

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

Australian Beverages Council Limited

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About the Australian Beverages Council



The Australian Beverages Council Limited (ABCL) is the leading peak body representing Australia's non-alcoholic beverages industry.

For over 75 years, the ABCL has been the only dedicated advocate for this industry, representing approximately 95 per cent of the industry's production volume. Our members range from Australia's largest drinks manufacturers to small and micro beverages companies whose drinks are enjoyed nationally as well as around the world. These beverages include carbonated soft drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, 100 per cent juice and fruit drinks, cordials, iced teas, ready-to-drink coffees, kombuchas, flavoured milk products and flavoured plant milks.

Collectively, the ABCL's members contribute more than \$1.2 billion annually to the Queensland economy, supports more than 9,000 full time equivalent employees and every direct employee in the beverages manufacturing industry creates 4.9 jobs elsewhere in the economy to produce and retail our drinks. Put simply, our industry creates jobs for Queenslanders, especially in regional parts of the state.

Internationally, the ABCL is proud to contribute its sustainability commitment and knowledge through leadership in the International Council of Beverage Association's Asia Pacific Regional Group (ICBA APAC), and through active participation in the Australian, New Zealand and Pacific Islands (ANZPAC) Plastics Pact. The ABCL also contributes to international sustainability policies through participation in the sustainability committees of the International Fruit and Vegetable Juice Association and International Council of Bottled Water Association. The ABCL is an accredited observer to the United Nations Environmental Programme Intergovernmental Negotiating Committee on Plastic Pollution.

Executive Summary

The ABCL has been intimately involved in the design and running of Australia's container refund schemes (CRS) for over 30 years. Queensland's CRS is a leading example of business, government and consumers working together to successfully manage post-consumer packaging pollution. The Scheme was launched with the intention to:

- a) *increase the recovery and recycling of empty beverage containers;*
- b) *reduce the number of empty beverage containers that are littered or disposed of to landfill;*
- c) *ensure the manufacturers of beverage products meet their product stewardship responsibility in relation to their beverage products;*
- d) *provide opportunities for social enterprise, and benefits for community organisations, by—*
 - i. *making funds available through the payment of refund amounts for empty beverage containers; and*
 - ii. *creating opportunities for employment in activities related to collecting, sorting and processing containers for recycling; and*
- e) *complement existing collection and recycling activities for recyclable waste.*

Since the launch of *Containers for Change*, Queensland's CRS managed by Container Exchange (COEX), has grown to become a facilitator of economic opportunities, a creator of jobs, a provider of social and community benefits, and its network has become a strategic asset enhancing sovereign capability.

Through CRS, beverage containers have been transformed from simply landfill waste to a valuable commodity. CRS's source-separated system innately creates a high-quality, high-value material that is produced, circulated, and (if the correct infrastructure and policy settings are in place), remanufactured back into cans and bottles, where possible, in Queensland.¹

There are many successes to celebrate in the Queensland scheme²:

- COEX has increased the recovery and recycling of empty beverage containers from an estimated 18 per cent³ before scheme launch to the 23/24 FY rate of 67.4 per cent.
- COEX's extensive work with First Nations and regional communities has brought the return rates in North and Central Queensland at or near the legislated 85 per cent.

¹ We acknowledge that there are currently no facilities to reprocess aluminium in Australia.

² All statistics as at 30 June 2024 and sourced from the COEX Annual Report FY 23/24.

³ *Discussion Paper: Proposal to expand the scope of eligible containers in Queensland's Container Refund Scheme – Containers for Change*, December 2022, Queensland Government. [Link here.](#)

- 780,000 tonnes of material have not been littered or disposed of in landfill since scheme launch.
- \$13.5m of donations to community groups and charities since launch.
- Nearly 1,600 jobs have been created through the supply chain, many for vulnerable individuals who, without the scheme, would have continued to experience social disadvantage.

We have identified a variety of opportunities for the Queensland Government to adjust policy settings. We commend these policies to the Committee and are of the firm belief that the government has the power to implement them to achieve the objective of increasing recycling rates while keeping costs for business and consumers as low as possible. Our recommendations include:

- Mandate the separation and collection of CRS containers in public properties, including government-owned and operated facilities including Parliament, government agencies, hospitals, prisons, schools, council facilities, event venues and public spaces to target the approximately two-thirds of unredeemed containers found in those settings. Such a leadership move by Government could enable up to double-digit increases in the collection rate.
- Mandate CRS container collection in hospitality, pubs, clubs, restaurants and cafes (HoReCa), an often-untapped source of glass bottles and aluminium cans.
- Improve recovery pathways in multi-unit dwellings and facilities such as event spaces, office parks, shopping centres and convention centres to target spaces with private and often multi-layered waste contracts.
- Remove local government planning barriers that delay or restrict installation of reverse vending machines and improve out-of-home collection infrastructure.
- Consider increasing the density of tourist-friendly donation pathways that minimise-point-of-return barriers (such as a need to acquire a member number) on the Gold Coast, the Sunshine Coast, and in Brisbane.

Shifting the scheme's objective from merely litter reduction to resource recovery begins to unlock the program's scope, expanding its applicability to more consumer goods. Queensland has already forged the way for expansion of CRS with the inclusion of wine and spirit containers, a move Western Australia has announced it will follow and that other jurisdictions are exploring.

Looking to the future, further expansion to include a broader range of items in the supermarket trolley has potential to not only significantly increase the rates of material return, thereby preventing landfill expansion, but also ensures that valuable food-grade material is being returned to manufacturers for packaging of new food and beverage items, extending these materials' economic value and reducing manufacturers' reliance on virgin packaging materials.

As Queensland's CRS has evolved, the material recovered through it has become a critical resource. The scheme must prioritise the return of this recyclate to the beverage industry that have paid for its recovery so that it can be remade into new beverages

containers. The government must also create an environment that encourages greater investment in recycling and manufacturing infrastructure that will have the added benefit of minimising the leakage of the food-grade quality material being shipped offshore for downcycling into single-use products. Establishing a legislative framework that encourages domestic reuse of the material recovered through the CRS will support local jobs, diversify the Queensland economy and enhance sovereign capabilities in an increasingly uncertain geopolitical environment. The sale of the material should have a mandated first right of refusal to recognise domestic recycling plants that can ensure circular and bottle-to-bottle outcomes.

As we will outline below, the ABCL believes there are a wide variety of mechanisms that will improve the return rate and financial health of the system and deliver far greater results than an increased refund amount. Any proposal to increase the refund amount is not supported by the industry and will lead to substantial costs increases for consumers without a sustained increase in the recovery rate.

We submit that a greater focus on COEX continuing to use unclaimed beverage-levied funds to increase scheme access and efficiency and allow recovery prices of beverages to remain stable is the more practical route to both protecting against retail inflation and reaching the 85 per cent target outlined by legislation.

Should the Queensland Government implement the recommendations outlined in this submission, its Container Recovery Scheme would not only meet its legislative objectives but do so at the lowest possible cost to consumers. Combined with a boost to the recycling and manufacturing industries, the scheme would serve as a significant fiscal measure in the Queensland economy.

Summary of Recommendations

Recommendation	Summary
1. Partnerships to increase recovery rate	<ul style="list-style-type: none"> Continue to collaborate with First Nations People to improve collection rates in local communities. Identify opportunities for partnerships to recover containers at out-of-home events and places.
2. Increase the number of refund points	<ul style="list-style-type: none"> Reduce local government planning barriers that unnecessarily delay or restrict installation of Reverse Vending Machines. Mandate separation and collection of CRS containers in government facilities and properties. Encourage greater collection of materials in hospitality, retail and catering settings. Incentivise separation of CRS-eligible containers in multi-unit dwellings.
3. New scheme objective: <i>Maximise economic value of recycled material within Queensland</i>	<ul style="list-style-type: none"> Maximise the value of recycled material in Queensland for processing and manufacturing, boosting jobs and enhancing sovereign capabilities.
4. Minimise leakage of recycled material into non-beverage container products	<ul style="list-style-type: none"> Close loopholes that allow for CRS-recovered materials to be processed and exported for "downcycling" rather than retained and remade in Queensland to re-enter the cycle. Mandated first right of refusal to supply rPET to the beverage industry.
5. Expand Queensland's recycling and manufacturing capabilities	<ul style="list-style-type: none"> Invest in new and upgraded infrastructure that supports the processing of materials recovered through CRS, boosting local jobs and diversifying the Queensland economy. Mandated sortation standards in MRFs enjoying the 10-cent refund.
6. Prioritise access to CRS recovered materials to companies funding the operation of the scheme	<ul style="list-style-type: none"> Allow companies that fund the operation of the container recovery scheme to have first right of refusal to recovered material.
7. Expand the scope of eligible containers to include additional food and beverage product packaging	<ul style="list-style-type: none"> Building on the inclusion of wine and spirits containers, explore opportunities to include additional food (oils, soy sauce, detergents, etc) and beverage containers in the scheme.
8. Support the streamlining of scheme operations across jurisdictions	<ul style="list-style-type: none"> Support a national CRS portal that streamlines back-end functions for companies. Advocate for harmonisation of container eligibility across jurisdictions. Commit to alignment on ARL labelling. Transition to "caps on" instructions. An integrated export/import portal between the states to ensure there is no interstate transfer fraud in the system.
9. Harmonise kerbside recycling and Material Recovery Facility standards	<ul style="list-style-type: none"> Harmonise inclusions in kerbside recycling. Develop a public awareness campaign on recycling. Ongoing investment in recycling infrastructure to upgrade equipment and improve sortation. Workforce development to build skills and training.

Response to the Terms of Reference

1. Container Refund Schemes – Building Connections to Community

When looking at the achievements of COEX, particularly in the last financial year, the direct positive result of the strategic utilisation of scheme funds to establish infrastructure and partnerships becomes obvious.

A key priority for COEX over the past year was collaboration with First Nations Local Government Areas to improve collection rates and flow funds into local communities. The establishment of container refund points in these communities creates more than just a place to return empty beverage containers: they create economic opportunities, jobs, skills training and employment; they encourage community engagement and increase trust in the system in these communities. In FY24, COEX recorded a 34.9 per cent uplift in volume in First Nation LGAs, a significant result. These partnerships have been possible because of the commitment by COEX to utilise scheme assets to deliver greater benefits to Queenslanders: meeting its obligations to the legislation in this respect.

Another key priority was to build partnerships with out-of-home consumption locations in areas such as zoos, schools, stadiums and hospitals: some of the same areas we seek the Government's intervention in through government leadership, commitment and increased policy settings. Brisbane's Nissan Arena achieved a 31 per cent year-on-year increase in container collections. This uplift was driven by upgraded onsite facilities, clearer signage, interactive game-day initiatives, and collaborative promotional campaigns paid for by CRS funds. Collaboration with Brisbane Airport Corporation led to the recovery of more than five hundred thousand containers across Brisbane's domestic and international terminals, and the Skygate precinct in FY24. Refunds generated from containers donated through Brisbane Airport bins have been reinvested into the local community delivering further benefits to Queenslanders.

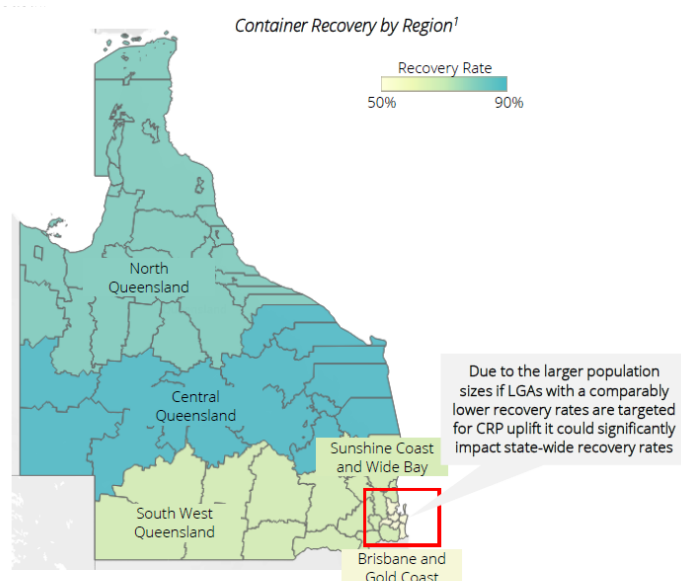
Partnerships such as those between the scheme and high-need areas are continuing to show the rapid positive returns that can be achieved when scheme funds are injected into programs and infrastructure. While the beverages sector would prefer that all funds collected for container recovery are redeemed, and there was limited or no surplus, it is pleasing that the unredeemed funds have kept pricing stable – unlike jurisdictions to the south – and delivered greater benefits to Queensland communities, including in regional and remote parts of the state. We note the Birdsville, QLD collection point – surely the most remote in the nation – can exist because Queensland's scheme is committed to ensuring all Queenslanders can return their empty containers and redeem their 10 cents. This is the benefit of Queensland's not-for-profit single scheme coordinator model, a model held in high regard by several foreign governments considering creating a container refund scheme of their own. Various officials over the past few years have visited COEX and its sites, learning from Queensland's scheme and

returning home to begin replicating a number of elements of the model in their own country.

Empowering COEX with greater autonomy to utilise the accumulated funds to support strategic initiatives that target container collection in high-potential areas is imperative. Unspent funds from the collection of levies on manufacturers should not accumulate but rather, either returned to beverages funders or invested into opportunities that COEX has identified as priorities to increase the recovery of containers.

2. Increased Access to Collections – Public Places

As shown here, the legislated 85 per cent container recovery rate has already been achieved or is near target in many regions of Queensland. We believe this rate is attainable in the remaining regions with the correct policy settings in place. Critical to this is increasing the number of collection points available to consumers through a broad range of interventions that require a renewed focus of the Queensland Government. There is a direct link between the recovery rate and the availability of refund points, and addressing the latter will fundamentally shift the former.



Note: (1) Sourced 'Strategic and operational plan - data support' worksheet provided by COEX.

Figure 1

While physical collection points offer an excellent small business opportunity for many Queenslanders, especially in suburban, ex-urban and regional areas, there is also a role for reverse vending machines (RVMs) in Queensland's CRS. RVMs are easy to use and provide a good solution for shopping centre car parks, public transit stations, interchanges and areas where a traditional collection point is not suitable. Unfortunately, many local government planning regulations restrict the installation of new redemption points, limiting the expansion of opportunities for Queenslanders to receive their refund. In some instances, the approval process for a new site or RVM has taken 9 to 11 months, which only serves to disincentivise participation in the scheme. Creating a regulatory environment that supports the establishment of both traditional collection points and RVMs, recognising them as a critical piece of public infrastructure would reduce the timeline for installation and provide greater access to the scheme. We note that some jurisdictions in Australia have removed the local government approval requirements for RVM sites, streamlining the implementation and increasing collection points.

Approximately one-third of CRS-eligible containers in Australia are lost to landfill due to beverage consumption that is outside of the home. Without clearly marked container deposit scheme receptacles (often called donation stations in other jurisdictions) and procedures for separation in out-of-home settings, it is often impossible to recycle containers through the CRS unless a consumer brings their container home, which schemes have found does not usually occur. Instead, these materials are often disposed of in public waste bins, ultimately lost to landfill. ABCL is of the view that donation stations would be ideal for tourists looking to deposit containers on the go. For this consumer segment, the refund may not be a primary motivation to recycle, but a donation to a local beach or park clean-up or museum could motivate more positive behaviour. These stations could serve a dual purpose: when placed next to a water bottle refilling station, it encourages tourists and locals alike to make healthy hydration choices while also recycling their containers when finished.

A fundamental step to increasing the recovery rate of containers in public spaces is for the Queensland Government to take a leadership role by mandating the separation of CRS containers in government-owned and operated facilities. This includes facilities such as Queensland Parliament, offices of government agencies, hospitals, schools, prisons, council facilities and public spaces. Of unredeemed containers, approximately two-thirds are found in out-of-home settings and the Queensland Government can implement pragmatic policies and enable infrastructure to be established that permanently addresses this impediment.

In addition, implementing policies that encourage the collection of containers in hospitality, retail and catering settings can significantly enhance the ability of the government to increase the recovery rate. Rather than hospitality businesses disposing empty beverage containers as general waste, ensuring they separate CRS-eligible containers, regardless of deposit redemption, is an important step in fundamentally shifting recycling behaviours.

While single-dwelling households participate in the scheme effectively, either through direct return to collection points or through kerbside, or home collect options, multi-unit dwellings (MUDs) lag behind without the supporting infrastructure to recover this material. While we are aware that COEX has made some strides in this space, the Queensland Government can influence this further through policies that incentivise the establishment of separated recycling infrastructure within MUDs. This would reduce the prevalence of eligible containers being contaminated in comingled recycling or disposed of in general waste, ultimately lost to landfill.

These initiatives are critical to driving the intended outcomes of the CRS, and it is imperative that government policy provides COEX the ability to be forward-thinking and innovative in identifying and implementing solutions to address this challenge.

3. Maximising the economic value of recycled material within Queensland

While the ABCL largely believes that the objectives of the scheme remain fit for purpose and meet the needs of Queenslanders, we propose an additional objective be included - *maximising the economic value of recycled material within Queensland*. Retaining food-grade, recycled material within the Queensland economy, where possible, creates jobs, enhances sovereign capabilities and infrastructure, retains fiscal incentives, and amplifies reductions in landfill. The below considerations regarding PET export and container scope can help Queensland's scheme reach its full potential and become world-class.

4. Export of post-consumer Polyethylene terephthalate (PET)

Containers for Change is based on the notion that beverage containers can be returned at refund points, recycled and “*magicked*”⁴ into new products such as drink containers. However, under the current legislative framework, there is little incentive to retain beverage containers and reintegrate collected materials into domestic beverage products. It is therefore critical that policy settings reflect the intention of ensuring the continued recycling of material into new products such as recycled beverages containers rather than downcycled into single-use products such as sunglasses, personal care product containers and textiles.

The Federal Government's decision to declassify recycled PET (rPET) pellets as waste in 2011 removed export controls from this material and combined with further deregulation, has devolved the domestic use of rPET and therefore the economic value of beverage containers. The decision has further decreased the availability of domestic feedstock for recycling into beverages containers and cannibalised materials, particularly PET drink bottles recovered via CRS. This is a significant leakage of high-quality, clean PET material, much of it purchased directly from CRS auction portals around the country. Food-grade rPET obtained via CRS must be treated as a national resource, and governments must carefully manage it as such.

When this material is sent offshore, it is usually downcycled into single-use products such as textiles or auto parts, rather than remaining circular when domestically reprocessed into rPET CRS-eligible drink bottles. Unfortunately, there have been recycling facilities funded by other jurisdictions with the express purpose of preparing CRS-recovered valuable recycled materials for export into other sectors. With the current reporting gap sitting at 2-3 years until waste and plastics data is released, there is almost no ability to understand and intervene in these flows until the material has long left our shores.

⁴ <https://www.containersforchange.com.au/qld/about-us>

A direct consequence of allowing the export of rPET flaked (and pelleted) materials recovered through CRS is that the domestic PET container recycling sector, which has historically played a significant role in the circularity of beverages containers, is already suffering. Since declassification, the price of baled PET bottles collected via CRS has risen from \$100 per tonne to over \$800 per tonne. A significant quantity of this materials is now being flaked or pelletised and exported. Ironically, some beverage manufacturers are being forced to import rPET from overseas at a significant increase in both cost and carbon emissions, while at the same time paying for material to be recovered through CRS, only to have that material exported to be turned into single-use products in other markets.

5. Expansion of Recycling and Manufacturing Capabilities

In an ideal state, recycling systems should be working in a closed loop, where materials are collected, processed, and the recyclate returned to the industry participants funding the scheme to be reused in new beverage containers. To support the viability of industry - and government-funded infrastructure, particularly for PET circularity in Australia- it is essential that the government works with industry to ensure that the beverage manufacturers and suppliers have priority access to the recovered materials.

As more categories and industries seek our high-quality outputs for containers, this should be coupled with a commitment to fund the collection and processing of those products, through CRS. The ABCL strongly believes that priority access to CRS-collected materials should be given to stakeholders who fund the recovery of their containers through the scheme. This is particularly important to ensure that small businesses are able to benefit from their dedication to having recycled content in their containers without being outbid by parties outside their sector.

As the stewards of CRS, we see the positive results a shift to a self-sustaining economic system creates. In some parts of the country, CRS-collected materials are processed, remanufactured, and placed on retail shelves in as little as eight weeks. Multiple container refund schemes in Australia either have, or are about to, enact commitments to only sell recycled PET outputs to sources that will keep materials in Australia for domestic remanufacturing and reuse. We hope there will be encouragement, including via this Inquiry's recommendations, for Queensland to codify these requirements in the scheme's legislation.

6. Priority Access to Collected Materials

While the genesis of CRS was focused on litter reduction through the collection of bottles and cans, the value of this material is now an integral part of the scheme's value proposition. For this important collection mechanism to fully support the goals of government, its legislative framework should be amended to enable closed loop circularity. Practically, this would involve ensuring there is a first right of refusal to the

collected recyclate either for beverage suppliers, either through the auction portal or via any direct sales agreement.

Currently, there is no obligation for materials collected through the CRS to be recycled into equivalent containers. As a result, high-quality, food-grade material collected by a beverage CRS may be 'downcycled' into non-food-grade packaging (e.g. shampoo bottles, sunglasses, auto parts, textiles, etc). This not only hinders the creation of closed-loop circularity for beverage containers but also creates a structural disadvantage as the recycling supply chain for non-beverage containers is effectively being subsidised by beverage companies that fund the operation of the CRS.

A strong, national secondary raw materials to market (SRM) enables recyclables, like plastic and aluminium, to re-enter the production value chain, reducing dependency on primary resources, alleviating pressure on landfills, and increasing the viability of domestic recycling and manufacturing industries. Establishing a strong and reliable SRM would help suppliers produce packaging made from recycled materials and align with federal policy prescriptions on recycled material as well as the National Framework for Recycled Content Traceability.

7. Scope Expansion

The ABCL believes that for applicable food-grade containers, the most viable pathway to maximising the quality and duration of economic value in Queensland's economy is through the expansion of scope for CRS in Queensland and subsequently, throughout the nation.

With the work being done by Australian FMCG companies to design for recyclability, we are quickly approaching a point where CRS can include a variety of additional non-beverage containers and packaging.

We have enthusiastically supported Queensland's drive to expand the CRS scope to large juices, cordials, wine and spirits, among others. At the same time, there is an opportunity for Queensland to further amplify CRS's economic value and accelerate return of packaging materials more generally. Currently, a large volume of high-value packaging - such as sauces, tinned foods, glass jars and pet food containers - go to landfill and needlessly pollutes our environment. There is an overlooked source of high-quality material which could be collected using existing infrastructure, re-used, and kept out of the natural environment, just as many beverage containers are already. Additionally, integrating glass jars and bottles from the food sector into CRS could nearly eliminate the issue of glass contamination that downgrades paper and fibre streams in mixed kerbside recycling, without the need for an specific kerbside bin for glass.

Adopting a more ambitious approach to the scope of containers collected by CRS would pay dividends throughout the Queensland economy while raising the return rate of all materials put through the system. In theory, expanding CRS beyond beverages would:

- **Reinforce and motivate recycling behaviour by Australian households and businesses without limiting the return incentive into one, often discretionary category.** The broader the range of containers redeemable for a cash incentive, the more likely businesses and households will collect these items and claim a refund.
- **Fuel and encourage more investment in the local manufacturing industry, boosting a diversified Australian economy.** In turn, this would support more employment as the domestic recycling sector generates around nine jobs per 10,000 tonnes of waste compared to only about three jobs for the same amount of waste sent to landfill.⁵
- **Support enhanced sovereign capability.** It is crucial that Australia secures its supply of container materials, particularly amid disrupted supply chains and an uncertain global geopolitical environment. With many of our sector's materials currently being imported from countries such as China, any geopolitical impacts on supply chain routes would be devastating.
- **Reduce the financial burden of municipal waste collection and processing on constrained council budgets.** The less glass that is put into comingled recycling, the less contamination needs to be mitigated, and fewer materials are landfilled due to being unsuitable. Unlocking Australia's highly valuable, food-grade material from comingled recycling into a source-separated system increases the material's value and enables reprocessors to access high-quality recycle without exposing their employees to manual waste picking on the processing line.

From a consumer perspective, expanding the economic incentive to more items in the shopping trolley increases the chance that an individual's collected volumes justify the effort to return. While Queensland COEX has gone to great lengths to supply home and business collection bags free of charge to Queenslanders, consumers may still need to store beverage containers for an extended period before accumulating a critical mass that makes return worthwhile. With a larger volume of containers included in CRS, this threshold would be reached more quickly, and collections would flow thorough homes and businesses more efficiently. We believe that efforts should focus on standardising

⁵ Access Economics (2009). Employment in waste management and recycling. Australian Government. Canberra, Australia.

high-value materials such as glass, aluminium, steel, and PET suitable for blow moulding into bottles and jars.⁶

8. Scope Considerations

The success of CRS depends on the ability to maintain the integrity of materials captured in the process, and any changes must recognise the criticality of this to the success of the scheme. Currently, the economic and operational model of plastics collected in CRS is based on specified plastics, primarily PET and HDPE, with only a small capture of other plastics, which has gradually diminished over time. Further, these plastics are of a grade and formulation that ensures food safety and the secure transportation of carbonated and pressurised products. Any expansion of scope must ensure that materials introduced into the scheme can maintain the quality required for food-grade, often pressurised recycled containers.

Adding packaging formats like glass jars, aluminium and steel cans to the scheme is relatively straightforward, as these materials are largely standardised and do not require significant changes to packaging design, collection infrastructure or the construction of new transportation lines.

To effectively expand the scope of CRS while leveraging existing CRS infrastructure and transportation networks, it is fundamental that the new materials fall within established material streams. Otherwise, the recyclate produced may be unsuitable for food-grade use or could even end up in landfill. We strongly recommend that any expansion of CRS scope be developed in close consultation with the beverages industry, packaging technologists, COEX, and the waste and resource recovery industries.

Scheme Operations

The current breadth of differing regulatory requirements around Australia places an unsustainable burden on Queensland businesses, particularly the numerous small beverages businesses in regional Queensland, and discourages the expansion of CRS-eligible product lines in this market. The need to navigate multiple regulatory and reporting systems, along with contradictory definitions across jurisdictions, fundamentally increases compliance costs for business and has created an industry of CRS consultants, further adding to financial pressures on these businesses and eroding dwindling margins.

Elements of a nationally harmonised CRS registration and audit portal are being explored by the Environment Ministers' Meeting through its Heads of Environmental Protection Agencies' CDS Subcommittee. While the ABCL appreciates the intent behind

⁶ "Thermoformed" PET, such as the kind found in beverage bottles, can be reheated and remoulded, enabling recyclability. This is in contrast to the "thermoset" PET found most commonly in meat trays, which cannot be transformed into new products.

the project, it strongly believes that the scope being considered is too narrow. There is an opportunity to harmonise and therefore streamline a broad range of administrative and operational functions, reducing the compliance burden on beverage SMEs and enabling transparency across materials recovery data nationwide.

We recommend Queensland supports a national CRS portal with streamlined back-end functions, single platforms and protocols to encompass:

- Supplier and container registrations
- Sales reporting, invoicing, and payments
- Auditing processes
- Recording and tracking of material sales to enable traceability
- Interstate container transfers without the need for separate export and re-registration processes

In addition, ABCL strongly recommends jurisdictions work together to streamline:

- Definitions such as first supplier and contract bottler
- Scope of container eligibility, including glass wine and spirit bottles
- The ARL logo and CRS refund marking to create one clear, concise recycling instruction for consumers (see Figure 2)
- A transition to a “caps on” instruction across all schemes.
- Recycling-enabling policy decisions such as mandating the separation and recovery of CRS containers in government owned and operated premises

Further cost reductions and efficiencies could be achieved by aligning CRS with GS1's National Product Catalogue, Australia's main barcode and product data repository. We also see potential in the newly launched FSANZ and GS1 Branded Food Database. If integrated into CRS, this database would provide manufacturers with one central platform to register their product and packaging information to meet both regulatory and voluntary requirements. Such a portal could reduce compliance costs.



Figure 2: Combined ARL/CRS logo

9. Harmonisation of kerbside recycling and Material Recovery Facility (MRF) standards

Australia is currently undergoing a major push from consumers, regulators, and other stakeholders to integrate recycled materials across consumer packaging. The existing National Packaging Target of 50 per cent average recycled content, as well as the new recycled content timeframe proposed in federal packaging reforms, means that the food and drinks sector must secure a significant volume of recycled plastics (primarily PET), aluminium and glass for reintegration. Food-grade materials are the most difficult to obtain as they must be produced at the highest standards of quality and cleanliness to ensure food safety.

Following the introduction of federal waste export bans, material recovery facilities (MRFs) and sortation facilities were expected to improve the quality of their outputs to enable domestic processing and resale. While multiple new facilities have opened or are coming online to process the recovered PET, HDPE, and glass for reintegration into food and beverage packaging, this industry has yet to reach the capacity needed to sustain a thriving domestic circulation of materials.

Despite a clear domestic value opportunity, codified export restrictions, and significant co-investment in reprocessing from the beverages industry, there remains significant gaps between the quality of material that is put into waste and recovery facilities and the recyclate that is returned to industry. The ABCL believes it is crucial to ensure that materials placed on the market are effectively not lost as “sustainable” packaging to landfill.

Materials are only genuinely recyclable if there is recycling infrastructure operating “in practice and at scale” within the jurisdictions in which they are used. Secondly, a true domestic circular material market exists only when materials are returned to industry in a form suitable for reintegration into new product. If Australia is to achieve its ambitious waste and recycling goals, all stakeholders across the value chain - including MRFs and sortation facilities, must simultaneously improve the quality of their production and outputs.

Raising the quality of MRF material outputs raises the economic value of material in all steps of the chain. High quality materials can be bought and sold for higher prices, used for more high value activities, and remain in the economy for longer. There is no downside – the better the quality of the material, the more value it has in Queensland's economy.

To enable a sufficient supply of recycled material, both food-grade and non-food-grade, the ABCL recommends the following key actions:

- Harmonisation of kerbside recycling inclusions across Queensland will create a consistent supply of recycled material.
- Once recycling is harmonised, we recommend Queensland deploys a public awareness initiative similar to the iconic Australian “slip, slop, slap” campaign to educate Queenslanders on proper recycling practices.
- Continued investments in recycling, sorting and processing infrastructure, including equipment to enable “caps on” bottle collection, improved sortation into single-material streams, and other innovations to enhance the quality of kerbside-collected, mixed materials.
- Workforce development and industry support for businesses, particularly in regional areas, will build skills and training for Australia's recycling sector.

The quality of material recovered through CRS is of a food-grade standard and suitable for remanufacture into more beverage containers, therefore making it ideal for creating a closed loop “bottle to bottle” material system, avoiding downcycling of precious materials. With targeted investment, kerbside collection could also be upgraded to meet this standard of recyclate for other sectors.

There is significant opportunity for the Queensland Government to implement funding mechanisms that support investment in new and upgraded recycling and manufacturing infrastructure that achieves the objectives of the CRS and waste recovery overall. Such a policy solution has the added benefit of delivering new jobs in an emerging industry in locations that government determines suitable for industry expansion.

Conclusion

Queensland's Container Refund Scheme has demonstrated significant success in increasing container recovery rates, reducing litter, and fostering economic and social benefits. The scheme's achievements, including a recycling rate increase from 18 per cent pre-launch to 67.4 per cent in the 2023/24 financial year, the diversion of 780,000 tonnes of material from landfill, and the creation of nearly 1,600 jobs, highlight the effectiveness of a well-designed product stewardship initiative.

Despite these accomplishments, there remain clear opportunities to enhance the scheme's impact through targeted policy adjustments. By mandating CRS container collection in government facilities, separation in public and hospitality venues, improving recovery pathways in multi-unit dwellings and facilities under private waste contracts, and expanding tourist-friendly collection options, the Queensland Government can unlock higher recovery rates and ensure greater participation by everyone in the state. Expanding the scope of CRS-eligible containers also presents an opportunity for the scheme to achieve greater levels of participation.

Additionally, prioritising domestic remanufacturing of high-quality recyclate will reinforce Queensland's sovereign capability, strengthen local industries, and reduce reliance on virgin materials and offshore processing. By closing loopholes that allow for CRS-recovered materials to be processed and exported for "downcycling" and instead prioritising domestic industries participating in the CRS, the monetary value of recycled materials can be truly realised, and, in doing so, reduce the volume of material lost to landfill.

Crucially, the long-term success of the CRS should not hinge on increasing the refund amount, which has not been shown to create sustained improvements in return rates. Instead, leveraging unclaimed beverage-levied funds to enhance accessibility, operational efficiency, and public engagement will drive continued progress while mitigating cost pressures on consumers.

By adopting the recommendations outlined in this submission, the Queensland Government can position its CRS as a model of responsible waste management, ensuring that it not only meets but exceeds its legislative objectives. Strengthening policy settings will enhance material recovery, support local manufacturing, and provide increased dividends to Queensland consumers and businesses in the long term. We look forward to continuing engagement on this important issue as the inquiry progresses.