

Inquiry - Improving Queensland's Container Refund Scheme

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Inquiry into Queensland's Container Refund Scheme

Submission - April 2025



Independent Brewers Association Submission: Inquiry into Queensland's Container Refund Scheme

A long-term sustainable container refund scheme in Queensland (the Scheme) is only possible if the small brewing industry, essential to funding the Scheme, are also sustainable.

The recent change in government is evidence that Queenslanders are demanding more respect for their money and a government that works for them.

A dogged focus on 'improving' the Scheme that has the effect of squeezing independent brewing businesses out of existence, or making our members beer unaffordable for the average Queenslanders – is the opposite of 'working for Queenslanders'.

We therefore make the following recommendations that the Government:

Commit to: <ul style="list-style-type: none">a) Ensuring a sustainable future for the independent brewers who fund the scheme by adopting a whole of Government approach as part of an updated <i>Queensland Craft Brewing Strategy</i>. <i>The new Strategy should</i> address all of the issues raised by the Independent Brewers Association over the last 2 years including reducing red tape, removing the planning barriers and improving fair market access.b) Establishing a clear forum for consultation and information provision between all Government Departments and associated bodies (including COEX) with independent breweries.
Establish an exemption (or rebate) for small producers that addresses the administrative and cost burden of Scheme participation.
Extended reporting and payment timeframes for small producers.
Expand the eligible containers participating in the Scheme.
Direct relevant changes to the planning schemes across Queensland and provide Local Government with the resources they need to better facilitate an increase in return points.
Direct COEX to explore partnerships with small producers who have venues which could be used as collection points to deliver back value to funders and increase return rates.
Ensure network operators have mandatory minimum return volume targets.
Commit to leading national harmonisation to support efficiency and productivity for small Queensland businesses.
Take a best-in-class approach to the circular economy and establish aluminium recycling processing facilities in Queensland.

About the Independent Brewers Association

The Independent Brewers Association (IBA) is the peak national industry body representing the nation's 675+ independent craft brewers with 56% of these small businesses based in regional and rural Australia.

We are solely member funded and receive no direct funding from state or federal government.

Our members are overwhelmingly small to medium business who employ locals and give back to their communities. Independent craft breweries employ 51% of the entire brewing industry yet enjoy less than 8% of market share.

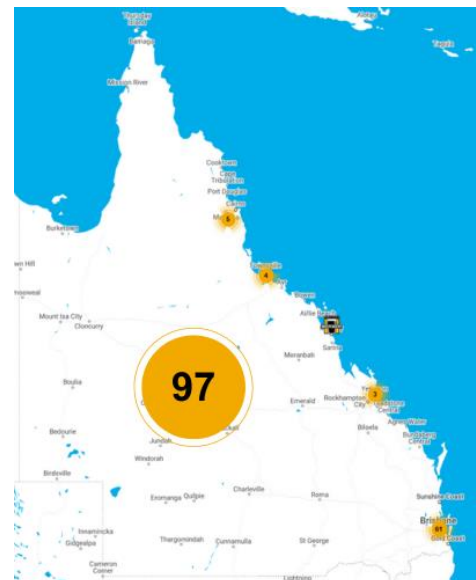
Our members provide skilled jobs, tourism destinations and work directly with the agricultural sector through local malted barley, hops and fruit.

Independent brewing in Queensland

Beer is part of the fabric of Australia, and Queensland. And independent brewing is beer, made by Australian owned small businesses, for Queenslanders, in the communities they live and work in.

The independent brewing industry is the epitome of a manufacturing sector that generates new jobs and opportunities for every part of Queensland. There are approximately 97 independent breweries in Queensland stretching from the New South Wales border up through Atherton and into Port Douglas.

In the 2023-2024 financial year, the independent brewing industry contributed \$588M to the Queensland community and provided 6,715 jobs.¹



Because of the agile nature of our small-medium sized independent brewers, the industry is in a strong position to continue to develop new and innovative products that address evolving consumer preferences and consumption trends.

According to demographer, Bernard Salt AM, the independent brewing industry is poised to succeed and is important to Australian society because:

- Australia's consumer market will continue to rise in the future.
- Independent breweries create local jobs which build skills and assets in the regions throughout Australia.

¹ 3 Urban Enterprise "Australia's Independent Brewing Industry Economic Impact Assessment" December 2024.

- New generations and societal behaviours are evolving where societally conscious consumers seek locally produced, sustainable products that make a societal contribution.
- Consumers of the future are interested in more than just taste and is a market that is more diverse than homogeneous.²

We know that the quality and innovative beer styles our members produce, the family-friendly (gambling free!) environments our members create, and the relationships breweries have with their local community and agricultural suppliers, are what Australians want.

Research conducted by KPMG in 2021, confirms that the majority of consumers (67%) feel it is important that craft beer is made by independent businesses and 74% value independence and understanding the origin story of craft beer before purchasing it.³

But our industry cannot continue to make positive contributions, or given Queensland consumers choice, if regulatory environment, including the Scheme, does not improve.

Commitment to sustainability

The general principle of recovering and reusing as many containers as possible aligns with the values espoused by our members as sustainability is a key strategic pillar for the IBA as illustrated in our 10 Year Roadmap. However, the Scheme has to be fair for small brewing businesses – and for all small producers.

In fact, as far back as 2016, our predecessor organisation the Craft Beer Industry Association (CBIA) wrote to the Queensland Government stating that “small businesses are highly sensitive to increased operating costs so ensuring a container refund scheme is well planned, implemented and managed is essential.”⁴

Positive progress in Queensland

As a national body, we engage with all schemes in the country. Queensland’s model whereby there is a not-for-profit coordinator with the opportunity for a variety of network operators and charity partners is, in our view the best in the country.

It ensures that there is no single commercial entity that can dictate the terms or hold the system to ransom. We have held this position since the initial consultations in 2016.

We want to thank COEX and the Queensland Government for the inclusion of wine and spirits containers in the Scheme. This is of course a producer responsibility scheme for all containers and so we appreciate Queensland demonstrating to the country that, at a minimum, all alcohol containers can, and should, be included.

We are also grateful that through competitive process, Ms Sabrina Kunz of our organisation was selected and appointed to the Board of COEX from 1 July 2024. This has ensured that as

² Bernard Salt AM, “Outlook for the 2020s: Brewing as an integral part of rebuilding a better Australia.” Presentation at BrewCon, 22 August 2023.

³ IBA Consumer Research Report, KPMG, 1 December 2021.

⁴ Letter CBIA Submission to Implementing QLD’s Container Refund Scheme. Available: <https://independentbrewers.org.au/wp-content/uploads/2025/03/CBIA-submission-to-Implementing-Queenslands-Container-Refund-Scheme.pdf>

funders of the scheme there is a voice at the table that can explain what impact certain decisions may have on small beverage manufacturers.

While you will note recommendations below on the need for greater transparency and direct engagement with small producers who fund the Scheme, we appreciate that COEX's management have reinvigorated their stakeholder engagement activities and are meeting with our members at the end of April 2025 to directly discuss issues and concerns.

Any decision about the future of the Scheme will directly affect the sustainability of the Queensland independent brewing industry

We cannot respond to the questions of the effectiveness, scope and opportunities of the Scheme without grounding those comments in the reality facing independently owned breweries in Queensland and Australia (as distributors throughout Queensland) more broadly.

It is essential that decision makers understand that as they evaluate any changes to The Scheme – they could hold the fate of Queensland small businesses in their hands.

We note with interest that the Department of Environment, Tourism, Science and Innovation Written Briefing for the Committee⁵ fails to provide any background on the role, or impact of The Scheme on the funders of the scheme – including independent brewers.

Independent breweries are small businesses facing one of the most restricted markets in Australia

In evaluating the issues outlined in this submission it is important to understand that we are talking about small businesses.

Over half of our members produce less than 200,000 litres a year. To put that in context, Coopers Brewery, which claims to have approximately 5% total market share in Australia, produced 78.7 million litres in 2023/24.

The foreign owned breweries (Asahi and Kirin) are estimated to produce upwards of 800 million and 500 million litres respectively.

Our small business breweries are manufacturers and hospitality venues that chose to operate without the reliance on revenue from pokies. In 2024, our members voted to change the definition of Independent Breweries in the Constitution of the IBA to require that an independent brewery cannot derive significant income from gambling.

Asahi and Kirin use their market power to lock our members out of the majority of Queensland hotels – who are already at an advantage because of their substantial gambling revenue.

This relationship means that independent hospitality venues who do not take a cash or rebate incentives, and choose to be gambling free – can again not fairly compete for the consumer with price (or investment).

⁵ <https://documents.parliament.qld.gov.au/com/HEIC-AF26/IIQCRS-F8B7/DETSI%20Written%20Briefing%20for%20HEIC%20-%20Inq%20into%20improving%20Qld%20CRS.pdf>

As a result of the outsized power of the Queensland Hotels Association (backed by the two foreign owned breweries) Queensland has one of the most restricted markets in Australia.

It is within this highly concentrated market that you overlay costly and burdensome regulation, including the Scheme.

The independent brewing industry is dying a death by a thousand cuts

Our most recent member survey indicated severe issues for our industry, with 91% of respondents saying they have been somewhat, highly or extremely impacted by the current economic environment and 66% of respondents stated that their business may not survive the economic downturn.

In the period since January 2023, at least 50 breweries across Australia have entered voluntary administration, or closed their doors. Queensland independent breweries that have closed or restructured in that time include:

- The Brew Baron Beer Company (West End) (Closed)
- Bribie Island Brewing Company (Bribie Island) (Closed)
- Parched Brewing Company (West End) (Closed)
- Burleigh Barrells Brewing Company (Burleigh) (Closed)
- Tannis Brew (Brendale) (Closed)
- Newstead Brewing Company (Milton) (Closed)
- Ballistic Beer Company (Salisbury, Bargara, Springfield) (Restructured)
- Black Hops Brewing Company (Burleigh, Biggara) (Restructured)

Overall, the cost of goods to produce beer have continued to increase at a rapid rate.

Between 2018 and 2023, the overall cost to the brewery of producing an IPA increased by 23.33 percent – almost a quarter, while the recommended retail price for the beer rose by just 11.25 percent. In other words, the cost of making a carton of IPA has gone up by twice as much as the cost to the consumer.

Moreover, the vast majority of that 23.33% percent rise has occurred since 2020, with the most - steep increase between 2022 and 2023.

Unlike the two large foreign owned breweries who are estimated to have margins in the realm of 40% - small brewing businesses have incredibly small margins.

With every closure or administration process meaningful employment in communities throughout Australian are being stripped away. With 56% of our member breweries in regional and rural Australia – that is a substantial loss to local economies.

As this shows, the economic conditions are squeezing independent breweries from the market. And we cannot ignore the fact that costs and burdens of the Scheme are part of the issue.

**In September 2024,
48% of our members
reported that they are
not able to sustain
profitability.**

The economic cost of the Scheme is far more than 10c a container

The cost of The Scheme in Queensland is not just the fee paid by the beverage manufacturer or the full price paid by the consumer – it is loss productivity due to red tape – and if nothing changes it will continue to be a factor that shuts small Australian owned businesses.

The Scheme is mandatory for small beverage producers. And by the very nature of our business, beer is impacted more than any other because we release more new products each year than any other food and beverage manufacturer.

Between 1 July 2022 and 30 June 2023, breweries released to market an estimated 3,443 packaged beers. That equates to an astounding 66 new products to market each week – we do not know of any other food or beverage category that releases as many new products to market and by contrast wine predominately has a single vintage each year and spirits produce high number of items under limited SKU's.

This means that the administrative burden is far greater for independent breweries as each new product must be registered.

It is safe to say that in the current economic environment the vast majority of our members now see the Scheme as yet another “tax” that is crippling their business.

While independent breweries have worked hard to absorb the cost of all state schemes – with the substantial increase in cost of production it is simply impossible to continue and ultimately the consumer pays the price.

Table 1 below sets out an illustrative example of the true cost of the 13c per container producer fee. In this example:

- We have isolated just the CDS portion of the ‘cost’ of a 24 carton of 330 ml glass bottles.
- We have included a Gross Profit Margin of 30% - which we know is not representative of the true margins for many of our members - but it is a ‘reasonable’ target for a sustainable small business.
- We have included a 20% Gross Profit Margin for the retailers – this is representative of the major retailers.

Table 1: CDS Cost on Carton of 24 x 330ml bottles			
	Amount in \$\$	Assumptions	
Container Refund Scheme Portion Only	3.12	0.13	per container
Brewer Margin	1.34	0.30	30 % target Gross Profit Margin
Brewer sell price	4.46		
Retailer buy price	4.46		
Retailer margin	1.11	0.20	20% target Gross Profit Margin (which is higher on 6 packs)
Retailer sell price	5.57		
Retailer sell price inc GST	6.13		
Consumer pays for the Container Refund Scheme	6.13	pr carton	to get \$2.40 back

What this illustrates is that because a small producer pays the mandated Scheme fee at the front end of the supply chain – all other margins and taxes are paid on top of the cost to the producer resulting in the consumer paying an additional \$6.13 per a 24 carton just for the container refund scheme in the hope that they can earn back \$2.40.

There are two dominant retailers who play a significant role in the lifecycle of a container and interactions with the customer – who other than for their own containers – have very limited accountability for the Scheme. For example, they do not share in any of the cost increase or administrative burden for small businesses – retaining their profit margin at all costs.

Similarly, the majority of our member use aluminium cans. There is a duopoly in Australia for aluminium cans – where there is no accountability or obligation from the makers of the container to share in the cost increases created by the Scheme. For VISY, they are able to price-set costs for small brewing businesses, and then also make profits as the network operator/ collector at some points in Queensland and other states.

Why is it that all of the large entities can avoid any mandated accountability while small producers are squeezed in the middle of a supply chain and are expected to be able to absorb the cost of the scheme?

It is hard to argue that, in a cost of living crisis, \$6.12 additional cost of a carton to get back \$2.40 is respect for Queenslanders' money.

To the beverage manufacturer – the cost is not just the actual price per container they pay to register it is also the complex administrative and reporting burden that contributes to making the Scheme untenable.

Our members now spend time on compliance and administration that could be better focused on improving their business or growing to create more jobs.

That the additional manufacturing cost is an issue for independent breweries is not new. As part of the initial consultation of the scheme in 2016, the Craft Beer Industry Association, said that:

“[t]hese small businesses are highly sensitive to increased operating costs so ensuring a container refund scheme is well planned, implemented and managed is essential.

All efforts must be made to limit the financial and administrative burden placed on small independent brewers. Our members do not have the resources of the large brewers to be able to absorb these costs and there is a definite risk that a poorly conceived scheme could jeopardise the continued growth of our industry..”⁶

In 2018, Bargara Brewing Company from Bundaberg wrote to the then Minister for State Development to explain the impact of The Scheme on their business:

“The direct cost of \$2.38 per carton of 24 x 330ml craft beer cartons and the cost of having to redesign and reprint all of our bottle labels is a direct cost that severely impacts upon the viability of small independent breweries like our own Bargara Brewing Co. who are unable to absorb these cost into their production like larger multi-nationals, and the impact of this only serves to further erode the competitiveness of small independent brewers who have made a significantly

⁶ Letter CBIA Submission to Implementing QLD's Container Refund Scheme. Available: <https://independentbrewers.org.au/wp-content/uploads/2025/03/CBIA-submission-to-Implementing-Queenslands-Container-Refund-Scheme.pdf>

positive contribution to the local economy, employment, science, innovation and the environment.

I have calculated the direct cost to our small regional business to be in excess of \$40,000/annum.

This additional cost is completely unsustainable for our business in an industry dominated by foreign owned multi-nationals (85% market share) and would seriously jeopardise the viability of our business undoing all of the good we have done to raise environmental awareness through good beer. We would most likely have to cover the cost by a reduction in employees, as we have fixed prices to supply the major retailers (Dan Murphy's and BWS). ”⁷

Some seven years later the issues are the same but even more acute. And independent breweries hope that this review demonstrates that Government is finally listening.

Recommended Action
That the Government commit to: <ul style="list-style-type: none">a) Ensuring a sustainable future for the independent brewers who fund the scheme by adopting a whole of Government approach as part of an updated Queensland Craft Brewing Strategy. The new Strategy should address all of the issues raised by the Independent Brewers Association over the last 2 years including reducing red tape, removing the planning barriers and improving fair market access.b) Establishing a clear forum for consultation and information provision between all Government Departments and associated bodies (including COEX) with independent breweries.
Establish an exemption (or rebate) for small producers that addresses the administrative and cost burden of Scheme participation.
Extended reporting and payment timeframes for small producers.
That the Government commits to leading national harmonisation to support efficiency and productivity for small Queensland businesses.

An increase to the refund amount will be the direct reason for small brewing business closures

We are aware that there are campaigns being run by environmental groups⁸ that seek to significantly increase the refund amount.

⁷ Letter Bargara Brewing Company to Minister for State Development, August 2018. Available: <https://independentbrewers.org.au/wp-content/uploads/2025/03/Letter-regarding-container-exchange-program-Cameron-Dick-MP.pdf>

⁸ Boomerang Alliance - https://www.boomerangalliance.org.au/20c_refund_campaign

Based on publicly available information it is obvious those bodies have not consulted with small businesses to understand the true economic impact of their position.

Furthermore, the data simply does not support their claim that redemption rates will substantially increase to have a meaningful impact on the target rate of 85%.

The National Behaviour Change research⁹ demonstrates that for half of the consumers who have never returned through a CDS scheme, an increase in the refund amount would not change their current behaviour.

While it is reassuring that in the National Behaviour Change research consistent and irregular users say an increase in redemption rate would increase their participation – they are already participating and returning.

If we are seeking to substantially increase return rates – surely a focus on those consumers who do not already participate is essential to effective meaningful increases? Otherwise, in terms of the total uplift in container redemptions we are hoping that people already returning – return more containers.

Nowhere in their work have the environmental groups explained to consumers/voters that the true cost of the increase they propose would mean that almost \$10.00 per carton would be added to the cost of beer.

Should decision makers consider increasing the refund amount – we are confident that our 97 independent breweries in communities across Queensland, along with all our members that participate in the scheme, will ensure that consumers know that the significant rise in the cost of beer was a Government decision.

It would be one hell of a gamble for Government to say – we might get a small group of consistent users to return a few more containers – while we decimate an entire small brewing industry, or make beer from an independently owned small brewing business even more unaffordable.

Is that a decision this Government is really willing to take?

Is this Government willing to gamble on decimating the small locally owned businesses just to get people already participating in the scheme to return a little bit more?

National Container Refund Scheme Harmonisation

They myriad of scheme definitions, processes and duplication of effort is an unnecessary burden on small Queensland brewing businesses. Queensland breweries who sell into other states face an almost entirely different set of processes – and must register their product multiple times. The same occurs for independent breweries selling into Queensland. This means that rather than investing in growth of their businesses – small breweries are spending time on regulatory tasks.

We have been vocal in our advocacy for national harmonisation and we welcome recent correspondence from the Minister and the Department of the Environment, Tourism, Science and Innovation, and that confirms they are looking at ways to streamline requirements for beverage producers.

⁹ Environment Protection Authority Container Deposit Scheme Behaviour Change National Research, March 2023. Available: https://www.epa.sa.gov.au/files/15968_container-deposit-scheme-behaviour-change-national-research-march-2023.pdf

Our Queensland breweries look forward to working with COEX and the Government to demonstrate just how much value initiatives, such as a national portal, and further harmonisation will add to Queensland through increased business productivity.

Recommended Action

That the Government commits to leading national harmonisation to support efficiency and productivity for small Queensland businesses.

Meaningful ways to move towards the 85% target return rate

Given the complex nature of the Scheme, it is our view that there is no silver bullet that will immediately create a meaningful increase in the return rate, rather that there are a number of steps that can be taken to unlock the potential in the existing scheme – that would not immediately drive up the cost for small manufacturers.

It's a container refund scheme after all

Consumers remain confused about which containers can be included in the scheme – and as a result put everything into their yellow bins at home. This is a container refund scheme – not a beer and soft drink scheme.

And while we are grateful that wine and beer have been included there are plenty of other beverage and food containers that should be included in the scheme.

The inclusion of more containers would have two benefits:

1. It creates increased certainty for the consumer incentivising them to participate with all containers;
2. It spreads the cost of running the Scheme across more industry sectors – going some way to ameliorating the over reliance on beer and soft drinks.

Recommended Action

Expand the eligible containers participating in the Scheme.

Make returning easier

We are aware that there are a number of 'refund point deserts' particularly in south-east Queensland and that one of the main reasons for this is due to restrictive planning regulations and lengthy approval timelines.

Independent breweries know all too well how challenging land use planning can be and how difficult it is for planning departments to wrap their heads around.

The answer to this conundrum is within the Government's power to rectify. It seems the easiest win to facilitate a planning scheme that could accelerate the number of new return points and would have an immediate and meaningful impact on consumers' ability to easily participate in the scheme.

Many of the 97 independent breweries in Queensland are hospitality venues – many in non-traditional zoning such as industrial areas which seems a significant opportunity to partner with those venues as collection points.

This would increase foot-traffic for the venues and enable them to directly support their chosen local charities and communities that they are already so connected to.

Recommended Action
Direct relevant changes to the planning schemes across Queensland and provide Local Government with the resources they need to better facilitate an increase in return points across the state.
Direct COEX to explore partnerships with small producers who have venues which could be used as collection points to deliver back value to funders and increase return rates.

The Scheme has transferred independent brewers' profits to network operators who have no accountability to increase the return rate

One effect of the Scheme is that jobs have moved from the independent brewing industry into the recycling industry.

Network operators make a profit, funded by independent brewers, while independent brewers struggle to have any margin to invest in their business.

The Queensland system is unique as it provides the opportunity for a number of network operators to manage a return point and facilitate the recycling process.

But what we do know, is that those operators do not have mandated volume targets which means that they can have the exclusive rights to a 'catchment' area of households or businesses, make a profit, and never have to be part of the solution to increase the return rates.

Recommended Action
Ensure network operators have mandatory minimum return volume targets.

Increasing transparency and adding value for Scheme funders

Small beverage manufacturers are funders of the Scheme.

For many, their financial viability is directly impacted by the Scheme and yet there has been very limited acknowledgement by Government or COEX that they are in fact, the funders of the scheme.

While we appreciate independent brewing producers contribute a small financial amount to the overall cost of the Scheme – the impact on them is significant. And there is considerable frustration at the lack of simple to understand and quality information that helps independent breweries understand what, in fact, they are getting for their money nor are they provided with information on the environmental outcomes they are contributing to.

Which it is why it is seen as a tax.

During the consultation for the implementation of the scheme, the CBIA said explicitly that industry wanted a single scheme co-ordinator because:

“The relationship between our members and the Scheme Co-ordinator will be critical for the good management of the scheme. To ensure that this relationship is constructive we believe that a single Scheme Co-ordinator is most appropriate.

It is important that the Scheme contains the appropriate checks and balances and level of transparency that enables our members to have faith in their relationship with the Scheme Co-ordinator with regards to the handling of sales data and dispute handling.”¹⁰

It is safe to say that other than a relationship based on the transactions necessary for the Scheme (registration, sales data lodging etc) our members have had very limited engagement by the Government or COEX over the life of the Scheme and have limited information on how or why their funds are being spent.

None of the documentation from Government or COEX explicitly states that as return rates increase, the cost to the producer will increase because the Scheme becomes more expensive to run.

Small producers, and indeed the public, deserve to understand the reality of the scheme that they pay for. And surely, the Government has a responsibility to explain to producers what benefits they are receiving and what is done with the profits?

Recommended Action	
<p>That the Government commit to:</p> <ul style="list-style-type: none"> a) Ensuring a sustainable future for the independent brewers who fund the scheme by adopting a whole of Government approach as part of an updated Queensland Craft Brewing Strategy. The new Strategy should address all of the issues raised by the Independent Brewers Association over the last 2 years including reducing red tape, removing the planning barriers and improving fair market access. b) Establishing a clear forum for consultation and information provision between all Government Departments and associated bodies (including COEX) with independent breweries. 	

¹⁰ Letter CBIA Submission to Implementing QLD’s Container Refund Scheme. Available: <https://independentbrewers.org.au/wp-content/uploads/2025/03/CBIA-submission-to-Implementing-Queenslands-Container-Refund-Scheme.pdf>

Direct COEX to explore partnerships with small producers who have venues which could be used as collection points to deliver back value to funders and increase return rates.	
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Queensland can continue to show national leadership with onshore recycling

The Scheme is just one element of an effective and sustainable circular economy and waste strategy.

One of the frustrations that our members routinely raise is that they are required to contribute to a system where there is no significant investment by governments at any level to invest in on-shore processing/ recycling of aluminium – which would support a true circular economy. We are small businesses doing our bit – why isn't everyone else?

As noted above, independent brewers rely primarily on aluminium cans as the container for beer. Australia lacks on-shore capacity for recycling which means the materials must be shipped overseas for recycling. There is an opportunity to drive more meaningful manufacturing jobs in Queensland while delivering a best-in-class circular economy by incentivising the establishment of onshore recycling facilities for aluminium here in Queensland.

Recommended Action
Take a best-in-class approach to the circular economy and establish aluminium recycling processing facilities in Queensland.