

## **Inquiry - Improving Queensland's Container Refund Scheme**

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| <b>Submission No:</b>      | 53   |
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Approved by: Management Committee

## **SUBMISSION TO: Inquiry into Improving Queensland's Container Refund Scheme [amended 010425]**

### **1. Introduction**

Total Environment Centre and the Boomerang Alliance are the major non-government environment groups that worked with the community and government to obtain a Container Refund Schemes (CRS). We continue to monitor and make recommendations for its improvement in Qld and elsewhere.

We welcome the Inquiry into the Container Refund Scheme (Containers for Change managed by COEX). A CRS is a major circular economy improvement on past recovery and recycling systems, whether voluntary by industry or kerbside collections – and Qld should strive for the best possible scheme. This was a key intention with the setting of an 85% recovery target by 2021-22. We note that the best container return schemes in Europe achieve return rates about 95%, something that QLD should seek to emulate in the future. As implied in the Inquiry's terms of reference, there are questions about the structure and capacity of the CRS that arise, as it has not achieved the 85% target.

The Inquiry is also an important transparency action which could set conditions for improved regular transparency by COEX. Transparency is a key to ongoing public confidence in the scheme.

In April 2019 a CRS Health Check was commissioned by the State Government and produced by PriceWaterhouseCoopers (PWC). The Health Check was designed to gauge progress on the CRS after 6 months and to identify any issues that needed to be addressed to ensure the scheme was operating well and could meet its targets. Despite repeated requests and our FOI application, this report was not made public.

In June 2020 Total Environment Centre issued its own [Health Report](#) noting, *"The key to a successful, and best practice scheme is to attract as many eligible containers as possible; have a suitable incentive (a refund); and provide an accessible and convenient collection network that encourages as many consumers as possible to return their containers"*. We warned of limitations in Containers for Change that put the target at risk, as well as additional concerns about transparency and culture.

Our submission reviews the report's recommendations and other related matters of the refund level and access to refund points by the population.

## 2. 2020 Health Report Recommendations (2025 comments in italics)

Recommendation 1: The State Government requires COEX to change its culture and procedures to meet public expectations on transparency and accountability. The State Government should insist upon greater transparency regarding the progress and performance of the CRS; and ensure release of key reports and data.

*There has been little positive change since our 2020 report. One significant negative change has the removal of the detailed dashboard showing monthly sales and returns (NSW has an ongoing dashboard [here](#)). Of further concern is the lack of clarity about the impact of the inclusion of wine and spirit bottles on the recovery rate, because the additional sales data for such beverages may or may not have been included in the overall sales data.*

Recommendation 2: COEX needs to achieve the same quality of data and reporting as in NSW and subject it to independent audit.

*See above.*

Recommendation 3: The State Government should be considering an expansion to the scope of the CRS to include other beverage containers that could be collected by the CRS in the future. This should be done in collaboration with other jurisdictions and with input from industry and community stakeholders. The issue of recycled content could also be explored.

*Due to procrastination of other states, Qld moved ahead with the welcome addition of wine and spirits in bottles. Other states will eventually follow. A further expansion could be non-beverage recyclable containers and reusables (both with a refund), which would make greater use of the CRS collection infrastructure.*

Recommendation 4: With two CRS governance models emerging in Australia, other jurisdictions considering the design of their CRS need to seriously investigate the benefits and costs of separating the roles of Coordinator and Network Operator; and the single PRO model.

*There is an ongoing tension between the beverage company representatives who wish for a low cost collection system versus maximising the number and convenience of refund points - embedded in the COEX structure as both Coordinator and Network Operator. This would have retarded the quality and type of refund points deployed in Qld. The Committee should investigate the governance model and decision process over the last few years that has led to the current refund point outlays.*

Recommendation 5: Environment groups have consistently called for more engagement by the retail sector in locating refund points and TEC recommends government devise ways this can occur.

*Government has to date done little in this area.*

Recommendation 6: The State Government must require COEX to publish its budget, strategies and plans for the coming year, and each subsequent year. COEX as a not-for-profit business, should provide public reports and analysis about its strategies, procedures and performance. In addition, an annual strategy should be published explaining its investment strategies for the coming year to develop and implement its collection network in Queensland. Formal CRP operator consultations and with other stakeholders/public consultation should accompany this.

*One of the reasons for this recommendation was the accumulating profit in the accounts and its purpose. Unlike the NSW CRS Coordinator which makes no profit, the Qld entity attracts*

**Recommendation 7:** The State Government immediately review COEX operations (including the performance of existing refund points) and future strategies and revise, where required, investment strategies that will ensure container return targets will be met. COEX should publish identified milestone targets and updates on progress towards meeting its 85% + container return target by 2021/22.

**Recommendation 8:** The State Government should instruct COEX to establish formal links and regular consultations with established community environment and social groups about the expansion and maintenance of an effective refund and donation point network.

### 3. Key settings that will improve performance

### 3.1 Increase the refund

Inflation and the low 10c starting point will erode the incentive and probably have already begun to do so, as there is increasing evidence that returns are plateauing nationally and even in the best performing state of South Australia. The loss of material for the circular economy and the growing reprocessing sector (now complaining about the lack of plastic and glass containers) and ongoing environmental benefits should not be allowed to decline.

Omnipoll, Dec 2022

| Would you participate more or not in this refund scheme if the refund per container was raised from 10cts to 20 cents? |       |            |        |          |      |        |      |
|--|-------|------------|--------|----------|------|--------|------|
|  |       | AREA       |        |          |      |        |      |
| Column %   | TOTAL | 5 Cap City | X-City | NSW/ ACT | QLD  | SA/ NT | WA   |
| Yes, I'd participate more  | 58%   | 57%        | 60%    | 56%      | 60%  | 62%    | 61%  |
| No, it would have no effect on my participation  | 34%   | 35%        | 33%    | 36%      | 33%  | 36%    | 30%  |
| Can't say  | 7%    | 8%         | 7%     | 8%       | 7%   | 2%     | 8%   |
| NET  | 100%  | 100%       | 100%   | 100%     | 100% | 100%   | 100% |
| Column n   | 698   | 411        | 287    | 279      | 168  | 128    | 123  |
| Column Population  | 11476 | 6967       | 4510   | 5235     | 3254 | 1329   | 1658 |
| Total sample; Weight: WEIGHT_NEW; base n = 698; total n = 1228; 530 missing; effective sample size = 561 (80%)         |       |            |        |          |      |        |      |
| Multiple comparison correction: None (p = 0.05)  |       |            |        |          |      |        |      |

The Hudson Howell 2024 report ('Economic Review – The Impacts of Raising the Refund to 20c') found:

*Based on this international evidence, a 20cent refund in Australia today could potentially increase return rates up to 90%. This is a logical extrapolation based on the current South Australian return rate of 77.5% at a CPI deflated refund of 6.5 cents (2008 to 2023), with the need for a 15 cents refund to maintain parity with the 10 cents introduced in 2008 that achieved an 81.4% return rate within 3 years. A 20 cents refund rate today (5 cents above a CPI adjusted rate) could, on the basis of international experience, achieve 80% to 90% return rates across Australia following introduction (with existing collection networks). (p5)*

A greater return rate will lead to more jobs in transport and sorting; and a larger material supply supporting expanded domestic reprocessing.

### **3.2 More and Better Refund Points**

The initial stages of the Qld CRS were bedevilled with poor access and convenience. This can be a major problem as one or two bad experiences will deter ongoing participation. TEC undertook a [review](#) of 129 Qld refund points in 2020 and found:

*35 refund points were not operating correctly – no QR codes or replacement numbers and/or no orange bags and information on where to get them. One remained on the website despite the operator desiring its removal. 38% of refund points either don't exist, are closed or not operating correctly. All mobile/pop up points (except Return-it Victoria Point) were problematic due to opening times. Many had limited opening hours which could be improved to suit busy times (many closed on weekends).(p3)*

The position has improved somewhat but compared to NSW today and Victoria in its first year (2024), which have more refund points per thousand people, there is still a paucity of reverse vending machines in Qld (in 2024 just 27, with 175 bag drops and mobile points out of 354 in total – less than total for 2023<sup>1</sup>). Further, the Greater Brisbane and Gold Coast regions only have **1 refund point per 25,000 people**<sup>2</sup> – a very poor situation (up to double other states), likely disadvantaging the population.

One of the risks of this problem infrastructure in Qld is that while collections may still occur at reasonable levels for a while from large collectors (coming through depots), there is a declining level of participation by households and they are less able or inclined to collect their refund and defray any additional cost that has been imposed on the beverage.

Key improvements are:

- 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. In Queensland all container refund points—including RVMs—require Council approval via a development application.
- more collection points closer to home can be solved by a return to retail option that involves supermarkets and local shopping centres participation
- promote and extend the household collection service to increase participation
- tailored strategies for problem collection areas should be developed. These include for multi dwellings, shopping centres, public places and services for community events
- dedicated collection strategies for remote and indigenous communities should be enhanced

<sup>1</sup> Less in total than in 2023 with 362

<sup>2</sup> 139 refund points (COEX Annual Report 2024); Population 3.47m