

Inquiry - Improving Queensland's Container Refund Scheme

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IMPROVING QUEENSLAND'S CONTAINER REFUND SCHEME



Who is P&Cs Qld?

P&Cs Qld is the peak body representing, supporting, and advocating for more than 900,000 Qld State school parents. Through our state-wide network of 1266 Parents and Citizens Associations (P&Cs), School Councils, 58,000 plus volunteers and 900,000 parents, we have the localised presence and voice to lead and enact change and to achieve our objective of giving every child every chance in education and life.

P&Cs are established as statutory bodies under the Education General Provisions Act 2006 and Education General Provisions Regulation 2017. In other states P&Cs are typically incorporated associations, this structure is unique to Qld.

In Queensland, P&Cs are legislated to play a vital role in supporting and enriching the educational experience of students. They provide a range of services and support within schools and the broader community. Funding and resourcing of schools continues to be a key priority for our members and organisation.

P&Cs Qld welcomes the opportunity to provide a submission to the parliamentary inquiry into Queensland's Container Refund Scheme (CRS). As the peak body representing P&Cs across Queensland schools, we recognise the significant role the scheme plays in promoting recycling, reducing litter, and generating community benefits. We appreciate the opportunity to provide feedback on the scheme's current operation and effectiveness.

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*.

In the 2023-2024 financial year, 788 schools registered with the Containers for Change program, contributing nearly 3.4 million containers resulting in \$340,000 in refunds. This equates to an average of approximately 4,314 containers per participating school. Given that there are 1266 Queensland State schools, and the numbers reported include all school types across the state, this data highlights the significant potential for increased participation across all state schools. Approximately 50% of P&Cs Qld member associations reported participate in the CRS, with an additional 25% expressing future interest. Public awareness and engagement with the scheme remain strong, with brand recall consistently exceeding 80% over the past two years, reflecting trends observed within the broader community.

P&Cs Qld acknowledges the significant role the CRS has played in reducing litter and increasing resource recovery, aligning with the objectives outlined in Section 99H of the *Waste Reduction and Recycling Act 2011*. We are proud to have been actively involved in the consultation and development of the scheme since its inception, advocating for the inclusion of state schools as collection points to enhance accessibility and community participation.

During the initial consultation phase in 2017-18, P&Cs Qld worked closely with the Department of Environment and Science (DES) and other stakeholders regarding consultation around the scheme's framework and operational design. However, as the scheme developed, P&Cs Qld identified significant challenges that could hinder the participation of P&Cs and other not-for-profit organisations (NFPs). Concerns were

raised about the scheme's operational complexity and its suitability for schools, with repeated calls for the Product Responsibility Organisation (PRO) to formally engage schools and NFPs as key collection points. **We also highlighted that the scheme's ambitious 85% recovery target would be difficult to achieve without broader participation from these groups.**

Despite initial requests for funding to pilot an onsite collection system being declined by DES, the Department of Education (DoE) later provided a one-off grant for \$100,000 to explore the viability of P&C Associations implementing CRS as a fundraising initiative within state schools. This report is provided as an appendix to this submission.

The findings presented in the Pilot Program Report provided significant insights regarding the scheme. Despite this, Container Exchange (CoEx) chose not to support P&Cs Qld and our members. Thankfully, Envirobank continued to provide thousands of collection bags at no cost to our members and Return-It continued to provide infrastructure to support on site collection methods.

In 2019, CoEx launched their own "Waves of Change" program. They directly approached schools to participate in the CRS, providing bins and bags, and thus circumventing the established role of P&Cs in school fundraising. This action disregarded the legal framework for fundraising in schools. Under the Collections Act 1966 (Qld), fundraising for a community or charitable purpose requires a sanction. P&C Associations are automatically sanctioned under the Collections Act when fundraising aligns with their objectives under the Education (General Provisions) Act 2006 (Qld). Fundraising conducted directly by schools, Student Councils, other student groups, or departmental staff requires the principal to seek a sanction from the Office of Fair Trading or refer the fundraising opportunity to the P&C Association.

This lack of engagement and collaborative working created barriers to participation for schools and community groups that could have otherwise contributed significantly to the redemption rate. It is important to note that Return-It, a Container Refund Point (CRP) operator, partnered with P&Cs Qld, providing infrastructure, logistics, and a program manager to enable 20 schools to become CRPs. While this program was disrupted by COVID-19, the Bag Drops remained operational during lockdown and these return points are still active in the network.

P&Cs Qld presented the "Recycle Me" proposal to stakeholders between 2017-18, prior to the scheme's launch. This proposal adopted a quadruple bottom line approach:

- Driving education campaigns and promoting environmental awareness.
- Social: Using networks of support on the ground, mobilising volunteers of state school families.
- Economic: Creating a self-sustaining model, using volunteer resources efficiently and effectively to generate a viable revenue stream for state schools.
- Cultural: Helping to shift the culture of recycling through good governance.

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:

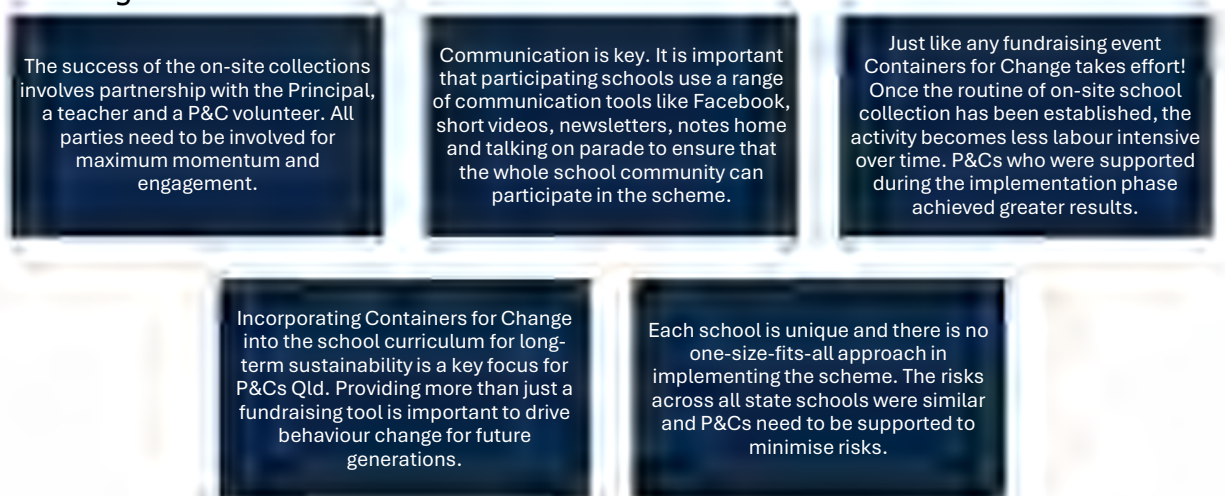
- a. its progress towards achieving the container recovery rate of at least 85 per cent for each financial year.**
- b. the availability of refund points across Queensland to provide the community with access to a place to return empty beverage containers in exchange for a refund.**

P&Cs Qld recognises the crucial role of CoEx as the PRO in administering the CRS under the *Waste Reduction and Recycling Act 2011*. We are committed to ensuring the scheme's efficiency and effectiveness, particularly concerning the 85% container recovery target and the accessibility of refund points.

P&Cs Qld was instrumental in the early adoption of the scheme, demonstrating its effectiveness through a pilot program in school communities. Many P&Cs have since integrated container collection programs on a small scale into their sustainability and revenue-generation strategies. However, the operational complexity of coordinating container collections and transportation costs can deter some participants, highlighting a need for improved support.

In 2018, prior to the scheme's launch, CoEx delivered workshops in conjunction with Boomerang Alliance across Queensland, promoting the CRS as an easy fundraising opportunity. Unfortunately, this created unrealistic expectations, as evidenced by the pilot program's outcomes. Feedback from pilot schools highlighted the significant time and effort required for setup, including community education, routine development, volunteer recruitment, inadequate sign up process and lack of consumer marketing.

The lessons learned from the pilot program emphasised the potential for driving long-term behavioural change within school communities, with students acting as agents of change.



Unfortunately, despite the demonstrated success of P&Cs, previous CoEx leadership (2018-2022) refused to support or appropriately engage with P&Cs Qld. Thankfully, since 2023, CoEx has proactively re-engaged with P&Cs Qld, leading to a productive

partnership. This includes providing resources, infrastructure, and logistical support for our members.

Regarding CoEx's progress towards the 85% container recovery rate:

- We acknowledge the positive shift in CoEx's engagement, with discussions now focused on redemption and accessibility.
- CoEx has partnered with P&Cs Qld to provide infrastructure and logistical support, and we have provided forecasts for increased container redemptions based on our initiatives.

However, the current return rate indicates a gap in achieving the 85% target, necessitating further incentives and expansion.

Regarding the availability of refund points:

- P&Cs Qld has collaborated with CoEx to identify network expansion opportunities, including expanding bag drops as Donation Stations or CRPs.
- The potential to turn every state school into a return point exists, requiring adequate funding for infrastructure, logistics, and operational costs.

We have shown that with the correct support, and partnering with organisations such as P&Cs Qld, network expansion and volume growth can be achieved.

To enhance the scheme's effectiveness, we propose:

- **Increasing Public Return Points:** Appointing P&Cs Qld as a Donation Network Coordinator to facilitate the establishment of return points at schools, adopting a quadruple bottom line approach (environmental, social, economic, cultural).
- **P&Cs Qld to Manage the Containers for Schools Program:** Outsourcing the program's operations to P&Cs Qld to leverage our expertise and community engagement.

Whether the scope and objectives of the scheme remain fit for purpose and meet the needs of all Queenslanders, noting the Queensland government's ongoing support for the scheme.

The scheme's core objectives, as outlined in the *Waste Reduction and Recycling Act 2011*, remain relevant. However, the current return rates indicate a gap in achieving the ambitious 85% recovery target, suggesting that adjustments and innovation are necessary.

Specifically:

Redemption Rates and Refunds

- The fact that approximately 40% of eligible containers are not being redeemed highlights a need for stronger incentives.

- Increasing the refund amount for donated containers to registered charities and community groups, such as P&Cs, could significantly boost participation and direct benefits to these vital community organisations.

To address the approximate 40% of eligible containers that are not currently being redeemed, stronger incentives are required. In addition to increasing the Consumer Refund, we specifically recommend that the donation refund amount paid to registered charities and community groups such as P&Cs, be *doubled in relation to the consumer refund amount*. This adjustment would significantly enhance the financial incentive for these organisations, driving greater participation and ensuring more containers are collected, while directly benefiting schools and charities. By aligning the donation refund with a multiple of the consumer refund, the scheme can effectively target unredeemed containers and boost overall recovery rates.

Analysis of Volume Uplift for Donated Containers (Doubling Refund Relative to Consumer Refund currently 10c):

While QLDs 10-cent refund is consistent with other major Australian states and some regions in North America, it is lower than the incentives provided in many European countries and some parts of Canada. The trend in several high-performing European schemes towards higher, tiered deposit amounts suggests a potential link between a stronger financial incentive and higher return rates. Jurisdictions with higher AUD-equivalent refund amounts, such as Germany, Norway, Denmark, and Finland, consistently exhibit some of the highest redemption rates, often exceeding 90%.

Views that Qld should not have a different refund amount due to other states having 10c and the “risk of containers crossing the boarder” are unfounded (and simply an objection to innovation) as Qld currently accepts other container types such as Spirit and Wine bottles. Noting SA & NT operated for several years being the only states with container deposit/refund schemes.

1. Current Donation Volume and Context (Based on CoEx Annual Report 2024):

According to the CoEx Annual Report 2024, 34 million containers were donated to charities and community groups. This volume generated \$3.4 million in refunds, based on the current 10-cent refund per container.

2. Projected Volume Uplift with Doubled Donation Refund:

If the donation refund were doubled in relation to the consumer refund (using current consumer refund figure of 10 cents per container), the financial incentive for charities and community groups would significantly increase. This increased incentive is expected to drive a substantial volume uplift in donated containers.

We have modelled this uplift based on various percentage increases, to show the impact.

- 50% Volume Uplift:
 - Increase: 34 million containers * 0.50 = 17 million containers.
 - Total donated containers: 34 million + 17 million = 51 million containers.
- 100% Volume Uplift:
 - Increase: 34 million containers * 1.00 = 34 million containers.

- Total donated containers: 34 million + 34 million = 68 million containers.
- 150% Volume Uplift:
 - Increase: 34 million containers * 1.50 = 51 million containers.
 - Total donated containers: 34 million + 51 million = 85 million containers.

Financial Implications for CoEx:

The increased volume of donated containers would result in higher refund payouts from CoEx. We were unable to model handling fee as this is commercial in confidence.

- Using the example volume uplifts above.
 - 50% increase: \$1.7 million additional payout.
 - 100% increase: \$3.4 million additional payout.
 - 150% increase: \$5.1 million additional payout.

The increased payouts would need to be considered within the context of the scheme's overall budget, as detailed in the CoEx Annual Report 2024.

- CoEx Current assets Cash at bank: \$96,430,265.
- Container Refund Scheme Total revenue and income: \$486,817,658.
- Total direct inventory expenses: \$357,336,490.

Accessibility:

- While progress has been made, the availability of refund points remains a challenge.
- Leveraging the existing network of state schools through initiatives like the Donation Network Coordinator (DNC) and the Containers for Schools program, managed by P&Cs Qld, presents a significant opportunity to improve accessibility across the state.

Our proposal to act as the Donation Network Coordinator (DNC) and manage the Containers for Schools program is designed to directly address this accessibility gap. 1266 Queensland state schools form an extensive network that reaches into virtually every community, from bustling urban centres to the most isolated towns. By establishing collection points at these schools, we can bring the scheme closer to where people live, making it far more convenient for them to participate. This would create the opportunity to deliver the most accessible container refund/deposit scheme in the country.

With regards to the current school PODs in the network

- Estimates range from 5000 – 15000 containers per week
- Using conservative assumptions = 300,000 P.A highest performing Pod 50,000 lowest performing Pod in the network
- Pod volume did not detract from Depot Volume where a Pod was in proximity to a depot delivering incremental volume to the scheme

- Factors which influence volume include POD location, Public Access, P&C Support and Community Promotion

In summary, P&Cs Qld is enthusiastic about the opportunity to play a key role in the Container Refund Scheme. We believe our involvement will significantly enhance accessibility, drive participation, and contribute to a more sustainable future for all Queenslanders.

Operational Efficiency:

- The operational complexity of the scheme has posed challenges for some participants, particularly P&Cs and schools.
- Streamlining administrative processes and providing adequate operational support are crucial for ensuring broader participation.

By providing a coordinated approach, streamlining processes, and offering support, P&Cs Qld can significantly improve the operational efficiency of the Container Refund Scheme for schools and P&Cs.

Firstly, it leverages existing infrastructure, reducing the need for costly new facilities. Secondly, it taps into the community hub nature of schools, making participation easier for families and local residents alike. Thirdly, it provides an opportunity to educate the next generation about the importance of recycling and environmental responsibility, fostering long-term behaviour change.

We're also focused on ensuring the scheme's overall success and sustainability. Our commitment to a quadruple bottom line approach – considering the environmental, social, economic, and cultural impacts – aligns perfectly with the scheme's broader objectives. We aim to create a self-sustaining model that not only increases recycling rates but also provides tangible benefits to schools and communities across Queensland.

Ensuring the appropriateness of governance arrangements, structures and expenditure (including sponsorship).

To ensure the scheme operates in a way that serves the best interests of all Queenslanders, and particularly its community stakeholders, we propose the following enhancements to the existing governance arrangements:

Board Representation:

- To strengthen community oversight and ensure that the scheme's operations are aligned with community needs and values, we recommend that the CoEx board include an additional representative from a relevant community or charitable organisation who is active within the scheme.
- P&Cs Qld, with its extensive network and deep involvement in the scheme, would be well-placed to fulfill this role. Alternatively, a representative from another organisation with a strong track record in community service and environmental advocacy could also provide valuable input.

- This board member would provide a crucial link between CoEx's strategic decision-making and the on-the-ground experiences of communities and organisations participating in the scheme.

Stakeholder Advisory Group:

- In addition to board representation, the establishment of a Stakeholder Advisory Group could provide a platform for ongoing dialogue between CoEx and key stakeholders, including community groups, charities, schools, and the recycling industry.
- This group could provide feedback on the scheme's operation, identify areas for improvement, and ensure that diverse perspectives are considered in decision-making.

Recommendations

Our recommendations focus on:

- **Improving Accessibility:** Expanding the network of refund points, particularly by leveraging the reach of Queensland state schools, to make the scheme more convenient for all Queenslanders.
- **Enhancing Operational Efficiency:** Streamlining administrative processes and providing adequate logistical support to encourage greater participation, especially from schools and community groups.
- **Strengthening Incentives:** Implementing stronger financial incentives, such as increasing the refund amount for donated containers, to drive higher return rates and support community fundraising efforts.
- **Ensuring Robust Governance:** Enhancing transparency and accountability through measures such as board representation for community stakeholders and detailed financial reporting.

P&Cs Qld is confident that these recommendations will contribute to a more effective, efficient, and equitable Container Refund Scheme that benefits both the environment and the Queensland community.

We appreciate the opportunity to provide this submission to the Parliamentary Inquiry and look forward to contributing to the ongoing improvement of this important initiative.

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