

Inquiry - Improving Queensland's Container Refund Scheme

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Submission to the Parliamentary Inquiry into Improving Queensland's Container Refund Scheme

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Overview of Coca-Cola Europacific Partners

Coca-Cola Europacific Partners (CCEP) bottles Coca-Cola beverages, handling their preparation, packaging, and distribution across Australia. With over 85 years of serving local consumers, CCEP operates an extensive logistical network, spanning more than 146,000 customer outlets and employing more than 3,000 people across 13 manufacturing facilities.

In recognition of the environmental impact of our packaging, we have committed to a set of ambitious sustainability goals, to:

- Design 100% of our primary packaging to be recyclable by 2025.
- Incorporate 50% recycled plastic in our PET bottles by 2025.
- Eliminate oil-based vPET in our bottles by 2030.

As a result, CCEP's role has broadened from a beverage business to becoming an innovator in Australia's circular economy. These commitments have led to substantial, ongoing investment in several key areas:

- **CDS infrastructure:** Towards creating a closed-loop system for our packaging, we partner with industry peers and State and Territory governments to establish and operate Container Deposit Schemes (CDS) across Australia. Our co-investment in CDS, like Queensland's Containers for Change (the **Scheme**), is the primary way we take responsibility for the life of our packaging across the country.
- **Recycling infrastructure:** We are a partner in two large-scale recycling plants in Albury, New South Wales, and Altona North, Victoria, through Circular Plastics Australia (PET) – a joint venture between Pact Group, Cleanaway, CCEP, and Asahi Beverages. Each plant has the capacity to recycle up to one billion PET bottles per year (excluding caps and labels).
- **Research and Development:** We optimise the sustainability of our packaging through innovative research and development across our supply chain.

CCEP and Queensland

We are proud that our largest production facility in Australia is located at Richlands, where we have been proudly operating for over three decades. This site is complemented by an additional 19 distribution sites, warehouses and sales offices in the State, reaching as far north as Cairns.

We have a workforce of nearly 700 people across Queensland, providing high quality jobs, stable incomes and custom to local businesses. Reflecting our continued commitment to Queensland's manufacturing industry, we recently made a \$100 million multi-year investment in the Richlands site which will continue to underpin our annual economic contribution, estimated at \$313 million in 2021.

The importance of cross-sectoral collaboration

Building and sustaining a high performing recycling system is a challenging task which requires commitment and action from every sector. This includes businesses, all levels of government and the community.

This spirit of cross-sectoral collaboration has never been more important as the Queensland Government aims to maximise waste reduction and recycling performance, without compromising efficiency.

In this context, Container Deposit Schemes (CDS) demonstrate the power of public and private sector partnership to achieve a common environmental goal, and we are proud to have played a part in bringing a scheme to each Australian State and Territory.

The inception of the Scheme

When the Scheme was established in 2018 by CCEP, Lion and the Queensland Government, it marked the introduction of a new, ground-breaking approach to operating a CDS in Australia.

To recap, the promise of this new producer responsibility model lay in the following attributes, it would:

- Achieve a recovery rate of 85%;
- Offer a single point of accountability for scheme performance;
- Provide lower price impacts for the community compared to other models;
- Deliver a balanced, open refund point market, so a broader cohort of people could participate (for example, it would incentivise operators to serve Remote Indigenous Communities which might otherwise not be served by alternative models);
- Leverage more 'over the counter' or 'manual' collection options (versus primary reliance on automation). This, in turn, would better share financial and employment opportunities with the local community (particularly vulnerable groups, charities, community organisations, sporting clubs and councils); and
- Better distribute the dividends of operating the scheme with local businesses, social enterprises and the community.

While the Scheme has not achieved an 85% recovery rate overall (with the exception of some regions like North Queensland), no other State or Territory CDS has. This includes the venerable South Australian CDS, which, at nearly fifty years old, and with a return rate of around 75%, is widely regarded as the country's most successful.

Notwithstanding this, as outlined in Table 1 below, the Scheme has delivered many wide-ranging benefits which continue to reinforce its status as the leading model in the country.

Six years on, we have the opportunity to consider how to take the Scheme to the next level, and just as partnership with Government was crucial then, it will remain so for the next phase of Container Exchange's (**COEX**) life.

Table 1

General benefits of a CDS	How the Scheme demonstrates these benefits
<ul style="list-style-type: none"> By assigning a value to waste, CDS reduce litter substantially, decreasing the number of eligible containers which end up in the natural environment. 	<ul style="list-style-type: none"> The Scheme has facilitated the return and recycling of 9.8 billion containers for recycling in only 6 years (reaching recovery of 67.6%).
<ul style="list-style-type: none"> CDS increase the recycling rate of eligible containers, ensuring valuable material is given another life rather than ending up in landfill. 	<ul style="list-style-type: none"> The Scheme is outperforming other prominent schemes on a per capita basis despite Queensland's vast size, remote locations and terrain (e.g. 354 containers collected per capita, compared to 264 in NSW). The cost of the Scheme (22.5c per container) is the second lowest in the country, behind New South Wales (20c per container), a smaller and less geographically complex State. This efficiency is further supported by COEX retaining ownership of the valuable material it collects, the sale of which helps to fund the Scheme.
<ul style="list-style-type: none"> CDS generate employment and economic opportunities, both directly and indirectly. 	<ul style="list-style-type: none"> The Scheme has created 1,580 jobs for people across Queensland in a way which maximises initiative, entrepreneurship and local economic return. The Scheme enables people in Remote Indigenous Communities to participate meaningfully (16 of 18 First Nations LGAs are serviced by the scheme). 13 social enterprises operate in the Scheme network or supply services or products to the scheme.
<ul style="list-style-type: none"> CDS offer fundraising opportunities for local sports clubs, schools, and community groups, fostering community involvement and environmental stewardship. 	<ul style="list-style-type: none"> The Scheme has facilitated the return of \$980 million in refunds to individuals, charities and community groups. The Scheme has made possible \$16.6 million in refunds to charities and community groups specifically.

Taking the Scheme to the next level

As at December 2024, the Scheme's recovery rate was 67.6%, placing it among the best performing schemes nationally.

While this result is to be commended, it is useful, when considering how to improve the Scheme's performance, to break the recovery rate down by the three largest material types in FY24:

1. Aluminium – 1 billion volume – recovery rate of 69.1%
2. Glass – 537.8 million volume – recovery rate of 88%

3. PET – 510 million volume – recovery rate of 57.1%.

This analysis reveals that collecting PET containers remains challenging, despite COEX's strategic approach and the range of innovative collection initiatives it continues to implement.

Importantly, this phenomenon is not unique to Queensland and continues despite very strong demand for PET material after it has been processed by a CDS.

Each year schemes across the country collect approximately 50-55,000 tonnes of a possible 80-85,000 tonnes of PET. Unfortunately, the remaining volume ends up in landfill.

This loss is primarily due to the non-participation of the commercial, government, and industrial sectors in their local schemes.

In our experience, several factors contribute to this inertia, including:

- Existing waste contracts which lock out or preclude support for CDS participation;
- The perception that adjusting waste routines to include CDS would be difficult and costly; and
- A lack of awareness among businesses about how best to support their local scheme, and the rewards of doing so.

The impact of losing eligible containers from each scheme is multifaceted. If recovered, these containers could:

- Remain out of the natural environment;
- Be recycled into new packaging, conserving resources and reducing emissions compared to packaging made from virgin plastic;
- Supplement local supplies of recycled material, which will be increasingly important as legislated recycled content thresholds loom; and
- Generate deposits to support NGOs, social enterprises, businesses and households

While this challenge is not confined to one state, the Queensland Government has a unique opportunity to lead the nation by being the first jurisdiction to meaningfully address it.

As such, as an overriding priority, we would urge the Queensland Government to implement policies which stem the loss of beverage containers to landfill each year (particularly those made from PET) and optimise the purity of those containers currently collected through existing waste infrastructure.

In our view, these policy directions represent the most impactful way to substantially improve the Scheme's recovery rate and overall performance.

Specifically:

1. **Increase the number of collection points across the State:** Enable the establishment of more collection points, through, for example, streamlining local government approvals. It is essential to maximise the opportunity for all Queenslanders to participate in the Scheme. On this point, CCEP is looking to play a part by considering how to accommodate collection points at various locations around the country.
2. **Implement mandatory separation and recycling of eligible containers in public properties:** This policy direction should encompass government-owned and operated facilities. By targeting these public spaces, the Queensland Government could significantly boost collection rates and send a powerful signal of support for the Scheme.

3. **Require collection and recycling of eligible containers in all commercial and industrial settings:** These locations are often overlooked sources of eligible containers. Mandating container collection in these settings would greatly enhance the recovery of recyclable materials. Businesses who are brought into the Scheme would be rewarded with a ten-cent deposit for each container returned. This income would help to offset any costs of participating in the Scheme.
4. **Implement a levy which deters the landfilling of eligible containers:** For example, Germany's CDS, which achieves 85% + recovery rates, relies on a landfill ban on containers to motivate companies to participate, with fines up to €100,000 possible. The material which is currently going to landfill in Queensland is valuable, and capturing it will substantially increase overall Scheme performance.
5. **Improve the sortation practices of MRFs to ensure the purity of containers collected by MRFs:** In some instances, MRFs are paid ten cents for the eligible containers they collect. Unfortunately, many MRFs do not properly sort these containers, resulting in contamination and diminished quality and value on the secondary market. MRFs should be required to sort these containers and minimise contamination prior to claiming the ten-cent refund.

Conclusion

CCEP is committed to taking responsibility for the life of its packaging. One of the ways we do this is through our co-investment in CDS in every State and Territory. These schemes generate a range of social and environmental benefits for the communities in which they operate, including:

- Cutting litter.
- Boosting the recycling rate of eligible containers, ensuring valuable materials are repurposed instead of ending up in landfill.
- Generating both direct and indirect employment opportunities.
- Providing vital fundraising avenues for sports clubs, schools, and community groups, fostering greater community involvement and environmental stewardship.

To date the Scheme has delivered these benefits in an effective way to the advantage of Queenslanders in metropolitan, regional and remote locations.

To allow the Scheme to reach its full potential, we would strongly encourage the Government to partner with COEX to introduce policies which maximise container collection (particularly PET), by:

- Increasing the number of collection points.
- Mandating separation of eligible containers in public properties.
- Enforcing eligible container collection in all commercial and industrial settings.
- Implementing a deterrent landfill levy.
- Improving the sortation practices of MRFs.

By implementing these policies, the Queensland Government could lead the nation on recycling performance, to the enduring benefit of the environment and the community.

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Submission to the Parliamentary Inquiry into Improving Queensland's Container Refund Scheme (Supplement)

April 2025

Coca-Cola Europacific Partners (CCEP) has been serving Australian consumers for over 85 years, managing the preparation, packaging, and distribution of Coca-Cola beverages. With a logistical network spanning more than 146,000 customer outlets and employing over 3,000 people across 13 manufacturing facilities, CCEP is a significant player in the industry.

In Queensland, CCEP's largest production facility is located at Richlands, complemented by 19 distribution sites, warehouses, and sales offices across the state. Employing nearly 700 people, CCEP provides high-quality jobs and supports local businesses. A recent \$100 million investment in the Richlands site underscores CCEP's commitment to Queensland's manufacturing industry, contributing an estimated \$313 million annually to the economy.

CCEP is proud to have co-founded Queensland's Container Refund Scheme (Scheme) with Lion in 2018, and, for the reasons noted in our main submission, continue to see it as the leading model for CRS in Australia.

The risks of increasing the deposit rate of the Scheme

The ten-cent deposit is one of a range of factors which influence participation in the Scheme. However, our strong view is that raising the deposit rate from ten cents would bring pain to consumers (particularly those from lower socioeconomic income groups) and the businesses who employ them, without sustainably increasing return rates.

From a public policy perspective, it is not equitable to charge consumers more for the opportunity to participate in a recycling program which was set up for their social and environmental benefit. Ultimately, they and the beverage industry fund the deposit and an increase would necessarily translate into a more expensive shopping basket and higher costs of doing business.

Instead, we suggest the emphasis should be on making it as convenient as possible for every Queenslanders to participate, whether they live in a regional, remote or metropolitan location. This focus on access and convenience should be complemented by policy measures to prevent the loss of eligible containers and MRF-collected material.

In this context, the experience in South Australia is instructive. In 2008, South Australia doubled its deposit rate to 10c, which spurred a 10% increase in recovery rates over the subsequent three years. However, inflation soon eroded the real value of this increase, resulting in a steady decline in the recovery rate after this small uptick. We suggest the same would be the experience in Queensland – a transient uptick (around 8-15% perhaps), funded by Queenslanders and businesses who can ill afford it.

As such, we would caution against a narrow focus on the deposit rate as the panacea to increasing the Scheme's performance. Instead, we would urge a focus on a range of proven, high impact measures which are not inflationary and which will be more likely to increase return rates in a sustained way. Namely:

- Increasing the number of collection points (by, for example, streamlining local government approvals for new sites).
- Mandating separation of eligible containers in public properties (Government-owned properties could set the example for other settings across Queensland).

- Enforcing eligible container collection in all commercial and industrial settings (too many containers are lost in these locations – bring them into the Scheme and pay businesses for their participation via the deposit).
- Implementing a deterrent landfill levy (drawing on the EU experience, implement landfill levies which meaningfully deter disposal of eligible containers in landfill).
- Improving the sortation practices of MRFs (many MRFs do not properly sort the containers they collect, resulting in contamination and diminished quality – they should only receive a refund if the containers are properly sorted).