THE VICTORIAN CONTAINER DEPOSIT SCHEME (CDS VIC)

Twelve Month Review

TOTAL ENVIRONMENT CENTRE
since 1972

April 2025

CONTENTS

Disclaimer:
Total Environment Centre is one of 6 groups who are members of the charity CitizenBlue Ltd which has a profit share with Citizen Blue Depot Vic which operates automated depots under the CDS Vic scheme. This relationship has not had any influence on the contents of this report.

INTRODUCTION AND SUMMARY

Victoria's container deposit scheme (CDS Vic) commenced on 1 November 2023 and it is timely to undertake a review of progress. The scheme is coordinated by Vic Return and has three zone operators (ZO) –Tomra/Cleanaway West, Visy North and Return-it East who manage collection points.

Total Environment Centre previously undertook a six-monthly review (Report 1, May 2024) with the following conclusions and recommendations (current status in italics):

REPORT 1 CONCLUSIONS

1. The benchmarks and any associated conditions (eg penalties, flexibility, proportions of return point types) for delivery of CDS return points are not transparent but, we believe, contained in confidential contracts with the Zone Operators. They should be released, otherwise it will impact confidence in the scheme's public reporting. ***Still confidential.***

2. Over-the-counter return points have serious structural issues that cannot be easily resolved (e.g. they only manage small volumes, limited opening hours and are vulnerable to closure). Visy's Northern Zone is particularly afflicted and contrary to more convenient and efficient return points that use automation. VicReturn and Recycling Victoria should seek to remedy the situation as a matter of urgency so that an excessive number of low quality and inadequate OTC return points do not become permanent features. ***Minimal action.***

3. Charity involvement is welcome and growing. This could be further improved with an extensive and easy to understand communications effort for individuals, about the donation process described on the scheme website. ***Extra efforts are being made.***

4. While the first six months have of necessity been focussed on start up, CDS Vic managers should also be preparing a public dashboard which shows the percentage of returns of total sales, number and type of return points, litter reduction, charity income, etc; and produce a five-year Strategic Plan. ***No action.***

5. All the CDS in Australia have been operating for some years (from 1975 in South Australia to Western Australia since 2020) and have or are reaching a stage where the CDS can further evolve. As the last mainland state, Victoria risks falling behind national moves to make improvements and should move in concert with expansion of eligible containers; maintaining the value of the refund as a financial incentive; and setting a target for container recycling. ***Joint ministerial action unresolved. No formal or legislated Vic recovery target.***

REPORT 1 RECOMMENDATIONS

Recommendation	Status
Enact more transparency with regards to Zone Operator obligations, i.e. numbers, distribution, opening hours and format of return points.	No action
An immediate shift toward more efficient and convenient return points and away from OTC's to deliver equity of the consumer experience and access across the entire network	Inequity remains.
Upgrade communications about how to make donations to charities; and improve transparency regarding the choice of direct charity partners	Increased activity
Regular online public reporting of scheme outcomes including numbers of return points and material recovery rates	No action
Develop and publish a strategic plan during 2024	No action
Participate in overall national scheme reforms including glass wine and spirit containers as eligible containers and a managed increase in the refund value	Joint ministerial action unresolved.
Adoption of a 85% recovery target (as in QLD and WA)	No formal action (NB: 80% by 2030 has been suggested)

FURTHER DISCUSSION

Since our six month report, an Annual Statutory Report 23-24 covering the period 1 November 2023 to 30 June 2024 has been published. Further information on ZO returns has been made available to TEC via government sources.

The key performance indicator for a container refund scheme is the return rate underlain by a number of structural scheme parameters and practices. We acknowledge that a scheme usually has a rising trajectory of container returns over the early years – however this is influenced by the quality and accessibility of return points as to where it will plateau (and perhaps decline) without significant change.

The 2023-24 Annual Statutory Report covering eight months states a return rate of 34.5% (or about 30% after 12 months), but does not provide detailed data as is shown in other state reports and dashboards. For example the 2017-18 (first) NSW Annual Statutory Report covered 7 months and was more transparent with detailed tables showing supplier volumes and return point rates by material type.[1] However, it can be implied for Victoria from indirect data, that at the end of the first 12 months, the return rate from the new network of return points was approximately 30%.[2]

It is claimed that the scheme has the highest first year recovery rate amongst Australia's new CDS and:

> *CDS Vic is the fastest-growing, most convenient and accessible container deposit scheme in Australia.*[3]

However, this comparison is tempered by the rollout problems and shorter period for network implementation experienced by other schemes such as NSW and the reliance by CDS Vic on over-the-counter return points. '*Most convenient and accessible'* is based on a simplistic logic of number of return points, but it is the quality of those return points, that is key. Zone operators have differing mixes of return point types and it is clear, that those with the greatest number of reverse vending machines, have higher returns and arguably accessibility.[4] The existence of zone operators has yet to deliver a race to the top (as postulated by scheme developers), but rather is delivering relatively poorer access and participation for the bulk of Victorians at this stage.

Thus, the verdict on the broad claim for CDS Vic is unproven and the rate after 18 months will give a more definitive indication.[5] Currently a rapid growth trajectory that will overtake that which occurred in other states, looks unlikely.

It is noted kerbside collection (the pre-existing recovery system) injects a further amount via the scheme but does not contribute to an overall increase in recovery. Recent claims (Yahoo, 26/02/25) that CDS Vic will collect 60% of containers in 2025 include kerbside, and are an overstatement of the improvement generated by the CDS.

1. Return and Earn 2017-18 Annual Statutory Report
2. Consumption of eligible containers is "around 3 billion" a year (CDS Vic Annual Report 2023-24, p9). Recovery from the network after 12 months was one billion (https://vicreturn.com.au/wp-content/uploads/2024/11/241101-Victorias-CDS-Hits-One-Billion-Returns-In-First-Year.pdf)
3. CDS Vic Annual Report 2023-24, p9
4. Note: the Annual Report 2023-24 only has "average number of transactions" for each ZO, and while this shows the Tomra zone performing better, by almost 50% on the other zones – it is unclear what "average" means.
5. NSW reached 45% recovery via the new refund point network by 18 months (2018-19 Annual Statutory Report)

The critical question for the government and scheme coordinator is whether CDS Vic can overcome the structural problem of too many OTCs and the inequity of access (reflected in lower returns) for those households in the Visy North and Return-it East Zones; and if not, whether this will make CDS Vic one of lesser performing schemes in Australia.

Further, an accurate assessment of progress by CDS Vic will depend on the public supply of accurate data on sales and container returns. This will require an improvement on the current poor presentation in its first annual report and must include individual zone returns.

RECOMMENDATIONS

1. The verdict is out on the ZO arrangement and whether it will lead to satisfactory return rates and meet the scheme's ambitious aims. It is recommended the government undertake an independent and public review during 2026 as to whether the arrangement should continue or of other measures, including more RVMs, reduced OTCs, extra automated returns to major urban retail sites, and potential punitive actions on zone operators.

2. There should be active support for an increase in the refund to 20c (or more) which would accelerate return growth rates; inclusion of glass wine and spirit bottles in the CDS; and consideration of other appropriate containers.

3. The Minister for Environment should undertake a review of best practice annual reporting and prescribe key contents to enhance credibility and transparency, including for total and zone recovery rates, for the 2024-25 Annual Assessment (and Statutory) Report; and to upgrade the scheme website.

4. Action the previous outstanding recommendations from the Report 1 Six Monthly Report, including setting of a formal target.

1. RETURN POINTS

Our six-monthly report exposed the over reliance on over-the-counter (OTC) return points and this trend continues, with OTCs increasing by 14% in the next six months. It is particularly pronounced with Zone Operator Visy, with 68% being OTCs (Tomra/Cleanaway 19%, Return-it 55%) - and which although it has more return points overall has comparatively lower amounts of containers being returned compared to Tomra/Cleanaway and Return-it.[6] This is further explored below in Section 3.

Table 1. Return Point Type Trend

Date	Network Op	Total	RVM	Depot	OTC
29/11/23	Tomra/Cleanaway	144	83	11	50
	Visy	120	4	14	102
	Return-it	123	32	22	69
Total		**387**	**119**	**47**	**221**
29/03/24	Tomra/Cleanaway	162	111	12	39
	Visy	161	21	16	124
	Return-it	131	45	26	60
Total		**454**	**177**	**54**	**223**
29/4/24	Tomra/Cleanaway	170	118	12	40
	Visy	197	27	16	154
	Return-it	166	51	27	88
Total		**533**	**196**	**55**	**282**
06/11/24 (10/05/25)	Tomra/Cleanaway	199 (199)	147 (148)	14 (16)	38 (35)
	Visy	244 (243)	60 (75)	17 (17)	167 (151)
	Return-it	210 (205)	59 (58)	35 (37)	116 (110)
Total		**653 (647)**	**266 (281)**	**66 (70)**	**321 (296)**

6. By comparison after 7 months, NSW had 33% OTCs and Victoria, after 8 months had 51%; and 46% by May 2025.

Our view is that the inherent problems with OTCs have not been overcome and remain a drag on success. In our previous report we observed OTCs experience challenges due to:

- limited opening hours
- not accepting all types of containers (e.g. only accepting cans, not bottles)
- rejecting any containers at all on certain days / when at capacity
- refusal to deal with containers when working on other priorities (e.g. serving customers in service stations or bottleshops)
- limited signage

An unsatisfactory experience with a refund point is likely to discourage further participation in CDS Vic.

The distribution of refund point types between metro and regional is of interest.

The Metro distribution is:[7]

Table 2. Metro distribution after 12 months

ZO/TYPE	DEPOT	OTC	RVM
Visy	6	79	42
Return-it	23	43	33
Tomra/Cleanaway	6	35	57

Examples of available local metro return points are:[8]

Frankston: 7 OTC, 2 RVM, 1 Depot (Return-it)
Wyndham: 14 RVM, 4 OTC, 1 Depot (Tomra/Cleanaway)
Darebin: 7 OTC, 3 RVM, 1 Depot (Visy)
Melbourne: 8 OTC, 1 RVM, 1 Depot (Visy)
Merri-Bek: 8 OTC, 9 RVM, 1 Depot (Tomra/Cleanaway)
Casey: 11 OTC, 10 RVM, 4 Depot (Return-it)

7. As at 21st October 2024
8. As at 21 October 2024

Larger regional towns show the following pattern with one ZO utilising far fewer OTCs and more RVMs + depots, than the other two.

Table 3: Regional Refund Points

REGIONAL COUNCIL AREA	TOTAL	RVM	DEPOT	OTC	OPERATOR
Ballarat City	15	13	2		TOMRA Cleanaway
Cardinia	22	5	2	15	Return-It
East Gippsland	11	4	1	6	Return-It
Greater Bendigo	10	3	2	5	Visy
Greater Geelong	22	20	2		TOMRA Cleanaway
Greater Shepparton	8	2	1	5	Visy
Latrobe City	13	1	2	10	Return-It
Melton City	14	10	2	2	TOMRA Cleanaway
Mornington Peninsula	24	3	4	17	Return-It
Warrnambool City	5	4	1		TOMRA Cleanaway
Wellington	10	3	1	6	Return-It
Wodonga City	6	3	1	2	Visy

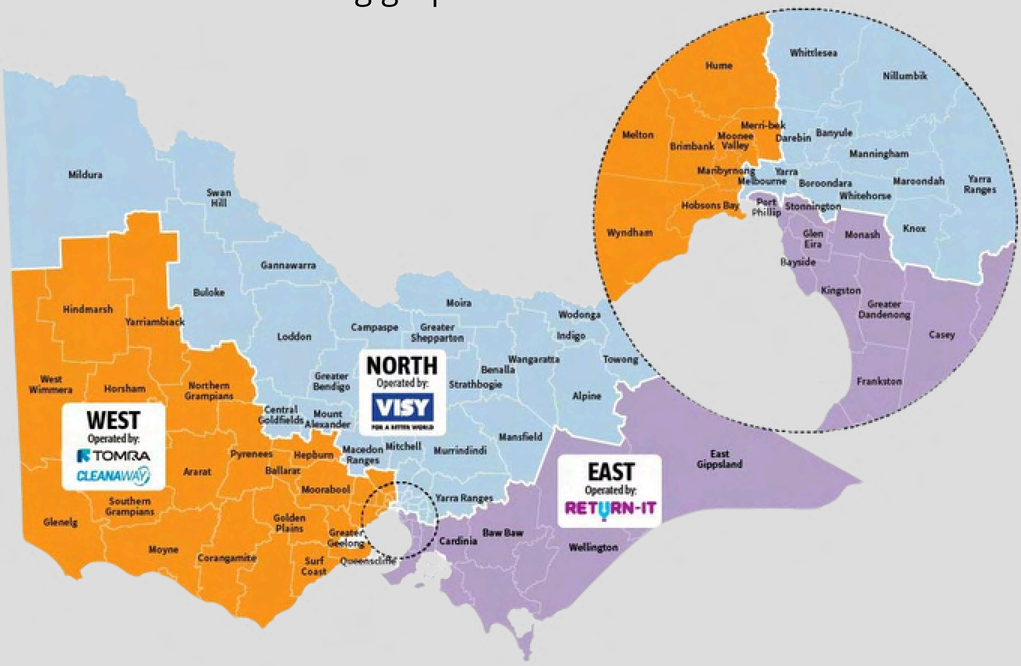
2. WHAT ARE THE RETURN RATES?

There is a stark disparity between one Zone Operator (Tomra/Cleanaway) and the two others, Visy and Return-it.
We obtained information on the zone return rates from VicReturn for November 2023 to June 2024. We submitted a FOI request for the full year, but, this was rejected on commercial in confidence grounds. Additionally the government agency Recycling Victoria supplied a one year analysis to the RRRWIG.[9]
The Zone Operators each cover roughly a third of Victoria. The population share is:

Table 4: Zone Population (2023)

ZONE/AREA	METRO	REGIONAL	TOTAL
Tomra/Cleanaway	1,273,927	926,681	2,200,608
Visy	1,487,452	815,805	2,303,257
Return-it	1,631,894	607,012	2,238,906

Council areas in each zone
These are shown in the following graphic.[10]



9. Resource Recovery, Recycling and Waste Industry Working Group
10. https://www.vic.gov.au/container-deposit-scheme

2.1 THE FIRST 8 MONTHS

Table 5: Returns per zone

FY24										
Network Operator	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total	% of all Refunds
Zone 1 Tomra Cleanaway West Regional	8.6m	12.9m	13.7m	13.1m	17.0m	14.1m	12.3m	15.0m	106.7m	17.0%
Zone 2 Visy North Regional	7.6m	11.5m	11.5m	12.1m	15.3m	13.6m	11.8m	14.2m	97.4m	15.5%
Zone 3 Return It East Regional	3.4m	5.2m	6.1m	6.1m	7.8m	6.9m	5.8m	6.9m	48.2m	7.7%
Zone 4 Tomra Cleanaway West Metro	10.1m	16.3m	18.0m	20.4m	28.6m	24.3m	21.9m	27.9m	167.5m	26.7%
Zone 5 Visy North Metro	3.4m	6.7m	7.7m	9.1m	13.0m	11.4m	11.0m	13.5m	75.7m	12.0%
Zone 6 Return It East Metro	6.8m	12.7m	16.0m	16.5m	22.7m	19.5m	17.3m	21.3m	132.8m	21.1%
Total	**39.8m**	**65.4m**	**72.9m**	**77.3m**	**104.4m**	**89.7m**	**80.1m**	**98.6m**	**628.2m**	**100.0%**

Table supplied by VicReturn

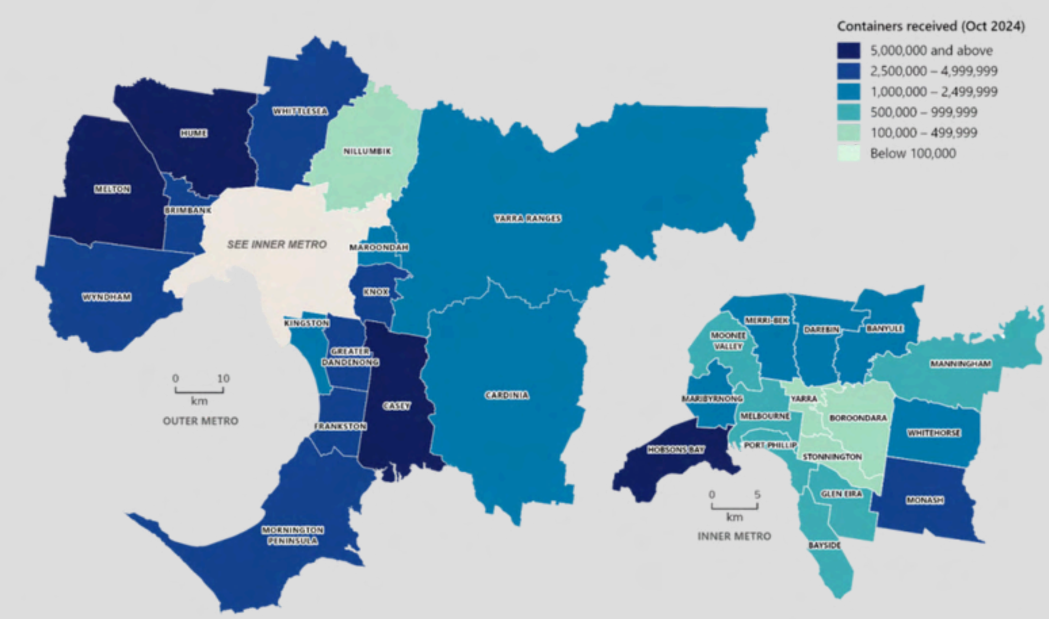
The data shows:

- Visy was the poorest metro performer and Tomra the best
- Tomra and Visy were similar for regional
- Return-it is second for metro and last for regional

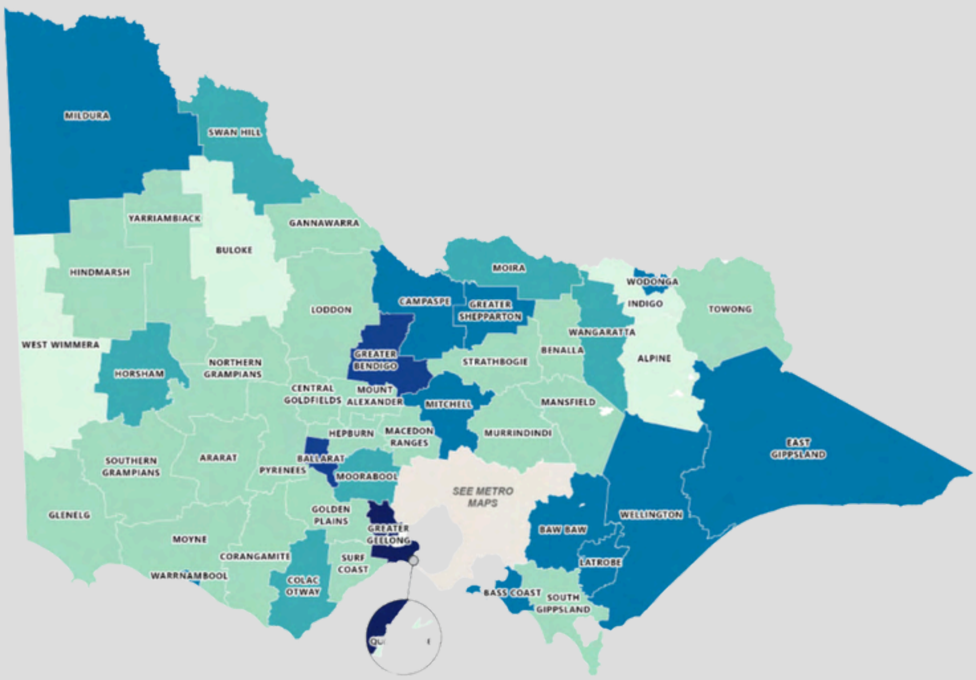
Overall, the Tomra/Cleanaway zone is recovering significantly more than the other two ZOs. A partial explanation could be that Tomra/Cleanaway were able to deploy automated and other return points faster than the other two in the first six months. Whether Visy and Return-it have caught up is explored in the next section.

2.2 THE FIRST 12 MONTHS

Recycling Victoria provided the following 12 month graphics to a meeting of the RRRWIG in December 2024. However, these are gross numbers of containers in a broad range received per council area and it is not possible to estimate return rates per network zone compared to total sales or as share of total returns.



Containers received per LGA
Metro October 2024



Containers received per LGA
Regional October 2024

Based on the ministerial media release issued after 12 months, it can be implied for Victoria that the return rate from the new network of return points was approximately 30%.[11] The 2023-24 Annual Statutory Report covering the first eight months states a return rate of 34.5%.

We sought accurate data via FOI building on Table 5, but this was rejected on commercial-in-confidence grounds. Our view is that there is a very significant public interest and specifically of those participating, in knowing how each zone is performing (a unique arrangement compared to the other CDS in Australia), as it directly impacts the community's ability to obtain the refund. Further, the creation of the three zone approach was based on the view that competition between the zone operators would lead to better performance overall. Awareness of the success or otherwise of such a policy is also in the public interest.

There are three possible influences on return differences:

1. Population
2. Per capita consumption
3. Level of access and convenience to refund points

11. CDS Vic Annual Report 2023-24, p9

As can be seen above in Table 4, the population of each zone is approximately the same in total, but nevertheless the best performing zone (Tomra/Cleanaway) has the smaller metro population, yet the highest return rate. Further, there is no evidence that per capita consumption differs markedly or communications about the scheme differ. This leaves the type of return point as the key reason impacting consumer access and participation.

The Vic Return 2023-24 Annual Report also contains a curious metric showing number of containers returned per transaction with the Visy zone having the highest amount. The intent may be to show participants in one zone are more assiduous in collecting and returning containers or consume more than in another. Another more reasonable interpretation is that fewer people are participating in the Visy zone and more are participating in the Tomra zone - with smaller amounts and a greater number of transactions - because it is more accessible and convenient.

It is claimed that the scheme has highest first year recovery rate amongst Australia's new CDS and:

CDS Vic is the fastest-growing, most convenient and accessible container deposit scheme in Australia.[12]

However, this comparison is tempered by the initial rollout problems and shorter period for network implementation experienced by other schemes such as NSW and the reliance by CDS Vic on rapid establishment of over-the-counter return points.

'*Most convenient and accessible'* is based on a simplistic logic of number of return points, but it is the quality of those return points, that is key. Zone operators have differing mixes of return point types, and it is clear, that those with the greatest number of reverse vending machines, have higher returns.[13] The existence of three zone operators has yet to deliver a race to the top (as postulated by scheme developers) but rather is delivering relatively poor access and participation for the bulk of Victorians.

The critical question for the government and Scheme Coordinator is whether CDS Vic can overcome the structural problem of too many OTCs and the relative inequity of access (reflected in lower returns) for those households in the Visy North and Return-it East Zones; and if not, whether this will make CDS Vic one of lesser performing schemes in Australia.

One other measure that would stimulate greater returns is to raise the refund to 20c – an undoubtedly popular move. We understand the Victorian government has been considering this. There would however be pressure to raise the refund across all state and territory schemes and if this occurred all schemes would measurably increase return rates and refund point access would still be a key issue.

A final improvement would be to expand eligible containers to include wine and spirits in glass and non-beverage containers, ceasing separate glass bins, as recommended by many local councils. A CDS was found to be more cost effective (The Advertiser, 26/1/25).

12. CDS Vic Annual Report 2023-24, p9
13. Note: the Annual Report 2023-24 only has "average number of transactions" for each ZO, and while this shows the Tomra zone performing better, by almost 50% on the other zones – it is unclear what "average" means.

2.3 RECOMMENDATIONS

2.3.1 Significant doubt remains about the three ZO arrangement and whether it will lead to satisfactory return rates and meet the scheme's ambitious aims. It is recommended the government undertake an independent and public review during 2026 as to whether the arrangement should continue or of other measures, including more RVMs, less OTCs, extra automated returns to major urban retail sites, and potential punitive actions on zone operators.

2.3.2 There should be active support for an increase in the refund to 20c (or more); inclusion of glass wine and spirit bottles in the CDS; and consideration of other appropriate containers.

3. TRANSPARENCY

As discussed in our 6-month report, transparency and accurate data are an important aspect of container refund schemes. While the government will be tracking accurate data, it is incumbent on it and the Scheme Coordinator to publicly reveal progress in detail so that confidence in the new system is generated. Attempts to evade or obscure will harm credibility and ongoing participation. This is particularly important as the novel three ZOs arrangement deserves close public scrutiny.

Other schemes have a detailed dashboard which is currently lacking in CDS Vic. The VicReturn website is a poor cousin to other state sites. For example, the NSW site shows gross and net supply volumes and returns dissected by material, by month. This is also shown for the year in the Annual Statutory Report.[14]

Section 87 of the enabling legislation for CDS Vic requires an “annual assessment report” from the Scheme Coordinator but lacks detail or any subsequent prescribed matters in a regulation.[15] Once received by the government, the Minister may remove part of the assessment if it is in the public interest. We do note that the Statutory Report differs from Coordinator's Report, particularly in that it does state a return rate (34.5%), which was surprisingly absent from VicReturn.[16]

Victoria had the opportunity to learn from the other states, but apparently failed to do so when it comes to the quality of public reporting.

It is also notable that the Statutory Report states:

“*The following has been excluded from this report.*

Reduction in litter
This report does not address the reduction in litter outcomes, as the Scheme is still in its early stages and an adequate source for baseline comparison is yet to be established. This will be a major focus in next year’s report.”

3.1 RECOMMENDATIONS

3.1.1 The Minister for Environment should undertake a review of best practice annual and public reporting and prescribe key contents including for total and zone recovery rates, to enhance credibility and transparency, for the 2024-25 VicReturn Annual Assessment and CDSVic Statutory Reports; and to upgrade the scheme website.

14. See - https://www.exchangeforchange.com.au/schemes/scheme-reporting.html
15. Circular Economy (Waste Reduction and Recycling) Act 2021
16. TEC made a FOI request for the Assessment Report, but this was denied on 18 November 2024. The Report (which we assume is in its entirety) was publicly issued in December 2024.

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