

Waste Reduction and Recycling (Expansion of Container Refund Scheme) Amendment Regulation 2023

Explanatory notes for SL 2023 No. 106

made under the

Waste Reduction and Recycling Act 2011

General Outline

Short title

Waste Reduction and Recycling (Expansion of Container Refund Scheme) Amendment Regulation 2023

Authorising law

Section 271 of the *Waste Reduction and Recycling Act 2011*

Policy objectives and the reasons for them

The objective of the *Waste Reduction and Recycling (Expansion of Container Refund Scheme) Amendment Regulation 2023* (Amendment Regulation) is to provide for the expansion of Queensland's container refund scheme (the scheme) to include glass wine and pure spirit bottles.

Glass wine and pure spirit containers are currently excluded from the scheme, meaning they are ineligible for a 10-cent refund on return of the empty containers. There is overwhelming public support for expansion of the container refund scheme to include these containers – and has been since the scheme started on 1 November 2018.

Two key objectives of the scheme are to reduce beverage container litter and increase recycling. The consequence of scheme expansion is that glass wine and pure spirit containers will be eligible to receive a 10-cent refund when returned to a container refund point. This provides an incentive for these containers to not enter the disposal or litter stream, while supporting the collection of a single-material stream which makes glass collection and sorting for use into other products more efficient.

Achievement of policy objectives

To achieve these objectives, the Amendment Regulation amends the *Waste Reduction and Recycling Regulation 2011* to remove the exclusion for glass wine and pure spirit bottles, making them eligible for a 10-cent refund under the scheme.

Consistency with policy objectives of authorising law

The Amendment Regulation is consistent with the main objectives of the *Waste Reduction and Recycling Act 2011*, to promote waste avoidance and resource recovery and efficiency actions and to minimise the overall impact of waste generation and disposal.

Inconsistency with policy objectives of other legislation

No inconsistencies with the policy objectives of other legislation have been identified.

Alternative ways of achieving policy objectives

Neither of the initiatives can be effectively or equitably achieved without amending the regulation.

Glass wine and pure spirit bottles can currently be collected through kerbside co-mingled collection services where provided. The option exists to provide an additional kerbside bin to collect a pure glass stream, similar to the household recycling arrangements being introduced in Victoria.

However, in Queensland not all local government areas provide kerbside services, which means that an additional bin for glass would only go partway to meeting the policy objectives of increasing resource recovery and reducing litter.

Benefits and costs of implementation

Queensland's container refund scheme (scheme) commenced on 1 November 2018. The key objectives of the scheme are to increase recycling, reduce litter and complement existing resource recovery services.

Under the scheme certain beverage products and containers are excluded from being eligible for the 10-cent refund. This includes glass containers that have contained wine and pure spirits. Plastic and aluminium containers that have contained these products, as well as containers of any material that have contained mixed spirits, are currently eligible for a refund.

Several submissions received from the wine sector during consultation on the discussion paper strongly supported the roll-out of an additional kerbside collection bin for glass. However, the introduction of an additional kerbside glass collection bin would have the effect of passing the costs of collecting this material onto local governments and all ratepayers with a kerbside service, as opposed to the costs being borne by the producers and consumers of these products.

Kerbside services are also not available in all local government areas in Queensland. The inclusion of glass wine and pure spirit bottles in the container refund scheme provides the opportunity for more people to participate in recycling activities.

By including glass wine and pure spirit bottles as eligible for a refund the manufacturers are contributing directly to the costs of collection and recycling glass beverage containers, while providing an incentive through the 10-cent refund, for people to return these containers.

The majority of economic costs are in the up-front establishment of systems to provide for the inclusion of these containers in the scheme. Amendments to the regulation concerning transitional arrangements for displaying the refund mark on the label and less frequent reporting and payment obligations for small wine and spirit manufacturers will help mitigate implementation and administration costs.

The Product Responsibility Organisation has committed to maintain the current state scheme price for glass containers leading into expansion implementation.

The social and environmental benefits of including these containers is expected to outweigh the economic costs.

While these containers can still be collected through kerbside services where provided, inclusion of glass wine and pure spirit bottles in the scheme offers a means to collect a clean single stream of glass to improve the quality of glass material that is not afforded through co-mingled collections. This improved quality has the potential to increase the price paid for glass as a commodity.

Consistency with fundamental legislative principles

The amendments are consistent with fundamental legislative principles, as defined under the *Legislative Standards Act 1992*.

Consultation

To inform the decision to expand the scope of containers eligible for a refund under the container refund scheme, a discussion paper seeking feedback on the options was released. Over 6600 online and written submissions were received, with 98 per cent support for the scheme to be expanded to include glass wine and pure spirit containers.

Following consultation on the discussion paper between December 2022 and March 2023, the department sought feedback on a consultation draft of the amendment regulation from representatives from the wine and spirits sector (peak bodies and individual companies) and

Container Exchange, the not-for-profit company appointed to run the scheme. Feedback was also sought on specific elements of the single-use plastic items bans.

The Office of Best Practice Regulation was consulted however regulatory impact analysis was not completed under the *Queensland Government Guide to Better Regulation*. In lieu of a regulatory impact statement being prepared, the department will complete a post-implementation review and report back to government within three years of the changes commencing.

While 98 per cent of submissions supported the expansion, some parts of the wine industry remain opposed to the inclusion of glass wine containers in the scheme. Wine and spirit peak bodies also raised concerns about the potential cost impact and administrative burden for small producers.

Despite this opposition, there are a number of wine and spirit companies and peak associations who support the expansion, with several industry representatives stating that it is another action that wine producers can use to demonstrate greater sustainability.

There is sectoral support for amendments to reduce administrative and operational costs to small beverage manufacturers.

The consultation draft proposed a threshold for manufacturers of 50,000 eligible products sold into Queensland for use or consumption to report sales and pay scheme contributions annually. This would be achieved via the inclusion of a standard term in the Container Recovery Agreement to be entered into between Container Exchange and beverage manufacturers. As a result of feedback, this threshold has been changed to 100,000 for wine and pure spirits producers.

Small beverage manufacturers, producing under 300,000 eligible beverage products, are currently not required to pay scheme contributions more frequently than quarterly. The inclusion of another threshold for smaller manufacturers further helps reduce administrative costs associated with reporting sales into Queensland.

The consultation draft also proposed a transition date of 1 January 2025 for the refund mark to be displayed on glass wine and pure spirit bottles. This removes the need for label changes to be made before 1 November 2023, reducing the cost of disposing of existing label stock and in reprinting new labels to accommodate the refund mark.

Feedback indicated that a number of small spirit producers may order up to three-years' worth of labels. As a result of consultation, the transition period has been changed to 1 January 2027, providing a 38-month transition period. This extended timeframe aligns with the mandatory requirements for label changes to include pregnancy warning messages on alcohol bottles and provides a greater window of opportunity to align with any other potential future labelling requirements.

The transition date also means that stock-in-trade currently held in bonded warehouses, import and distribution centres and by producers awaiting sale is not required to display the refund mark immediately from 1 November 2023. Manufacturers will have until 1 January 2027 to display the refund mark on containers.

©The State of Queensland 2023