

Inquiry - Improving Queensland's Container Refund Scheme

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April 11, 2025

Health, Environment and Innovation Committee
Parliament House
George Street
BRISBANE QLD 4000

Via Email: HEIC@parliament.qld.gov.au

Dear Committee Members

RE: Endeavour Group's submission to the Inquiry into Improving Queensland's Container Refund Scheme

Endeavour Group (Endeavour) would like to thank you for the opportunity to make a submission to the Inquiry into Improving Queensland's Container Refund Scheme (CRS).

Endeavour is Australia's largest hospitality and liquor retail business with a portfolio that spans across retail, hospitality, viticulture, manufacturing and production.

Endeavour Group operates around 1,700 retail stores including BWS and Dan Murphy's. Our hotels group, ALH, consists of 350 hotels in regional and metro communities throughout Australia. We have a 30,000 strong team of hospitality and retail workers located in over 1500 communities across Australia.

Another key part of Endeavour Group is our Pinnacle Drinks (Pinnacle) business, which partners with winemakers, growers, brewers and distillers to deliver leading brands across the wine, beer and spirits categories.

We have a significant footprint in Queensland across 137 Hotels and 482 retail stores, employing over 7,000 Queenslanders. We also have invested nearly \$200M in Queensland since our demerger from Woolworths Group in 2021, across renovations, capital works and new acquisitions.

We have more than 2000 suppliers and have doubled the number of small suppliers we range in our bottle shops with since 2018. Now 90 percent of what we range is sourced from independent, small suppliers.

We want our business to make a positive imprint on the planet.

We have a specific goal to enhance the circularity of our products and our industry, to reduce the impact on the planet. Currently, approximately 60 per cent of Endeavour's own brand's packaging is from recycled materials.

Endeavour is broadly supportive of the CRS in Queensland and acknowledges its positive impacts on communities and environments over its first years of operations. However, we do think there is room for improvement around recently implemented changes to the scheme which could have benefitted from greater consultation with industry to minimise unintended consequences. We feel this review is well-timed as there are opportunities to improve the operations and impact of the CRS in Queensland, which would benefit Scheme outcomes, mandatory participants of the Scheme (like Endeavour), and consumers.

Endeavour's submission below addresses key areas for improving Queensland's Container Refund Scheme (CRS, or the Scheme) but makes the following recommendations:

- Retention the current 10c refund rate
- Reducing the cost burden of the scheme / maximise scheme efficiencies
- Greater data access for industry proponents via improved transparency and reporting
- Mandated industry consultation parameters prior to scheme changes

Endeavour thanks you for your consideration of the recommendations shared in this submission and welcomes an opportunity to discuss further if required. Please feel free to reach out to Stuart Totham, Senior Manager, Government and Community Relations - QLD/NT at [REDACTED] or [REDACTED]

Your sincerely,

[REDACTED]

Rob Malinauskas
General Manager Policy, Public Affairs and Industry Relations
Endeavour Group

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

Key areas for improvement of the Queensland Container Refund Scheme

Overview

The CRS scheme in Queensland is relatively new and Container Exchange (**COEX**) has made good strides with the scheme over its first seven years of operation. COEX is a collaborative and cooperative operational partner with industry - including Endeavour Group - in Queensland.

Retention of the 10c refund rate

Endeavour strongly believes the current 10c refund rate is an appropriate level in the current economic climate and consistent with other Australian jurisdictions. Any increase in the current 10c refund rate would result in an increase in the cost burden on manufacturers that would invariably be passed onto consumers via higher drink prices. Some of the potential negative impacts of an increase include:

- **Higher Handling Fees, packaging and labeling costs:** Container refunds are subsidised via fees paid by producers, which would also increase our cost burden. Additionally, labels would need to reflect a revised refund amount, requiring design and printing of labels, disposal of old stock (non-compliant packaging) potential costs for software updates in inventory and point-of-sale systems.
- **Small Producers Suffer:** Ultimately small 'Mum & Dad' producers will be impacted most by such a change. This is due to them likely not having access to the necessary cash flows to manage the additional costs associated with such a change. Small producers play an important role in ensuring a competitive market and we don't support any measures that would unfairly disadvantage them.
- **It will not increase container return rates:** When considering the cost to businesses and consumers, there is no reliable evidence to suggest that any increase in the refund rate will lead to Queenslanders returning more of their containers. A 2023 Heads of Environmental Protection Authority Report 1 (HEPA Report), co-funded by all state and territory governments, revealed other drivers/disincentives, which if addressed are capable of increasing returns in the categories of "Users" and "Never Returned" cohorts. These drivers include awareness of benefits to the environment and scheme users who live in apartment buildings where storage for collection is an issue.

Reducing the cost of the scheme & maximise scheme efficiencies

The Queensland Government has laid out its platform for a strong QLD economy, with a key priority being to address the cost-of-living challenges for Queenslanders. Given this stated ambition, Endeavour feels the focus of this review should be about maximising the efficiency of the scheme to reduce the cost burden on business and consumers.

In the current environment of growing costs to manufacture, distribute and sell the products included in the CRS, Endeavour does not support any initiatives that would further increase the cost of the CRS for mandatory participants.

Endeavour understands the higher costs of CRS operation in Queensland could be attributed to lower return rates thus resulting in the scheme not generating the income required to absorb the costs of the scheme that has resulted in higher unit cost for compulsory participants in the scheme.

However, we note, the return rates improved 10 per cent from 2023 to 2024 (as reported in the 2024 annual report), including good improvement in the return rates in regional areas.

Additionally, the current return rate of 67 percent compares favourably with the recovery rates in other jurisdictions, with South Australia the stand out at 80 per cent (noting the SA system has been in place for 47 years). It is worth noting that return rates vary across jurisdictions: WA 51%, NSW 65%, with no data yet available in Victoria (scheme has been running since late 2023) and Tasmania's scheme is yet to commence.

However, the cost of the QLD CRS is higher than its counterparts in other jurisdictions. The weighted average cost of each scheme across all jurisdictions (except Victoria) is below 13 cents.

The below chart from the Department of the Environment, Tourism, Science and Innovation's written Briefing for this committee highlights some of the inefficiencies as the scheme has evolved over time.

APPENDIX 1 – TIME SERIES OF PERFORMANCE DATA AS PROVIDED IN PUBLISHED COEX ANNUAL REPORTS²⁵

Financial year	Recovery rate (annual)	Total number of containers ²⁶ (billion)	Total Volume of material collected (tonnes)	Total number of container refund points	Jobs created	Average scheme price per container (cents – exc GST)	Total refund to Queenslanders per year (million \$)
2018-2019	²⁷	0.617	32,103	292	626	10.2c	\$61.00
2019-2020	60.10%	1.63	²⁸	314	700	11.3c	\$131.10
2020-2021	61.60%	1.8	139,107	309	779	12.1c	\$151.40
2021-2022	62.90%	1.9	103,427	361	815	12.0c	\$158.50
2022-2023	63.50%	1.9	102,637	362	937	13.3c	\$166.10
2023-2024	67.40%	2.1	184,791	354	1581	13.3c ²⁹	\$181.60

²⁵ COEX Annual Reports from 2018-2024, <https://containerexchange.com.au/annual-reports/>

²⁶ Includes containers returned through container refund points and material recovery facilities

²⁷ Recovery rate not reported on in first year of operation

²⁸ Total Volume tonnage of material collected not reported on

²⁹ Scheme price per bottle not reported on in annual report, but provided via correspondence

Of greatest concern is the 18% rise in the scheme cost (11.3c – 13.3c) per container in the past five years. Given the notable growth in return rates, the number of containers recycled and the total volume of material collected, the cost of the scheme should coming down. Managing costs within the scheme should be the core focus of this inquiry in addition to leveraging the strong financial position of COEX to invest in additional programs to maximise the effectiveness of the scheme. Endeavour believes key elements for this inquiry to consider are:

- COEX developing and prioritising a cost reduction strategy with a targeted ambition of being the lowest cost scheme in the nation. This strategy should include:
 - A review of current operating model to identify operational efficiencies;
 - Identify ways to increase the return rate to achieve additional economies of scale;
 - An investigation of container type eligibility - including a cost benefit analysis of the inclusion of wine and spirit bottles in the Scheme. This investigation should consider how container type eligibility impacts return rates overall.

A focus on reducing the cost of the CRS as per the above, will ultimately benefit the cost structures of compulsory participants and put downward pressure on the cost consumers pay for products.

Increasing Rates of Return

While the Queensland Government should be proud of the level of returns to date, we believe there are additional opportunities to improve to drive improved environmental and community impacts, as well as potentially decreasing the costs of the operation of the Scheme. Key activities that could increase return rates to be considered are:

- Make changes to the eligible container types to align with other jurisdictions with high return rates

- Increase efforts to raise community awareness around the scheme and drive action/activity to increase participation and return rates
- Increased return points in high volume areas (e.g. in Brisbane & Gold Coast return rates are just over 50% compared to the 67% across Queensland). We note that Central Queensland return rate is as high as 85%
- Strategic and targeted placement of return points in areas that are currently underutilised such as workplaces and multi-unit dwellings, two areas that are largely not covered currently.

Data access, sharing, transparency and reporting

As a compulsory participant in the CRS, Endeavour welcomes the opportunity to understand how the system is performing, where product is being returned across geographic locations and where opportunities may arise to establish collection points or partnerships to improve return rates.

We believe COEX should provide compulsory participants with access to high-level data about scheme performance and explore how compulsory participants could access data about their products' performance. This data should be provided in as granular a form as possible, including return rates by product categories and geography.

Knowing within glass how much of it is wine vs beer or polyethylene terephthalate (PET) bottles and knowing how much of it is large formats like 2L coke vs. smaller formats like 600mL would give valuable insights into opportunities to encourage consumers to return containers.

Geography data on top of the type of products would also be useful to understand why some councils might perform better than others and what opportunities there might be for improved returns in high density inner city housing where household space may be an issue.

Scheme simplification of containers registration processes to reduce the administrative burden

Endeavour notes that the container recycling schemes operate in a vastly different manner across jurisdictions, and with varied success.

Given the breadth and scope of container recycling schemes across Australian jurisdictions, compulsory participants face considerable challenges navigating the various schemes and this leads to administrative inefficiency. Some of the challenges faced include multiple (up to 6) container registrations and compliance requirements across jurisdictions and different registration and compliance requirements across each jurisdiction.

Given the imminent implementation of Tasmania's Recycle Rewards, Endeavour is supportive of simpler, better registration processes across jurisdictions, to ensure a streamlined process and database for registration, compliance and reporting.

Mandated industry consultation parameters prior to scheme changes

Prior to the changes that were made to the scheme in 2023 for the inclusion of wine and spirit bottles there was very limited industry consultation on the proposed changes. In fact, no opportunity given to companies like Endeavour Group, wineries, small drinks manufacturers and industry associations to provide submissions or meaningfully engage around the proposed change.

Any reforms to the scheme have significant flow on impacts to industry proponents and engaging with industry will help prevent the creation of any unintended consequences.

We recommend the committee should mandate industry consultation requirements on future scheme changes.