

COEX Supplementary Submission to the Queensland Container Refund Scheme Inquiry

April 2025

Table of Contents

Executive summary	3
Scheme governance and the role of the beverage industry	4
Cash reserves and scheme pricing	5
Management of cash surplus	5
Scheme Pricing.....	5
Network Operations	7
Container Refund Point coverage and types	7
Planning challenges	8
Material Recovery Facilities	9
Awarding Container Refund Point sites	9
Data reporting and transparency	10
Government engagement and scheme support	11
Government engagement and support on scheme targets	11
Scheme participation across government sites	11
Let's Get it Sorted campaign	11
Scheme refund amount	12
The impact of the refund amount on recovery rate	12
The financial impact on Beverage Manufacturers and consumers.....	12
Conclusion	14
Appendix 1: CRP locations by type, Queensland	15
Appendix 2: CRP locations by type, Brisbane	16
Appendix 3: CRP locations by type, Sunshine Coast.....	17
Appendix 4: CRP locations by type, Gold Coast	18

Executive summary

Container Exchange (COEX) welcomes the opportunity to provide a supplementary submission to the Parliamentary Inquiry into Improving Queensland's Container Refund Scheme, addressing key issues raised through the process.

With more than 100 submissions, the response to the Inquiry is indicative of the scheme's importance to the community, charities, industry, government and operators.

COEX was encouraged by the number of submissions that were strongly supportive of the Containers for Change scheme and articulated the additional benefits to Queenslanders beyond the environmental outcomes it was designed to deliver.

This supplementary submission addresses key themes arising from both the 2 April Public Briefing and public submissions, including:

Scheme governance and the role of the beverage industry

The legislative framework, principles of product stewardship, the obligations of beverage manufacturers and how they fund the scheme.

Cash reserves and scheme pricing

COEX's scheme pricing, data and transparency, use of cash reserves and reinvestment.

Network operation

The awarding of container refund point sites, the need for planning exemptions to expand the network, material recycling facilities.

Government engagement and support for the scheme

Departmental collaboration with COEX to drive improvements in the scheme, as well as government take up of the scheme on their own sites.

Scheme refund amount

The impact of raising the refund amount to 20-cents per container, including proposed initiatives to drive sustained increases to the recovery rate.

Scheme governance and the role of the beverage industry

The Waste Reduction and Recycling Act 2011 (the Act) is the legislative framework under which the Containers for Change scheme operates. Section 99 (H-J) outlines the objects of the Act, how they are to be achieved and the function of the Product Responsibility Organisation (PRO). The Act specifies that the PRO's main function is to administer and provide governance for the container refund scheme and requires COEX to ensure that beverage manufacturers fund the scheme.

The Act references operating under the principle of product stewardship – an environmental management strategy that means all entities involved in the life cycle of a product are responsible for managing its environmental, social and economic impact.

As highlighted in COEX's initial submission, Containers for Change is funded by the beverage manufacturing industry, that pay a fee, known as the scheme price, for every eligible beverage they sell in Queensland. Container sales are reported monthly to COEX by beverage manufacturers.

The weighted average scheme price is currently 13.3 cents per container sold (ex GST). The financial success of the scheme depends on ensuring that beverage manufacturers who operate in the state are contracted to the scheme.

Beverage manufacturers are required by legislation to enter into a container recovery agreement with COEX. This agreement ensures they contribute to the scheme and meet their product stewardship responsibilities.

Wine and Spirits were introduced into the scheme in November 2023, with the same legislative requirements for manufacturers to register themselves and their products with the scheme. A 12-month grace period for wine and spirit manufacturer registration was granted, which expired in October 2024. COEX is continuing to identify and work with wine and spirit manufacturers yet to register to ensure industry compliance with the legislation.

Cash reserves and scheme pricing

COEX's financial position was the subject of several submissions, which specifically noted the organisation's current cash surplus and the construct of scheme pricing.

Management of cash surplus

As a not-for-profit, COEX manages cash reserves, and any surplus, in a way that supports the sustainability of the scheme and grows its environmental, social and economic benefits.

To ensure financial stability, COEX maintains sufficient cash reserves to cover current and projected operational costs. This ensures that the scheme can remain fully operational and meet its obligations to staff, suppliers and customers without interruption.

Unlike in many businesses where economies of scale can be leveraged to reduce costs, the costs to operate a container refund scheme increase in parallel to the number of containers being returned. As a result, operating costs are forecast to rise as the performance of Containers for Change increases.

Importantly, as identified in COEX's initial submission, cash reserves are also utilised to support price stabilisation and future growth, as each one percentage point increase in container collections equates to a cost increase of approximately \$4.6 million.

One of the great benefits of the not-for-profit nature of the scheme is that any surplus generated is reinvested to enhance its environmental, social and economic impact for the people of Queensland. This includes significant investment in network expansion, developing innovative out-of-home collection solutions and driving the flow of benefits to First Nations communities, social enterprise, charities and community groups.

Innovations that continue to grow the container recovery rate are also prioritised, including a new investment program launched in FY24 aimed at supporting small to medium-sized operators, charities and community groups by reducing financial barriers to entry and expansion within the scheme. The program also supports the optimisation of logistics routes and trialling of compaction processes to increase site capacity, and reduce the logistics carbon footprint and operating costs.

Scheme Pricing

Under Section 99J of the Act, COEX, as the appointed PRO, is responsible for setting the price that beverage manufacturers pay to fund the scheme. In determining that price, COEX considers the total costs forecasted to operate the scheme offset by material sales revenue, the investment required to grow the scheme and current and forecast liquidity levels.

Beverage manufacturers enter into a Container Recovery Agreement with COEX to ensure that beverage manufacturers meet their product stewardship responsibility in relation to their beverage products. The scheme price is applied to all eligible containers sold in Queensland as per the agreement, with beverage manufacturers submitting their sales by material type on a monthly basis.

Until 100% of containers sold are collected, a difference will exist between the scheme price charged to beverage manufacturers and the cost per container redeemed. As the collection rate of eligible containers increases, the scheme price will continue to increase to match the cost per container redeemed.

COEX uses cash reserves to offset increases in operating costs as collection volumes rise to mitigate against high price variability and deliver a steadier increase in the scheme price. COEX currently reviews scheme pricing every six months with the intention to align any changes to the pricing with the excise reviews in February and August of each year.

In FY24, the weighted average scheme price charged to beverage manufacturers was 13.3 cents per container sold and the cost to recycle each container recovered was 20.3 cents. Key cost elements which comprise the scheme's cost base are:

Key network cost elements	Cost per container (redeemed)
Refunds paid to consumers and Material Recovery Facilities	\$0.091*
Network Fees - CRP Handling, Logistics, Processor and Equipment	\$0.103
Offset Commodity Sales	(\$0.022)
PRO (COEX) costs and Strategic Initiative investments	\$0.031
Total	\$0.203

*ex. GST

Network Operations

COEX's network coverage and operations were a key theme in many submissions, with topics ranging from accessibility, to planning challenges and the role of Material Recovery Facilities (MRF) in the scheme.

Container Refund Point coverage and types

COEX launched the scheme in November 2018, meeting the target of 252 container refund points. Within a year of launch, the scheme reached the legislated target of 307 refund points. As at February 2025, Queensland's network had 383 container return points, more than 25% above target.

Enabling even more Queenslanders to have easy and convenient access to a container refund point, no matter their location across the state, remains a strategic priority for COEX.

The organisation continues to refine the types of refund points across the network, targeting the most efficient and appropriate type in each local area to facilitate growth in the recovery rate. Below is a breakdown of the network status as at February 2025:

Area	Bag Drop	Depot	Mobile	RVM Kiosk	Total
Rest of QLD	51 (24%)	92 (44%)	66 (31%)	2 (1%)	211
SE QLD	67 (39%)	66 (38%)	6 (3%)	33 (19%)	172
Total	118 (31%)	158 (41%)	72 (19%)	35 (9%)	383

Equally as important as continuing to increase the overall number of refund points is ensuring the right type of refund point for the location, with consumer convenience and ease of use both critical drivers in scheme participation.

Analysis shows that depots are the most effective and efficient refund point, however planning issues present challenges in advancing the number of these as a preferred solution due to land availability and zoning. As a result, depots are supplemented by smaller format solutions, such as Reverse Vending Machines (RVMs) and bag drops to help maximise accessibility and convenience, particularly in metropolitan areas.

While the network utilises a range of refund point options, RVMs provide the best overall combination of customer experience, short mobilisation timeframe and small footprint.

Currently, almost 40 per cent of the container refund points in South East Queensland are bag drops, which accounts for just 0.55% of volume. While the quickest to deploy, bag drops generate significantly lesser volume than other options and have been predominantly used to circumvent the planning challenges outlined below.

A recent example of the significant difference in volume collections between bag drops and RVMs is from Logan Central. On 4 March 2025, the bag drop on Wembley Road was replaced with an RVM. In the eight months prior to its replacement, the bag drop collected about 45,000 containers. The RVM collected that same amount within nine days of operation.

Planning challenges

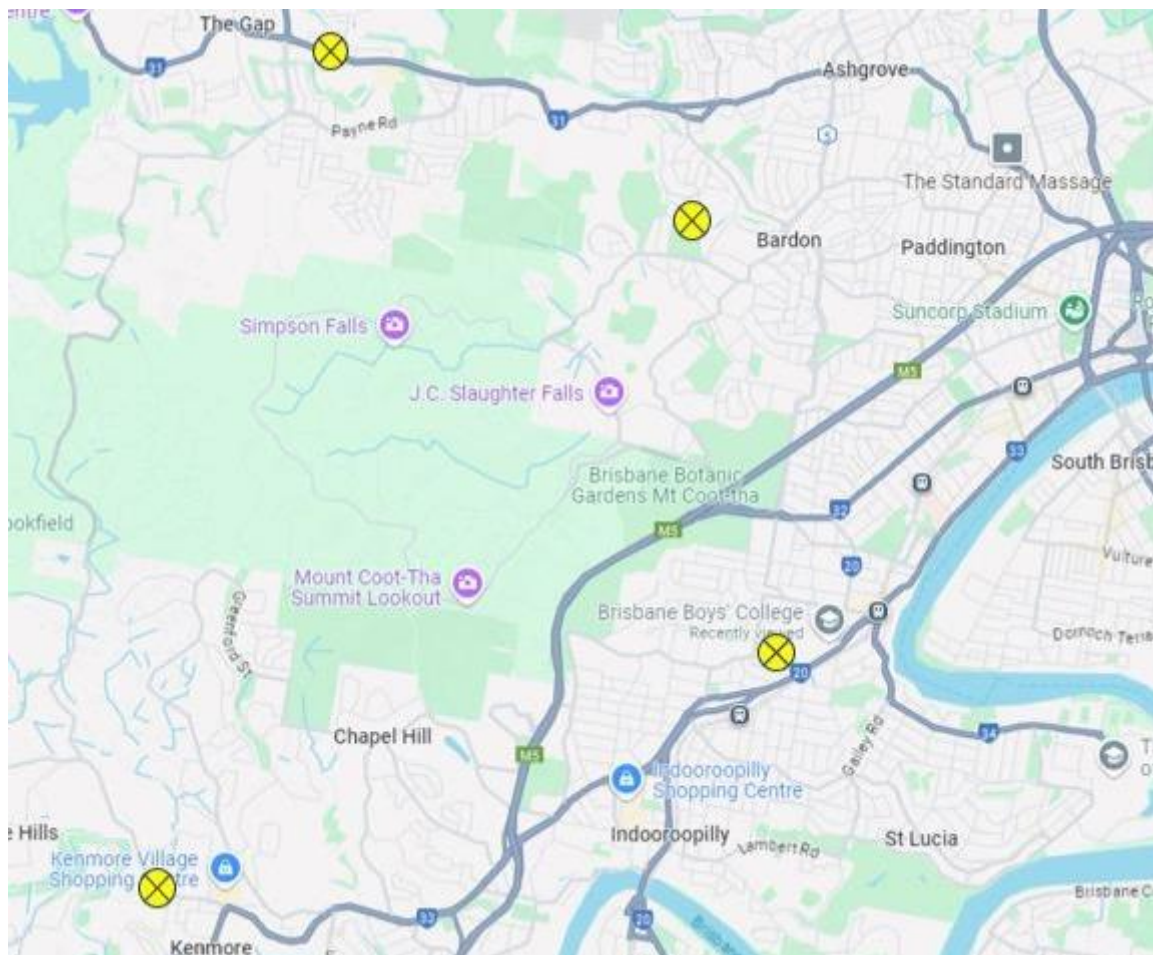
Making more refund points accessible to communities will continue to encourage consumer participation and realise an increase in the recovery rate. COEX is constrained in the implementation of RVMs based on planning restrictions (the Planning Regulation 2017 (Qld)) across the state.

COEX's initial submission to the Inquiry referenced the consumer behavioural factors that drive recovery rate increases, with convenience and ease of access critical factors in scheme participation.

In Queensland, local government planning approval processes are a significant constraint on COEX's ability to quickly and effectively mobilise RVMs, with delays of up to nine months before a decision is made.

For example, Brisbane's inner west (pictured below) has a critical shortage of appropriate refund points, with approximately 150,000 residents serviced by just four bag drops. The recovery rate in this area is less than 10%, with an estimated 78m containers consumed annually.

Figure 1: Bag drop locations in Brisbane's inner west



 = Bag drops

COEX has recommended that other jurisdictions' planning laws be considered for implementation in Queensland. In New South Wales, Victoria and Western Australia, RVMs are exempt from requiring planning approval, subject to certain conditions. These exemptions have allowed these jurisdictions

to rapidly increase container refund points, without any significant concern from residents or communities.

Planning exemptions in Victoria allowed that state's scheme to roll out 220 RVMs in the lead up to the launch in November 2023.

Material Recovery Facilities

The role of MRFs and local councils in the container recycling value chain was a topic of discussion in the Parliamentary Briefing and public submissions.

Container refund points account for approximately 85% of containers recovered through the scheme, with MRFs comprising the remaining 15%. Local governments contract commercial operators to take yellow-top bin recycling, with the material separated at the MRF then sold.

Recyclable materials sourced from MRFs contain far greater contamination than containers deposited at refund points. Consequently, recycling outcomes and material resale prices are significantly impacted. MRF-sourced containers can even be lost to landfill if contamination is too high or sortation is poor.

For example, glass containers from MRFs cannot as easily be remade into another glass container and often become lower grade material, such as road base or sand, leading to a less circular outcome.

Contamination levels are also a critical factor in the saleability of recycled container materials, and container refund points deliver objectively better outcomes, in line with the purpose of the scheme.

An additional challenge for COEX when partnering with councils to encourage public participation in the scheme, is that councils are financially disincentivised to approve container refund points, because they receive significant revenue from MRFs. Any container returned by the public to a Containers for Change refund point represents missed revenue.

Eligible containers represent an easy source of revenue for commercial MRF operators and councils, who benefit from the 10-cent refund amount, rather than consumers, for minimal effort.

Awarding Container Refund Point sites

COEX has worked hard in recent years to improve its relationships, processes and governance with suppliers, operators and government as it has grown into a significant operation with more than 80 employees and 380 return points.

COEX's governance and procurement model to determine and award new sites was revised in 2023 and is an established, robust and transparent multi-step process that has been continuously refined.

A key area of concern raised historically by operators was the equity of site allocation. A requirement of the scheme to launch with 252 sites made it difficult to effectively manage some areas, resulting in either gaps in the network or operators competing in some areas where the sites were too close together.

COEX proactively encourages feedback and ensures that all issues are escalated and managed appropriately. This is further supported by the organisation's 'Speak Up' policy, which seeks to encourage a culture of transparency, trust and compliance within both COEX and the Containers for Change scheme. Where those concerns related to COEX, they are managed in line with the

whistleblower provisions of the Corporations Act (2001). Where the concerns relate to the scheme, they are managed in accordance with COEX's contractor compliance processes.

Data reporting and transparency

A number of submissions to the Inquiry advocate for COEX to provide more data and transparency around beverage sales and the types and volume of containers returned through the scheme.

While COEX fulfils its legislative obligations in data sharing, there are opportunities to share more detailed performance data on its website, particularly returns by material type. COEX is exploring the Western Australia scheme's reporting framework, which discloses greater detail on material types and volumes and is worthy of further consideration.

COEX, however, has minimal visibility of beverage manufacturer sales data by material type for regions across Queensland. In response to feedback from operators, COEX shares population-based modelling on volume and recovery rates at a high-level through forums and direct meetings.

Government engagement and scheme support

Government engagement and support on scheme targets

COEX regularly engages with the Department of Environment and Science, Tourism and Innovation (DETSI) on scheme performance and strategy, including monthly meetings.

Through these meetings, the opportunities that would yield the biggest increase in the recovery rate have been regularly discussed. These included a range of collaborative opportunities for government-owned or operated office buildings, health facilities, stadia, correctional facilities and schools.

To support any potential implementation of these opportunities, COEX confirmed that it would:

- provide all infrastructure, branding and educational materials to support the rollout and ensure effective integration into individual site operations.
- co-ordinate arrangements with a suitable local operator for the collection and processing of the containers collected.

Further opportunities for changes relating to events, licensing, multi-unit dwellings and planning were also tabled.

COEX also submits its three-year strategy, annual operational plans and budget to the Department for Ministerial review and approval. This is done on an annual basis in compliance with legislation.

Scheme participation across government sites

Despite best efforts since the inception of the scheme, participation across government sites remains inconsistent, with individual departments and organisations deciding whether to participate, or referring COEX to engage on a site-by-site basis.

With more than 250,000 employees, it is estimated that between 46-48m eligible containers are consumed by staff in Queensland Government facilities annually. Less than 10% of this number is returned through the COEX Partners Program which presents an enormous opportunity for government.

Let's Get it Sorted campaign

As an example of a clear opportunity for improved government support of the scheme, the Queensland Government announced \$13 million in funding in 2024 for 26 councils to support their waste reduction, recycling and reusing initiatives.

The Let's Get It Sorted Partnership Program is part of the Queensland Government's drive to establish a zero-waste society within a circular economy by 2050.

Container recycling was omitted from the program and its messaging. Containers for Change should be an integrated part of the government's waste strategy rather than an isolated program to better deliver upon whole-of-waste sector objectives.

A clear Queensland Government commitment to support the scheme through inclusion in its public recycling and waste messaging would positively impact public participation and help drive increases in recovery rates.

Scheme refund amount

Many submissions to the Inquiry indicate support for an increase in the refund amount, while other organisations raise concerns about the potential cost impact on beverage manufacturers and consumers.

An increase to the refund amount should not be taken as a singular solution to improving the return rate, as highlighted in COEX's initial submission. Any change in the refund amount should be considered in the context of the complex operating environment of the scheme, with a rigorous regulatory and community impact assessment undertaken, as recommended by the March 2023 Heads of EPA Container Deposit Scheme Behaviour Change National Research Paper.

The impact of the refund amount on recovery rate

COEX analysis of consumer behaviour indicates that the refund amount, while a driver of participation, is only one of many reasons Queenslanders support the scheme. Other motivators include that scheme participation is the “right thing to do” and “helps charities and community groups”.

Economic modelling specifically focused on refund amounts across global schemes indicates that a 10-cent increase may lead to an 8-15% rise in recovery rate in the short-term, which will however degrade over time.

The only Australian scheme to have previously increased its refund amount, South Australia, reported an initial 10% increase in the annual recovery rate, before registering a continual decline from three years on.

The financial impact on Beverage Manufacturers and consumers

Beverage manufacturers and several peak bodies rightly highlight in their submissions that any price increase will be passed onto the consumer, which may impact sale volumes.

Any increase in the refund rate will have a financial impact on both beverage manufacturers and consumers, at a time when cost of living remains a significant issue for many Queenslanders.

Based on FY24 sales, a 10-cent increase to the refund amount for each container sold in Queensland would represent an increase in costs of \$318m to beverage manufacturers per annum, which would likely flow directly to the consumer.

It is also important to note that any uplift to the refund amount in Queensland alone would increase the likelihood of fraudulent activity, with a significant number of containers sold in other states likely to be returned in Queensland for the higher refund amount.

As outlined in COEX's initial submission, increasing the refund amount in isolation is not a silver bullet. Sustained improvement in the recovery rate is dependent on choosing the right combination of initiatives to drive long-term behavioural change.

Research indicates the following initiatives as being of greater value than an isolated increase in refund amount as discussed in more detail in COEX's initial submission:

- Encourage scheme-eligible container collection in waste management practices at government owned and operated sites.

- Continue to progress CRP network expansion aligned to COEX strategy.
- Implement policies that encourage medium and large workplaces to add container collection into their existing waste management plans.
- Expand RVM container return options for customers near retail locations.
- Encourage local governments to partner with COEX and prioritise approval of Container Exchange Points in key public spaces.
- Review Queensland Waste Levy structure to ensure it is maximising incentives to reduce containers from landfill.
- Establish container collection in licensing requirements for the hospitality industry and permit requirements for events.
- Establish initiatives that drive the return of those material types with lower recovery rates, outlined in COEX's initial submission.

Any decision on refund amount is a decision for government. As the scheme administrator, COEX will continue to work efficiently and effectively towards targeted recovery rates under its legislated framework.

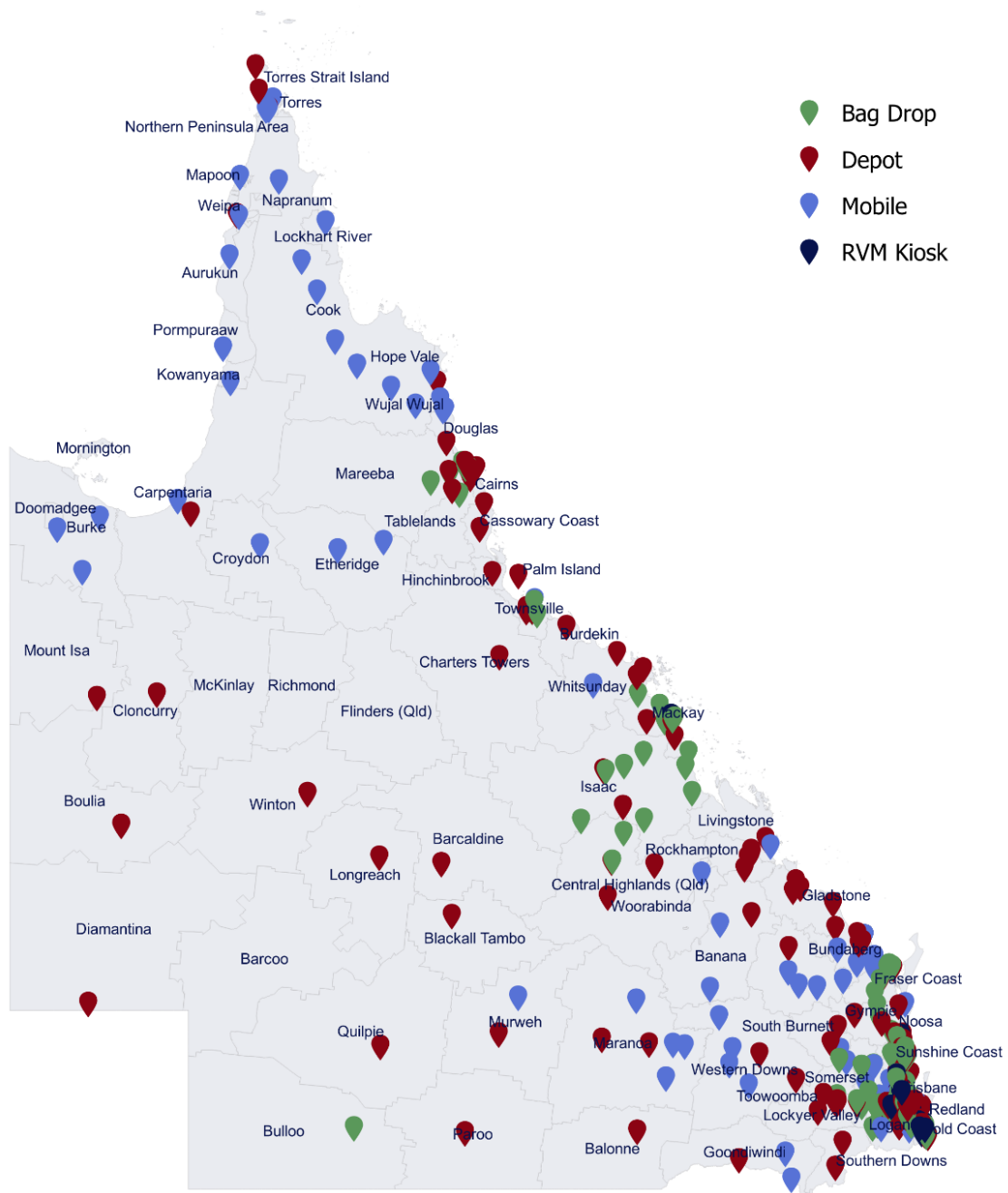
Conclusion

The breadth – and at times divergence – of views presented in the more than 100 submissions to the Inquiry underscores the complexity of identifying simple, immediate solutions to significantly lift Queensland’s container recovery rate and confirm that there is no silver bullet.

As the administrator of a well-supported, mature, and efficient container refund scheme, COEX is proud of its continued growth and the proven environmental, social and economic benefits delivered for Queenslanders. While there is still scope within the current legislative framework to strengthen collaboration and engagement across the value chain, there is a clear need for government to provide policy direction to guide the next phase of the scheme’s development.

COEX welcomes the opportunity for continued dialogue with the committee and looks forward to its final recommendations to support the ongoing success of the Containers for Change scheme for Queenslanders.

Appendix 1: CRP locations by type, Queensland



Appendix 2: CRP locations by type, Brisbane



Appendix 3: CRP locations by type, Sunshine Coast



Appendix 4: CRP locations by type, Gold Coast

