

Priorities for nationally harmonised Container Deposit Schemes

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Background

Container deposit schemes (CDS) will soon be operating in every Australian State and Territory. These schemes have attracted industry and community participation and substantially reduced beverage container litter. The schemes increase access to quality recovered material, which leads to highest-value material reuse, such as bottle-to-bottle recycling. For example, the hot-wash PET flake generated from CDS products delivers high-quality rPET for the Australian packaging market. The schemes also deliver uncontaminated glass for high-value recycling.

It is essential that CDS supports meaningful progress towards Australia's [National Packaging Targets](#), by ensuring that recycled content is prioritised in beverage containers and that beverage containers are genuinely reusable and recyclable.

Recycling is essentially comprised of three key elements: collection, processing and end markets. These elements generally work well within CDS, ensuring that well-sorted, high-value recovered materials can support domestic closed-loop recycling outcomes, such as recycled PET and glass beverage containers.

As States and Territories respond to these successes by expanding the scope of eligible containers in Schemes around the country—and as the focus of government and community concern shifts from litter reduction to establishing a circular economy—questions will arise as to what role these Schemes are intended to fulfil, how they will interact with kerbside recycling collection, how to ensure strong markets for the CDS-generated recyclate, and how they can support higher resource recovery rates.

To be sustainable, Container Deposit Schemes must have an efficient and effective operation, be financially and commercially feasible for all parties, enjoy social licence to operate, and be conducted under the right policy setting.

This paper sets out key elements of CDS to which all States and Territories should align under a nationally harmonised approach, and also offers principles for how CDS should evolve and expand. The national alignment of container deposit schemes should be effected through relevant intergovernmental forums, such as the Heads of Environmental Protection Agencies (HEPA), and the Environment Ministers Meeting (EMM), in partnership with industry.

It is important to note that each individual measure cannot deliver strong CDS outcomes—they must be progressed together as a comprehensive and complementary package.

1. Return rate targets

Clear and consistent return rate targets should be established to ensure Scheme growth and high performance, consistent with existing targets set by Queensland and Western Australia.

Such targets should be supported by effective legislative, Scheme administration, and operational structures, and driven by a strong deposit rate.

Accuracy and transparency of data is vital in measuring progress against targets, and for engaging and building the trust of the community. For example, use of barcodes is a well-established means of generating verified, accurate data.

2. Deposit rate setting

It is well understood and broadly evidenced that higher return rates correlate with higher refund amounts.

A useful metric in considering appropriate refund amounts is the number of empty containers required to purchase a new beverage. Comparison of Australia's current refund amount (\$0.10) with other successful schemes, such as in Germany (€0.25 or approximately \$0.40), show that our refund amount is very low in absolute terms and at the lowest end of international schemes as a proportion of beverage prices.

Recognising that the deposit rate devalues over time with inflation, and also acknowledging the importance of balancing cost of living priorities, a process should be put in place to adjust the CDS deposit rate to 20 cents. Notably, those most affected by cost of living pressures are also those most incentivised to collect and return more containers for additional income.

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

3. Convenience access and coverage

Convenience is a core element of a well-functioning CDS. Most world-leading schemes are required to accommodate scheme returns within retail operations, on the basis that retail involvement maximises convenience cost-effectively and increases return rates.

There must be comprehensive access and coverage across geographical areas, with accessible and convenient coverage, including 'return to retail' options.

4. Marketing

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

Beverage companies should market the schemes they're involved in and refer to the refund/deposit amount in their own advertisements. Information on deposit amounts should be printed on retail price displays and customer receipts.

Scheme-wide marketing should aim for agreed metrics, including community awareness levels of at least 95% and be monitored with six-monthly surveys.

5. Governance

Governance structures for CDS should protect for inherent conflicts of interest, which must be declared.

A mechanism for government intervention should be possible, in the event that recovery rates fall below agreed levels, with the ability to either raise the refund amount, or address the root cause of failures, such as insufficient marketing, convenience or network coverage.

The Australian Government should support the coordination of those factors that need national alignment: the deposit payment rate; consistent eligible containers; and a consistent registration process.

6. Scope

Expanding the scope of eligible containers to include glass wine and spirit bottles will increase the supply of clean glass for high-grade recycling. This move must be adopted in concert nation-wide, to ensure national harmonisation and alignment of CDSs. Any such expansion must consider the impacts on current and planned collection infrastructure, including widely used technologies.

At various times, container deposit schemes have been floated as a possible collection mechanism for additional waste streams, such as batteries, e-waste, soft plastics and other rigid containers. There may be potential to maximise resource recovery through this system, however, many of these other materials have different consumption patterns, and may not be suited to current return infrastructure and technology. In

addition, the potential to cause contamination in high-value pure CDS streams needs to be addressed. Any such expansion would need thorough consultation with industry.

For any additional resource recovery sources to be added, many considerations would need to be resolved, including mandated recycled content (as discussed above), end-markets for recycled materials, return infrastructure, and technology and funding structures.

It is essential that industry is closely engaged in any consideration of broader expansion of CDS to include other container types.

7. Recyclability

Beverage containers must be designed to be recovered and recycled, and CDS must not accommodate an unmoderated flow of material that cannot be recycled in practice.

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

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

Essentially, beverage containers included in CDS should be comprised of recycled and recyclable material. Material that is non-recyclable—insofar as it is unrecoverable, lacks processing infrastructure or lacks end markets in the real world—must not be part of any container deposit scheme.

Ensuring that all containers are recyclable and supporting high recovery rates facilitates the priority of mandating recycled content in packaging, which is essential to overcome the price disparity between raw and recovered materials, and ensure end markets for recovered materials, enabling recycling at scale.

Beverage producer payments to the scheme should be eco-modulated based on the value of the material (i.e., higher fees for materials with lower circularity), return rates for specific formats, and Australian recycled content.

It is important to ensure that containers left out of the Scheme due to being non-recyclable do not gain a competitive advantage over recyclable containers in any expanded scheme. Ideally, this would involve a mandated transition process, and there may be an opportunity to work with all Australian States and Territories to expand the parameters of the 'single-use plastic bans' being rolled out across all jurisdictions to include non-recyclable containers. This would also practically support the delivery of the National Packaging Targets.

8. Protocols

A protocol for material recovery facilities (MRFs) is vital to sustain the wider recycling supply chain, specifically municipal resource recovery through kerbside recycling. An increased deposit rate will support the collection of higher value recyclable materials through CDS. On the other hand, this has the effect of reducing the volume and affecting the overall quality of recyclable material received by MRFs.

A MRF protocol must support the economic viability of MRFs, which are not only subject to long-term contractual agreements but also highly variable markets for recovered material.

In determining this protocol, it is necessary to ensure a balanced approach to auditing for the purpose of statistical relevance, informed by current systems in place around Australia, and a practical, cost-effective approach to stringency. This approach must also ensure adequate flexibility to ensure SMEs—and specifically regional facilities—can participate.

Additionally, it is important that glass crushing and other third-party glass aggregators must be covered by specific protocols. In particular, there should be a protocol for bottle-crushing services to the hospitality sector, consistent with other jurisdictions such as Western Australia and NSW.

9. Recycling outcomes must be transparent, tracked and reported

Container Deposit Schemes must consistently establish detailed downstream reporting requirements, which clearly identify collection channels, to support the highest-possible value material recovery, such as recycling bottle-to-bottle or into food-grade packaging.

Conclusion

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

About ACOR

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

Our membership is represented across the recycling value chain, and includes leading organisations in advanced chemical recycling processes, CDS operations, kerbside recycling, recovered metal, glass, plastics, paper, textiles, tyres, oil, batteries and e-product reprocessing and remanufacturing, road recycling and construction and demolition recovery. Our mission is to lead the transition to a circular economy through the recycling supply chain.

Australian Council of Recycling

Level 23, 520 Oxford Street, Bondi Junction NSW 2022

02 8074 7007 | Email: admin@acor.org.au | www.acor.org.au

ABN 60 574 301 921