

Inquiry - Improving Queensland's Container Refund Scheme

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Mr Robert (Rob) Molhoek MP,
Chair, Health, Environment and Innovation Committee
Parliament House
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Lodged via [online portal](#)

4 April 2025

Dear Mr Molhoek MP

Re: Inquiry into improving Queensland's Container Refund Scheme (CRS)

Thank you for the opportunity to provide feedback on the Health, Environment and Innovation Committee's inquiry into improving Queensland's container refund scheme (the Scheme). The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body representing Australia's \$17 billion waste and resource recovery (WARR) industry. With more than 2,300 members from over 410 entities nationwide, we represent the breadth and depth of the sector, including representation from business organisations, the three (3) tiers of government, universities, and Non-Government Organisations (NGOs), including research bodies. In Queensland, WMRR represents over 380 individual members from than 50 entities.

WMRR strongly advocates for a systems-based approach to managing materials in Australia with the clear goal of using less for longer. This includes fierce advocacy of the waste and resource management hierarchy, which promotes avoidance of waste, and the diversion of suitable materials from landfill through preference for the reuse, recovery, recycling and composting of appropriate resources.

WMRR applauds the Queensland Government for undertaking this Inquiry into Queensland's container refund scheme (CRS) including COEX who manages Containers for Change. Whilst COEX is the Administrator of the Scheme, it does so on behalf of the Government and not the beverage industry. This often gets lost in the approach and manner of COEX towards the Scheme and the Scheme participants. The CRS is a community Scheme aimed at increasing recycling rates of beverage containers and rewarding the community for doing so. Whilst there are clear actions that Government can take to assist in increasing return rates - for example increasing the refund amount to 20c from the current 10c - WMRR would submit that the structural and systemic issues in the design and rollout of the Queensland CRS scheme, coupled with the culture and approach of COEX, are having the greatest deleterious impact on Scheme participation and return rates.

WMRR is a strong supporter of container refund schemes, having actively participated in the design of every state-based scheme since 2014. The WARR industry recognises that extended producer responsibility (EPR) schemes such as this, are vitally important to improve product design, fund infrastructure investment and create market demand for recycle for remanufacturing (ideally in Australia). Nationally, we have seen the presence of such schemes provide valuable inputs into domestic remanufacturing. However, to date we have not witnessed these benefits or investments to the same extent in Queensland. Regrettably, in WMRR's view, this is due to the approach of COEX to the Scheme.

From the commencement of designing the Scheme in 2017, WMRR raised that there are two (2) significant features of a best practice CRS that will drive the increase in the return of containers, these being ease of access to redemption sites and facilities, as well as community engagement. The government must take this opportunity to review the Scheme to better align the Scheme and its delivery with the government and community objectives of delivering the highest quality, most accessible Scheme. The most expensive scheme,

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from a customer's perspective, is one in which they cannot easily redeem their container for the refund amount, which is what Queensland is experiencing at present. Not only is Queensland the most expensive scheme to operate (per container), but it also has the least depots per person of any of the Australian states (eg 1:15,617 compared with 11,510 in Victoria and 11,482 in WA).

In WMRR's view the Inquiry is also an important transparency action which must set conditions for improved regular transparency by COEX on all aspects of the Scheme. Transparency is a key to ongoing public confidence in the Scheme and regrettably is not something that there has been a great deal of evidence of with COEX in recent years. From the outset, the lack of a public tender for the Product Responsibility Organisation (PRO) and the direct appointment of an organisation that represents the beverage industry, undermined the Scheme's commitment to transparency or ability to meet its stated objectives. The COEX appointment did not have sufficient checks and balances or independent governance and oversight, and has resulted in WMRR's view, in lower coverage and investment in Queensland than any other State, meaning the Queensland community is missing out on valuable income. Consequently, despite what has arguably been the largest investment in recycling infrastructure the State has seen, intended to increase recycling and complement existing waste infrastructure and collection activities, in 2025, Queensland finds itself at the mercy of an organisation that has no skill in this area, and little interest in achieving these stated 99H outcomes, given the increased recovery of beverage containers directly impacts the commercial position of COEX Board members.

Despite WMRR's active participation in Scheme design, regrettably, in our opinion, the views of the waste and resource recovery industry were not given the same weight as those from the beverage industry. Whilst WMRR appreciates that revisiting the history of this Scheme's development is not in the best interests of any party, the concerns of the waste and resource recovery industry that were held from the outset have proved to be correct and become significant inhibitors to creating an accessible and successful scheme for Queensland.

WMRR has provided specific comments addressing each aspect of the Inquiry at [Annexure A](#). WMRR is keen to present at the Committee Hearing and has completed the request. Please contact the undersigned if you wish to further discuss WMRR's submission.

Yours sincerely



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| 1 | The current state and operation of Queensland's container refund scheme and its efficiency and effectiveness in meeting the scheme's objects as outlined in section 99H of the Waste Reduction and Recycling Act 2011. | <p>Section 99H of the Act states that the main objects of this part are to—</p> <ul style="list-style-type: none"> (a) increase the recovery and recycling of empty beverage containers; and (b) reduce the number of empty beverage containers that are littered or disposed of to landfill; and (c) ensure the manufacturers of beverage products meet their product stewardship responsibility in relation to their beverage products; and (d) provide opportunities for social enterprise, and benefits for community organisations, by— <ul style="list-style-type: none"> (i) making funds available through the payment of refund amounts for empty beverage containers; and (ii) creating opportunities for employment in activities related to collecting, sorting and processing containers for recycling; and (e) complement existing collection and recycling activities for recyclable waste. <p>Queensland's recovery rate is at 67.4% with 57% via the network and 10.4% through the MRFs.</p> <p>In Queensland there are currently 354 container collection points, consisting of 27 Reverse Vending Machines (RVMs), 108 bag drops, 67 mobile and 152 depots. At the scheme commencement there was a requirement of 307 container collection points - meaning that over the course of the scheme, we have only seen an increase of 47 (15%) additional collection points. This is in stark contrast to the accessibility of the scheme in other states, such as NSW, which commenced in late 2017 and now has over 630 collection points. WMRR considers this number to be inadequate and also has concerns about the mix of site types. Whilst WMRR appreciates that there is a significant difference in geography and demography between these states, all CRS schemes were developed with <i>community access standards</i> to ensure ease of access including per head of population, travel time and availability time. It is regrettable that there is no transparency or demonstration as to how COEX is complying with these. WMRR strongly believes that they are not, as evidenced by the low volume of containers collected.</p> <p>Further with no transparency of compliance with access standards, there is no clarity on how far people need to travel to access a redemption point, but also no clarity on how close these sites are to each other. The distance between sites is an important metric not just for community, but also operators of sites. It is vital that these sites are financially viable in order that they can continue to operate sustainably and provide a quality service to the community. The approach by COEX to collection point operators will be discussed further below.</p> <p><i>Recommendation 1. Government to Publish the community access standards and report on COEX's compliance with these quarterly.</i></p> |

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| | | <p>There is significant evidence to indicate that the refund amount on all CRS schemes in Australia are too low at 10c and should be increased. The Hudson Howell 2024 report (<i>'Economic Review – The Impacts of Raising the Refund to 20c'</i>) found:</p> <p><i>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)</i></p> <p><i>Recommendation 2: The refund amount should be increased to 20c with an agreed periodic review and CPI adjustment to ensure that it both keeps pace with inflation as well as acts as an incentive to return.</i></p> <p>WMRR specifically wishes to address 99H(e) complement existing collection and recycling activities for recyclable <u>waste</u>. When CRS was being developed nationally, we were at pains to point out that unlike South Australia who developed their Scheme almost 45 years ago, (i.e. before the advent of kerbside recycling and yellow top bins), the more recent Schemes were being developed following significant investment in Material Recovery Facilities, as well as processing and collection contracts for 'recyclables' by local government, which for a large part the CRS scheme would cover as 'eligible containers'.</p> <p>As such, it was vital (and hence the inclusion of this objective) that the Scheme did not cannibalise this feedstock and in fact, particularly in regional Queensland, worked with (where possible) the existing regional activities and infrastructure. Due to smaller population and distance, recycling outside of SEQ can be commercially challenging. However, the Scheme provided a real opportunity to address this by at least working with (not against) councils and the WARR industry to leverage the Scheme to assist with the viability of these services particularly in regional areas. Whilst the development of the MRF Protocol to enable redemption through the MRFs and returns to Councils and processors is one area in which this was achieved, there were many areas where it was not, such as-</p> <ol style="list-style-type: none"> 1. The creation of the portal to buy and sell the collected container commodity material (setting up direct competition to MRFs attempting to sell their materials); 2. Co- locating aggregation and processing facilities under the Scheme with existing Regional WARR facilities (such as Mackay), assisting with their ongoing sustainability- was not even attempted; and 3. Refusing to date to enable COEX sites to assist in the collection of other source-separated materials under other possible stewardship schemes, given that COEX considers the collection of anything other than beverage containers to be outside their core business. |

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| | | <p>Consequently, in WMRR's view, recycling in regional areas is becoming increasingly threatened given reduced feedstock for MRFs and cost of transportation, and the Queensland Government has not been able to leverage the investment in the Scheme to assist with broader source separated collections under other stewardship schemes. What could have been a strong addition to WARR activities in Queensland, has had a deleterious impact on councils and failed to leverage a statewide WARR network for the community.</p> <p><i>Recommendation 3: The collection network to be made available for broader stewardship collection activities and the Scheme is to work with regional councils to identify co-location and investment opportunities.</i></p> <p><i>Recommendation 4: Culture of COEX and approach to be amended to demonstrate partnership approach to the WARR Industry.</i></p> |
| 2 | <p>The efficiency and effectiveness of the scheme's administration by Container Exchange (Qld) Limited (COEX) as the appointed Product Responsibility Organisation under the Waste Reduction and Recycling Act 2011, including:</p> <p>a) its progress towards achieving the container recovery rate of at least 85 per cent for each financial year;</p> <p>b) the availability of refund points across Queensland to provide the community with access to a place to return empty beverage containers in exchange for a refund; and</p> <p>c) the final processing and utilisation of recycled</p> | <p>A) Administration</p> <p>The administration of the Scheme is compromised from the outset given the competing objectives between the PRO (to manage the commercial impact of the Scheme on its members) and the Objectives of the Scheme. This conflict manifests itself in a culture in COEX where collection points are treated poorly, there is an attitude that operators are 'servants' to the master that is COEX and there is a clear strategy of keeping depot operators small and diversified. Examples of this include-</p> <ul style="list-style-type: none"> Collection points cannot innovate and are not allowed to 'own' their customers, examples of where innovation has been introduced by collection operators (for example home collection) are then made mandatory and with no funding across the network, disincentivizing innovation and investment as costs cannot be recouped. There are examples contract terms being punitive and additional responsibilities being placed on depots without any further remuneration, including for example having to meet signage and branding requirements, additional transportation and loading, yet no funding provided. Containers are required to be sorted into seven (7) unique fractions which no other state requires that limits technological innovation and investment. Only COEX is aware of what depots are opening where, this has led to over servicing in some areas, depots opening next to each other and cannibalising existing operator clientele and undermining investment. <p>It is also unclear how COEX has reached the administrative size it has given the lack of customer-facing or frontline services it delivers. Of equal concern is that COEX as a Not For Profit entity has \$190million in equity (albeit it has no sites) and a \$60 million term deposit. These funds should be invested in the Scheme to assist with technology, innovation and advertising to improve the scheme and its effectiveness. There was a review undertaken of the Scheme and its operations by PWC in 2019, however this was never made publicly available.</p> |

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| | products, ensuring transparency and public oversight. | <p>COEX has no strategy in place (that is publicly known) to identify and increase return of beverage containers outside of those currently going through yellow bins and network sites. In other states, we have seen strong campaigns to remove containers from landfill (e.g. WA) which focused on those going in the red bin. Other potential sources of containers include commercial and industrial premises, which could be targeted through variations to MRF protocols to enable recovery, the inclusion of additional points or investment in small convenient collection infrastructure and targeted advertising. The other states are actively pursuing strategies like these given their desire to increase recovery amounts, however this does not appear to be the case in Queensland.</p> <p><i>Recommendation 5: Independent review of COEX and its operations, into effectiveness of COEX and its culture.</i></p> <p><i>Recommendation 6: Independent review of contracts including with collection points to enable appropriate funding for activities to be undertaken, promote innovation and enable investment in depots to drive increased engagement by depot operators with their community.</i></p> <p><i>Recommendation 7: Remove the requirement of a 7 factor count and align with other states.</i></p> <p><i>Recommendation 8: Significant funded for both advertising and strategy to target both existing and new recovery opportunities.</i></p> <p>b) Availability of Refund Points</p> <p>The number of points and concern about access and coverage has been covered above. In short, we believe the number in Queensland is inadequate and we see now evidence that COES are meeting the operating or distance standards agreed, making it more difficult for Queenslanders to refund. COEX is conflicted as the less points, the harder it is to access and return, the less refunds. WMRR would strongly advocate that Government revisit the PRO model in place and give real consideration to adding a Network Operator Role that could oversee the collection points. Ideally this role (filled by public tender) would be delivered by an organisation that has extensive experience in logistics, collection and recovery and is incentivised to grow the network with their experience. This would align with the approach of the Eastern States and balance the conflicted interests of COEX.</p> <p>Irrespective of who delivers the collection points moving forward, there is a real need for a clear strategic masterplan of depot sites to optimise distribution of sites across the state to ensure that the state is services to the standard required to meet the targets, and ensure there is an appropriate spread of sites to both service the public and ensure the points that do open are commercially viable. As mentioned above, only COEX knows what sites are opening where. This has led to depots opening in the same street - Gold Coast for example, having signed leases and funds on capital to have competitors within metres - undermining all this investment. There are many examples of this occurring, for example, three (3) in the same suburb in Townsville, meaning significant under and over servicing across the State and highlighting that the total number may in fact be misleading its as much about access and travel distance.</p> |

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| | | <p>Furthermore, the complete lack of transparency with COEX operations means that there is no accountability around the tendering and selecting of sites or operators, nor the terms and conditions upon which COEX engages operators. For example, it is understood that some collection points have been provided with interest free loans, whilst others are not afforded such opportunities. Whilst this might seem like a positive way of assisting small operators or charities this may adversely impact these operations as well as others given it may mask the genuine financial viability of a sites operations well as creating an uneven playing field between operators. There must be transparency in how COEX engages operators, and also how these scheme costs are managed.</p> <p><i>Recommendation 9: Regulate for a Network Operator to overlay the existing collection network and remove this responsibility for COEX, leaving them as Scheme Coordinator only, aligning with the East Coast states.</i></p> <p><i>Recommendation 10: Require the development and delivery of a strategic masterplan for collection depts across the state to optimise geographic distribution and protect existing investments.</i></p> <p><i>Recommendation 11: Collection points to be tendered and engaged transparently with consistent processes and approach to funding.</i></p> <p>C) Final Processing and Utilisation of Materials Regrettably given that the core business of the organisation who administers the Scheme is making and selling beverages, and not recovering materials, Queensland has not realised the collection and remanufacturing gains and technological investment that other states that have recyclers investing in their CRS schemes have. For example, the Network Operators in NSW and Victoria have not only invested in significant new facilities and technology for aggregation of containers (for example TOMRA – Cleanaway at Kemps Creek, NSW), we have also seen investment in remanufacturing facilities for, for example recycled PET (rPET) in Albury. The ability to manage the feedstock, have certainty and invest knowing that feedstock is guaranteed, has led to increased investment and recovery. In Queensland, the portal method does not guarantee ongoing access to commodity and access is not guaranteed, making future investment challenging. COEX has opted instead to utilise existing sites - its bullish approach prevents investment in collection points, aggregation and/ or remanufacturing.</p> <p><i>Recommendation 12: Support the creation of a Network Operator (as above) and look to review the portal approach to enable ongoing supply of commodity (at market rate) but with longer term to supply to enable greater remanufacturing investment in Queensland.</i></p> |
| 3 | Whether the scope and objectives of the scheme remain fit for purpose and meet the needs of all | The answer to this is yes- the objectives remain correct. However. the lack of contractual or other levers to enforce these by government due to the lack of a public tender, a defined term contract or clear provisions in the Act to review and alter the Scheme has left Queensland with an underperforming Scheme and limited mechanisms to address. |

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| 4 | <p>Queenslanders, noting the Queensland Government's ongoing support for the scheme.</p> <p>Ensuring the appropriateness of governance arrangements, structures and expenditure (including sponsorship).</p> | <p><i>Recommendation 13: Government select and appoint a genuinely independent Chair for the Board, as well as amend the Board make up to include a Community and Professional Members, and representatives from both local government and the WARR industry that are selected by Government and appointed by Government. Government appointed positions are t exceed beverage appointed.</i></p> <p><i>Recommendation 14: Queensland government enter into a defined term contract with COEX that enables the PRO to be retendered, and has clear KPIs for depot locations, numbers, access that reflect strategic masterplan at Recommendation 10, as well as clear advertising budget and strategies for increasing recovery.</i></p> |
| 5 | Any other relevant matters. | <p>Audit Methodology</p> <p>As mentioned above there is an opportunity to review this to increase the scope to include containers from commercial and industrial facilities, as well as allow MRFs to claim liquid paper board cartons that whilst capable of being claimed through collection points, cannot be claimed by MRFs.</p> <p>Further, the Audit Methodology imposed by COEX and supported by Queensland Government is more cumbersome than other jurisdictions making it more costly and can be streamlined given the years of operation.</p> |