
Return point hours/accessibility	This is another important indicator of how convenient it is for the consumer to obtain their refund. A consumer is only willing to travel a certain distance and there is a clear climate change argument that consumers should not be forced to undertake excessive additional car travel for example, to a less accessible industrial-estate based collection point. This can also be true for disadvantaged consumers without access to a car or dependent on public transport. Research undertaken by governments prior to scheme commencement often gives an understanding of this issue. States convert this and other data into refund points required per head of population and for metro or regional or remote locations.
Access per metro region	Aggregating all refund points across a state and then dividing by the total population to indicate "access" distorts the real situation for the bulk of consumers in metro areas, who are naturally not going to travel dozens or hundreds of kilometres to obtain their refund. Unfortunately both SA and WA have done this in public statements; and included sites only open a few hours a

	<p>week. Thus we have assessed refund points per metro region where the bulk of people live. A further indication would be to report % of returned containers per region or metro area sales, but data on sales is not available to make such a comparison.</p>
Participation rate	<p>A number of schemes carry out surveys to estimate the participation rate which can be a reflection of satisfaction with refund points and the refund level. It is unknown if their methodologies are comparable. We also include the Dec 2022 Omnipoll results, commissioned by TEC, for each state. The data is just for individual participation and does not include commercial or charity engagement broken down into individuals contributing.</p>
LITTER REDUCTION	
Litter reduction of CRS containers	<p>A key goal of CRS is to reduce the amount of CRS beverage container litter in the environment. Non-CRS beverage containers are still littered. Data and methodologies are not consistent with various sources - the National Litter Index (KAB), Australian Litter Measure (more recent) and specific state EPA surveys.</p>
GOVERNANCE AND ACCOUNTABILITY	
Public reporting	<p>It is vital that there is public transparency on the performance of the scheme. This varies across Australia – some have a monthly updated dashboard showing return point and MRF returns and trend movement, as well as annual; the older ones have annual or quarterly reports. The data can be compared to targets and commitments in strategic plans (if published). WA probably has the best reporting code but this data is often delayed as the Minister has to sign off on its release.</p>

Sales and recovery figures pa – is reporting mandated by law?	A key to accurate reporting of recovery is access required by legislation, by the Coordinator and regulators to the sales and recovery figures (publicly aggregated for material type). The less able to be verified independently - the less reliable the reported recovery rate.
Strategic Plan on web: detailed or short	This is another transparency measure that also shows the various dimensions of planned investments and associated targets such as return points, public engagement, charity links, etc for the scheme.
Complaint system: public and formal	A prominent, public and easy to use complaints process is essential to the credibility of a scheme's interaction with the community.
Eligible container check	Does the scheme have an easy way for consumers and refund point operators to check if a beverage is registered under the scheme?
ECONOMICS	
Average cost of scheme per container	Each state CRS has a cost structure (handling and sorting fees, transport, admin, marketing, loan servicing, etc) that influences the cost per container and of material type for participating bottlers, which then influences consumer prices. These 'producer fees' naturally increase as return rates rise. As such comparing scheme costs requires an assessment also of return rates. Average and per material costs are legally required to be reported in some states and there are periodic assessments by pricing regulators. There are also different Scheme Coordinator reporting methods partly dependent on scheme governance and if a Network Operator is involved. SA and NT have no transparent reporting to government or the community so data is difficult to obtain. The actual impact on consumer prices depends on brand discounting practices.

Charity income	CRS are a great boon to charities and there is extensive involvement by a wide range of charities collecting containers themselves; receiving donated refunds; and operating refund points. While there is little observable difference between charity refund behaviour in states and territories, some schemes make it easier to participate and track.
Direct refund to charity	Direct donation from collection point to charities, for example by allocation of a barcode to a charity that can be read by any automated refund point, facilitates easier and faster transfer of funds.
Jobs created	CRS create full and part time jobs across transport, sorting, technology installation and support and administration, as well as in reprocessing of the high grade recyclate recovered. Some may be more labour intensive than others, but more expensive to operate. We show the jobs, excluding reprocessing.
Annual surplus and public financial report	The more recent CRS are required to report financials publicly – an important transparency mechanism. Some governance structures report a surplus, while others are required to report nil surplus – even though all are required to be non-profit. When a surplus is generated, the question becomes what is done with the funds (eg used for the scheme improvement overall, cost reductions, loan repayments or returned to producers?)

2. RESULTS

The following data is derived from the most recent Annual Reports of each scheme where published; reviews by government and scheme websites. Some easy comparisons can be made, while we delve into key issues in Section 3.

CRS OPERATION						
	NSW	ACT	QLD	NT	WA	SA
Official Start Date	01/12/2017	30/06/2018	01/11/2018	03/01/2012	01/10/2020	1977
Container refund amount	10c	10c	10c	10c	10c	10c
Published Target (minimum)	No	No	85% by FY22	No	85% by FY24.	No
% container annualised return rate (latest data)	65% (FY22) (67% FY21 - COVID closure reduced the '22 rate)	75% (FY22)	63% (FY22)	75% (FY22)	59% (FY22)	77% (FY21)
% return rate in first year	53%	35%	50%	42%	54%	? 70% (FY06) 81% (FY12)
% of those collected - via refund point network	80%	52%	85%	99% (?)	75%	90%
% of those collected - through kerbside	20%	48%	15%	1% (?)	25%	10%
Barcode Data Used	Yes (incl small amount by manual count over the counter, checked by barcode later)	No. Counted using a vision-based technology that recognises eligible containers by shape. The few RVMs use barcode	No. Manual counts for payments to consumers and collection points, verified by overall average weights	No. Mix of manual and weight based and verified by overall average weights	No. Manual counts for payments to consumers and collection points, verified by overall average weights	No. Manual counts by brand for payment to consumers and average weights for payment to collection points (has been subject to disputes)

REFUND POINTS						
	NSW	ACT	QLD	NT	WA	SA
Reported number of refund points	612	20	359	30 locations serviced by 19 depots	218	132
Types of refund points	336 RVM kiosks (4 RVM's in each), 28 automated depots, 22 donation stations and 226 over the counter	1 RVM, 4 depots, 6 Drop & Go PODS and 9 Drop & Go Points	19 RVM, 150 depots, 121 bag drop, 69 mobile	13 depots, 2 RVM, 2 Drop & Go, 13 mobile	94 depots, 64 bag drops, 55 popups and 5 RVMs	Only depots
Return Point hours/accessibility	Depots and over the counter: usually varying between 7am-5pm. RVMs and donation stations: up to 15hrs a day	Depots: usually varying between 7am-5pm. RVMs and drop & go points: up to 15 hrs a day	Depots and pop-ups: usually varying between 7am-5pm. RVMs up to about 12hrs per day	Depots and over the counter: usually varying between 8am-6pm	Depots: usually varying between 7am-5pm. RVMs and drop & go points: up to 12hrs per day [99 full time, 119 flexible]	Depots: usually varying between 7am-5pm
Access per metro region	One point per 12,000 people (Zone 7)	One point per 22,700 people (ACT)	One point per 39,000 people approx (SE Qld)	One point per 21,000 people (Darwin)	One point per 20,000 people (Perth)	One point per 29,000 people (Adelaide)
Participation rate: Scheme Ann Rep Omnipoll Dec 2022	79% 54%	66% 54%	52% 63%	NA 76%	NA 56%	NA 76%
LITTER REDUCTION						
	NSW	ACT	QLD	NT	WA	SA
Litter reduction of CRS containers	5% of littered items. 35% of litter volume (52% decline)	2% of littered items (16.8% decline). 19% of volume (17.6% decline)	48% reduction in littered beverage items	2.8% of littered items. 75% reduction in items; 55% reduction in volume	? (44% of litter items pre CRS) Assume reduction similar to recent CRSs after 2-3 years.	2.8% of littered items

GOVERNANCE AND ACCOUNTABILITY						
	NSW	ACT	QLD	NT	WA	SA
Public Reporting: monthly (dashboard) quarterly annual	Monthly, quarterly and annual reporting	Monthly, quarterly and annual reporting	Monthly, annual reporting	Annual	Quarterly, Annual	Annual
Sales and recovery figures pa - are they mandated by law?	Yes	Yes	Yes	Yes	Yes	No ⁵
Strategic Plan on web: Detailed/Short	Limited info in Annual Report	Limited info in Annual Report	Yes, short	No	Yes, detailed	No
Complaint system: public and formal	No. Feedback page on Return & Earn website	No. Feedback page on ACT CDS website	Specific complaints handling process	No	Specific complaints handling process, incl for whistleblower	No
Eligible container check	Yes	Yes	Yes	No	Yes	No
ECONOMICS						
	NSW	ACT	QLD	NT	WA	SA
Average scheme cost (per container)⁶	11.71c	12.23c	13.03c	unknown	11.65c	unknown
Charity income since commenced	\$40m+ (handling fees – refunds amount unknown)	?	\$14.7m (refunds and handling fees)	?	\$2.5m (refunds) ? (handling fees)	? (refunds and handling fees)
Direct refund to charity	Yes	Yes	Yes	No	Yes	No
Direct jobs created (sort and transport)	700+	?	815	?	598 (excl volunteers)	469
Annual Coordinator \$ surplus in public report - 2022	\$0	\$0	\$32.4m	??? no financial report	\$17.35m	\$23m? ⁷ no financial report

⁵ SA EPA (2019), *Improving South Australia's Recycling Makes Cents* proposed a legal requirement

⁶ NSW EPA (2022), *Driving NSW's Circular Economy* p17

⁷ SA EPA (2019), *Improving South Australia's Recycling Makes Cents*, p20

3. KEY ISSUES FOR EACH STATE/TERRITORY

3.1 South Australia

SA's CRS is Australia's longest standing scheme and as such has inherited a number of old style arrangements to which consumers have become accustomed, including the use of depots for returns, as opposed to more convenient refund points. At the same time the length of its operation means that there can be resistance to change by operators who perceive potential negative impacts on their revenue and employment.



The state government is undertaking a major review and we understand that a final decision will be reached in 2023. In our view there are two key issues that threaten the state's claim to be the leader in beverage container recycling.

The first is the apparent recycling rate of 77%. There is no mandatory, legislative requirement on producers to supply data on sales and on the super collectors to provide data on returned containers – unlike all other schemes. There may also be some additional container collections sent for recycling by MRFs, outside the scheme (and not receiving a refund). Nor has there been independent review of the data. This significantly inhibits the credibility of the claimed rate.⁸

Further as outlined in the economic review of their CDS:

*Only South Australia and the Northern Territory rely on **payment by weight** by Super Collectors using an audit-based methodology – this often does not reconcile with the counts of containers received by Depots. 'Light weighting' and variety of sold product are important Depot issues. Other key issues raised in relation to this issue included:*

- *Infrequency of audits and small sample size.*
- *Potential weighbridge inaccuracies to determine the exact number of glass containers.*⁹

⁸ It may be lower or higher.

⁹ Hudson Howells, (2020), Container Deposit Scheme Economic Analysis Review for SA EPA, p15

Clearly use of barcodes to track container returns would improve the situation.

The second issue is the relative level of consumer inconvenience compared to other states. South Australia has the second worst metro level and while the impact may be ameliorated by the smaller size and lower density of Adelaide and consumer acceptance, improvements could be made, including at the retail store level.

In regards to finance, there is a distinct lack of transparency about costs and profit levels of scheme operators, compared to the annual reports and regular updates in other states. The publicised costs charged per container/material and which may be passed onto consumers are also unknown, unlike in other jurisdictions.¹⁰

Overall, SA's CRS has the least amount of government supervision and accountability and industry generated practices have become well entrenched. The 2019 EPA review clearly illustrates there are numerous issues that need to be resolved. If the state wishes to retain a leadership position, then significant legislative and structural changes should be made. This should include significantly reducing the power of the producers over the collection network with the aim to increase the number and accessibility of the network for consumers and greatly improving the level of transparency.

3.2 Northern Territory

The NT began its CRS in 2012 from a very low level of recycling (29%) and is now performing well at 75%. Annual data on sales and returns is required by legislation and this gives a good measure of confidence.

The scheme does have a low level of consumer access in Darwin. The 2018 review by the Department of Environment and Natural Resources and Ernst and Young¹¹ recommended the establishment of RVMs at retail outlets and precincts and areas of high foot traffic to improve the convenience of access. Some steps have been taken in this regard.

While the Territory's access to data on sales and recovery has more credibility than South Australia's – as noted above, the use of payment by weight can cause verification issues for collection points. Barcode tracking is preferable.

The scheme was slated for reform after the 2018 independent review which found five broad categories of improvement:

¹⁰ Hudson Howell, *ibid* assumed a 7.5c handling fee but what the scheme is charged in reality is not known

¹¹ https://ntepa.nt.gov.au/__data/assets/pdf_file/0011/590798/cds_review_report_ernst_young.pdf - accessed 14 January 2023

- accessibility to the scheme in regional and remote areas, and broadening of the scheme to include currently exempt containers (e.g. wine bottles and milk cartons)
- reducing administrative and regulatory burden on industry, businesses and the regulator
- improved and target community awareness and engagement to ensure continued success of the scheme
- improved data collection, analysis and reporting
- a need to carry out regular auditing and compliance activities to ensure that the scheme is not compromised.¹²

A timetable of changes is being implemented and further consultation is underway.¹³

3.3 New South Wales

NSW was the first “modern” CRS in Australia and sought to introduce new architecture and technology that updated the SA and NT approaches. It was developed against the background of trenchant opposition to CRS by beverage producers and sought to ensure maximum focus on container recovery. The arrangements aimed to avoid the influence of producers seeking excessively low return rates and therefore costs, by affecting the quality of service that could limit consumer convenience. Thus there is a Scheme Coordinator (Exchange for Change) and separate Network Operator (Tomra Cleanaway) under the mantle of *Return & Earn*.



A range of studies by governments in the runup to the schemes show the issue of convenience is important to consumers. NSW has the best level of consumer access to refund points in Australia, though it can and should still be improved. This convenience of access is particularly vital in the big metro areas where busy roads and population density, combined with the sheer

¹² <https://depws.nt.gov.au/environment-information/container-deposit-scheme/container-deposit-scheme-review> - accessed 14 January 2023

¹³ See updates on legislative improvements - https://ntepa.nt.gov.au/__data/assets/pdf_file/0009/1155564/Annual-Report-2022-Environment-Protection-Beverage-Containers-and-Plastic-Bags-Act-2011.pdf - and - <https://haveyoursay.nt.gov.au/container-deposit-scheme>

amount of containers that need to be collected, can eat into consumers' available free time. The current level of convenience in NSW has also been achieved with low cost.

The large gap between the participation rates reported by the scheme on its website (79%) and Omnipoll (54%), requires further investigation to explain if it is a difference in methodologies or some other issue at work (eg, inclusion of lapsed participants).

The use of barcodes to track container returns is also of significant benefit to accuracy of data, limiting disputes, reinforcing fraud control and delivering confidence in reporting to government and the public. To date no other state has this quality of data, although Victoria and Tasmania will likely use this approach.

There are three areas where specific improvements could be made:

- a. A comprehensive Strategic Plan for the next 5 years should be published. With the NSW scheme becoming more mature and stable under the current arrangements, there is still scope to increase returns.
- b. WA and Qld have adopted recycling targets, which while they may have been a partial substitute for a separate Network Operator and intended to dilute adverse producer influences (if enforced) – could be integrated into the Strategic Plan.
- c. A formal process for complaints should be available to the public, rather than simply a contact address on the website.

3.4 Australian Capital Territory

The ACT scheme has the same governance structure as NSW.

While the overall return rate is comparable to other states there is a major caveat in regard to how containers are returned. Forty-eight per cent of returns are via the Materials Recovery Facility (MRF) which collects from kerbside. The ReCycle MRF was paid \$4.9m (10c per container) in FY22. So, while ACT consumers are clearly conscientious about recycling (with high kerbside recycling rates) they overwhelmingly forgoing their refund either because it is of no interest to them or lack of convenient access to a refund point - noting that the ACT scheme is around half as accessible as its near neighbour NSW.

The level of diversion from the CRS network to the MRF is the highest in Australia and should be independently examined as to why it is occurring and who should benefit or lose; and additional convenient refund points investigated across the ACT.

3.5 Queensland

Queensland followed NSW and ACT at the end of 2018 and used a different governance architecture with a single Scheme Coordinator (COEX) responsible for all aspects of the CRS (called *Containers for Change*) from financial management to the selection and rollout of collection points. This was the preferred system by the beverage companies as they believed they could better control the costs of the CRS.

A July 2022 target of 85% recovery was negotiated with government. However, this has not been achieved by a significant margin and by implication consumers are missing out on tens of millions of dollars in refunds. Our 2020 Health Report revealed a range of serious problems with the operation and access to collection points.¹⁴ COEX embarked on a campaign, “Strive for 85” in an attempt to improve outcomes but was not successful. The 2021 Annual Report found a 52% consumer participation rate¹⁵ which is quite low.

The Qld scheme, remains the least accessible and most expensive per container in Australia (where comparative data available). Cost (ex-refund) is influenced by the:

- handling fee paid to container refund point operators
- logistics (transport) service fees paid to transporters taking containers from container refund points to processing service providers
- processing service providers who prepare the containers for sale
- administrative and marketing costs to run the scheme.

A further concerning feature is the rate of declared surplus income (ie, 'profit') compared to the zero surplus in NSW and the ACT. This derives from the higher cost of the payments imposed on beverage producers (which can be passed onto consumers) and an apparent inability to effectively expend the funds on the operation and improvement of the scheme.¹⁶

While anecdotal, we have also been informed on a confidential basis from a number of sources that the culture of COEX and its method of engagement with collection point operators suffers from serious problems and relationships can be less than harmonious. A lack of effective complaints procedures for collection point operators; and the inappropriate siting of collection points in close proximity to each other - are amongst the issues expressed to TEC. This does not bode well for the reputation of the scheme and its improved operation.

Again payment by average weight, rather than direct count is an ongoing concern.

¹⁴

https://d3n8a8pro7vhmx.cloudfront.net/boomerangalliance/pages/3970/attachments/original/1594945276/Queensland_CRS_paper_final_170720.pdf?1594945276

¹⁵ The 2022 Annual Report did not report a participation rate.

¹⁶ The 2022 surplus of \$32.4m is triple what is owed in loans.

The state government intends to undertake a review of Containers for Change during 2023. How substantial, transparent and independent it will be has not been announced - a previous review by PWC has never been published and the FOI request for their report was rejected.

3.6 Western Australia

WA is the most recent CRS (*Containers for Change*) and is yet to fully develop. Initially a scheme can take about three years to reveal trends (beyond the early enthusiastic adoption by consumers) to expose any critical system issues.

The WA scheme has a target of 85% by 2024 and is currently achieving 59%, which is about where other schemes (eg Qld) have slowed their growth. It remains to be seen how much further it can develop. Its Strategic Plan leads amongst the other state and territory schemes in terms of detail.

The recent Perth study by the Curtin University Sustainability Policy Institute¹⁷, found the lack of convenient access to collection points to be a key issue amongst consumers:



The barrier of accessible and convenient drop-off locations was evident throughout the research. To alleviate this barrier to CDS uptake, there needs to be more accessible and convenient drop-off locations for containers. These drop-off points need to “bridge the gap” between dropping off numerous bottles or just a few, allowing individuals who do not generate enough containers to store them around the house to participate. For example, if RVMs were located at major supermarkets across Perth, individuals would be able to participate in the scheme while completing other errands, such as grocery shopping. Research in Wales has also identified the preference for return points at supermarkets, or other alternative locations (e.g., public transport stations and smaller shopping centers) [38]. The implementation of RVMs in more convenient locations addresses the “effort vs. reward” barrier that was identified by non-users of the scheme. Furthermore, for current users, this would make the scheme more accessible and convenient.

WA probably has the best reporting code but this data is often delayed as the Minister has to sign off on its release.

¹⁷ Odywer, Zaman, Breadsell (2022) - The Uptake of Container Deposit Schemes: A Case Study in Perth, Western Australia - <https://www.mdpi.com/2071-1050/14/19/11863/htm> - accessed 14 Jan 2023

Containers for Change does have welcome extensive involvement of charities in the collection point network, but it is unclear how many have reached “break-even” operations and if they will need any additional support. Finally, as is the case with Qld, SA and NT, the use of average weights to count containers can deliver less than fully accurate data.

4. COMMON SCHEME IMPROVEMENTS

Australia is at the lower end of scheme performance internationally and the various CRS have a number of common elements which can be improved to increase the level of recovery. These are briefly discussed below. Improvements could be done nationally or by individual states.

4.1 Expanding CRS container eligibility

All states and territories with a CRS are currently consulting on expanding eligible beverages to wine, spirits, juice and cordial; and all eligible beverage containers up to 3L. There are extensive economic and employment benefits documented in the state reviews.¹⁸

The wine industry (in particular users of glass bottles) has embarked on a campaign to oppose inclusion but in our view lacks credible evidence. Its containers are collected via kerbside where they can be broken and contaminated or they end up as litter or in landfill. The lower quality resulting from the kerbside collection process inhibits higher value reprocessing. The wine industry should be supporting true circular economy outcomes for its packaging, i.e, high rates of CRS returns for bottle to bottle recycling.

The very small price impacts would have negligible or nil effect on sales. In fact wine and spirits in small containers and packaged in plastic are already included in CRS and there have been no reports of direct sale impacts.

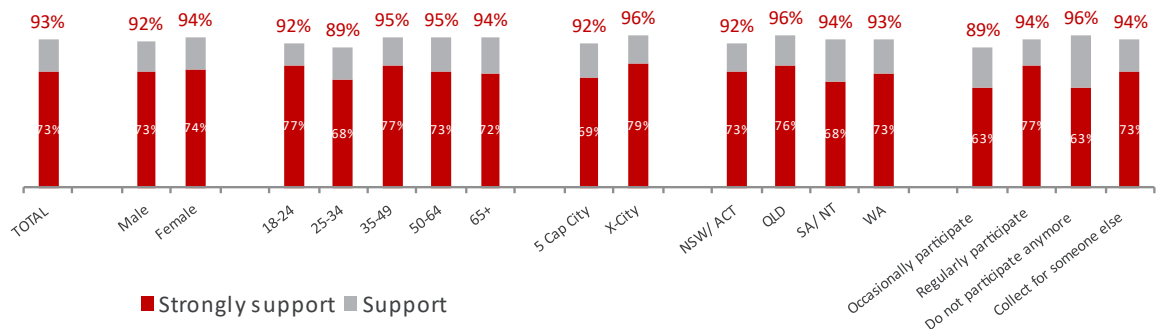
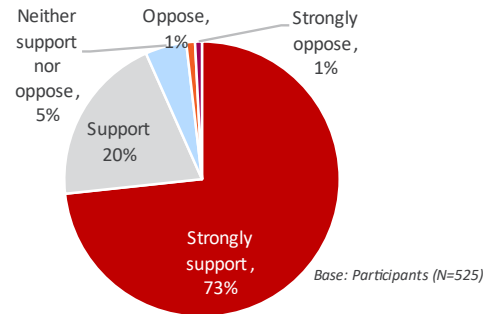
There is very widespread support amongst consumers to include wine and spirit containers. It is a common response to CRS consultation documents and a recent poll (OmniPoll 1-6 Dec 2022) found over 90% support across all demographics.

Finally, the CRS could be expanded to include suitable non-beverage containers. The Australian Beverages Council is currently preparing a proposal.

¹⁸ See - https://hdp-au-prod-app-nswepa-yoursay-files.s3.ap-southeast-2.amazonaws.com/9416/6607/4377/CBA_of_options_to_improve_resource_recovery_in_NSW.pdf - and - https://www.epa.sa.gov.au/files/15056_cds_econanalysis_review_report_dec2020.pdf

More than 9 in 10 participants support the expansion of the 10c refund scheme⁵ for drink bottles and cans to include more containers, like wine and spirit bottles

Do you support or oppose the expansion of the 10c refund scheme for drink bottles and cans to include more containers, like wine and spirit bottles?



OmniPoll

4.2 20c refund level

Undoubtedly inflation will erode the attractiveness of the 10c refund. 10cents is already well below comparable European economy deposit rates most of which achieve over 90% recovery.

Australian jurisdictions should jointly begin economic investigations into the benefits and transitional arrangements of raising the refund. South Australia has already undertaken some investigation and found an increase in the refund would lead to more containers being recycled, more processing and depot jobs and less landfilling in the state.¹⁹ The impact on sales of beverages, if it occurs is very marginal (see below) and of course if more containers are being returned then, the vast majority of consumers are obtaining the refund and discount the price increase in their purchasing decisions.

The Curtin University Perth study had this perspective on the refund:

¹⁹ Hudson Howells, op cit

Research demonstrates that increasing the deposit is likely to increase the volume of containers returned; however, this is widely opposed by beverage manufacturers and retailers, who believe that this may reduce sales [39]. In a recent report published by the finance company, KPMG, it was noted that “caution is warranted in considering any increase in the refund amount”, and increases could result in up to AUD 1 billion in higher prices for products, due to the pass-on costs to the consumer [37]. Critically, this report was funded by the “allied associations representing the food, grocery, and beverage manufacturing industries” [37], demonstrating that the cost of the refund is a highly contentious issue.

Directly contrasting with the findings of the KPMG report, Suwanakul et al. [40] note that increasing the deposit fee will result in increased utilization of the scheme and increased container returns. Furthermore, an economic analysis of the CDS in the Australian Capital Territory (ACT) has found that a price increase is unlikely to affect consumer purchasing behavior, as this increase is deemed not to be significant enough to alter individuals’ behavior [41]. Thus, while manufacturers and suppliers may take issue with CDS, due to increased prices being pushed onto the consumer, ultimately, the positive environmental outcomes that CDS provide must be prioritized. ²⁰

If the recovery figures for the SA and NT schemes which have been established for over ten years are accurate and the socio-economic drivers broadly transferrable to other states, then it can be assumed that with the 10c refund, about 75% is the upper level for CRS returns, leaving several billion containers being landfilled, littered or placed in kerbside bins. Any further growth will depend on a number of key factors including raising the refund and greater efforts to improve consumer access, including from commercial and apartment sites.

4.3 Accessing commercial and apartment complex sources

With recent recovery rates hovering about 60-65% in the most recent CRS states, there is clearly more to do to recycle more containers. The commercial sector (hotels, pubs, restaurants) and blocks of apartments are understood to be less involved in the recovery network. CRS scheme managers are aware of this and renewed strategies are necessary to allow these containers to join the circular economy.

4.4 Improved refund convenience

Consumer responses to CRS establishment consultations by government, place convenience as

²⁰ <https://www.mdpi.com/2071-1050/14/19/11863/htm> - accessed 14 Jan 2023. The numbers in the text refer to references used in the study.

a high priority. Each jurisdiction has different benchmarks for population per refund point and these should be harmonised to best practice, ie, NSW reports 1 refund point per 12,000 in metro regions. Pop-ups open for a limited amount of time should be excluded. A particular focus is refund points near major retail sites. While the shopping centre and supermarket sector have been opposed - government and Scheme Coordinators should continue to explore the option of mandatory participation.

4.5 Reusables

It is likely that reusable beverage containers will increase in future years. They should also have a refund on them and their integration into CRS collection and sorting systems needs to be addressed.

4.6 Small producer registrations

With the proliferation of state legislated schemes, small producers (eg, of beer, wine) have multiple registration and reporting requirements. These can be onerous as beverage products can change each year. The various jurisdictions should develop a single process to improve the ease of participation, including consideration of one barcode for the small brewer or vineyard, to cover all the varieties of product.