

Waste Reduction and Recycling (Strengthening the Container Refund Scheme) Amendment Bill 2026

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COEX Submission to the Health, Environment and Innovation Committee on the Waste Reduction and Recycling (Strengthening the Container Refund Scheme) Amendment Bill 2026

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Executive summary

Container Exchange (COEX) welcomes the opportunity to provide a submission to the Health Environment and Innovation Committee regarding the Waste Reduction and Recycling (Strengthening the Container Refund Scheme) Amendment Bill 2026.

COEX broadly supports the recommendations of the parliamentary inquiry into Improving Queensland's Container Refund Scheme, noting that the details are vitally important in terms of how the recommendations might be given effect and implemented in practice, to best support the future performance of the Containers for Change scheme.

Further information would be welcomed in relation to some aspects of the proposed reforms. The extent of detail provided in several key areas of the Bill, including for some reforms that were not directly related to the Committee's recommendations, such as cost recovery by the Department and capability for appointment of a special manager, makes it difficult to confidently express support for these proposals at this time. Furthermore, additional information would be necessary to assess and quantify the cumulative impact of the proposed amendments on the costs to beverage manufacturers and the potential flow-on costs to the consumer stemming from these proposals.

COEX understands that some further information will be provided by way of supporting regulations which are not available at the time of making this submission. COEX looks forward to a close consultative process in the framing of the necessary supporting regulations.

COEX is committed to working collaboratively with the parliament, as well as our operator partners, beverage manufacturers and our other stakeholders, to ensure that the objectives and outcomes of the scheme are achieved and the benefit to the community is optimised.

1. Producer responsibility principles

Status as the Producer Responsibility Organisation

It is a foundation principle of the existing legislation that Containers for Change is a producer responsibility scheme and that a Product Responsibility Organisation (PRO) has a legislated role and functions under the *Waste Reduction and Recycling Act 2011*. This reflects a critical, binary choice in the legislative design of any regulated product recycling scheme: whether the government intends for the scheme to be one run by government or one run by the producing industry stepping up to take responsibility for the end-of-life management of, and outcomes relating to, their products.

Given the overall effect of the proposed reforms COEX understands that the government's preferred response to recommendation 1 is option a, to retain the core structure of a producer responsibility model with stricter oversights and controls on the PRO.

COEX broadly supports the government's approach. However, COEX notes that the parliament should consider the cumulative effect of various proposed measures, to ensure they do not inadvertently dilute or disrupt the clear operation and core basis of the scheme as a producer responsibility scheme, or the intended role of the PRO in undertaking its administrative and operational functions.

Queensland's regulatory framework reflects a deliberate policy choice to operate the container refund scheme as a producer responsibility scheme, a design feature that carries important legal and practical implications for its operation, governance and accountabilities. A fundamental premise of any producer responsibility scheme is that the producers of products placed on the market have the responsibility for managing that product at end-of-life.

The Parliament's decisions surrounding producer responsibility will be of great interest to manufacturers and potential liable parties in other sectors. It is important that the regulatory treatment of, and government intervention into, existing product responsibility schemes provides confidence to manufacturers across other complex waste streams, such as batteries, tyres and textiles, that producer-led solutions are supported and valued.

Any perception that the producer responsibility model is being destabilised may risk undermining industry confidence more broadly and may discourage manufacturers in other sectors from engaging proactively in future producer responsibility arrangements or taking more responsibility for the environmental impacts of their products.

The Committee's work to date has been notably supportive of the oversights and balance arrangements in the Western Australian scheme, and it is worth highlighting that Western Australia's scheme (WARRRL) operates a similar fused model with stricter oversights whilst not considered a controlled entity of the government. This highlights the importance of considering how strengthened oversight can be implemented for COEX without fundamentally changing its legal status, its ability to undertake its role and deliver benefits to the community.

Consistent with the government's intention to retain the scheme as a producer responsibility model, supported by strengthened oversight, the following considerations warrant particular attention.

Proposed increase in provision of corporate documents

The Bill proposes the preparation and approval of significantly more corporate documents than is currently required, including a separate investment plan.

COEX supports the publication of additional data and information as this provides necessary transparency across the scheme, which in turn helps build public and industry confidence in the scheme. However, additional detail, potentially in the regulations, would be helpful to outline the approval process, timelines, approved form and information to be provided for the proposed list of corporate documents.

In all instances where reports, plans or other documents are proposed to be provided to the Minister or the government, careful consideration should be given as to which plans are necessary to be approved by the Minister, and which only require notification to the Minister. In instances where approval is to be sought, carefully consider whether the Minister or government has the power to direct the PRO and the mechanism through which this may occur. These considerations are especially important when it comes to financial, investment and strategic decisions and may give rise to potential conflicts between the proposed laws and the legal rights and obligations of a PRO board and eligible company operating under the Corporations Act.

For example, additional details or consideration may be warranted regarding the amendments proposed which provide for the Minister to approve, conditionally, a plan for investment and allocation of surplus and retained funds. As a private not-for-profit company operating under the Corporations Act, COEX must retain autonomy and control over investment into the scheme (as a current legislated responsibility) in a manner that progresses and optimises achievement of the objectives of the scheme and provides sufficient liquidity buffer to account for extraordinary or urgent circumstances. Consideration should be given to whether the new amendments, the effect of which will be to shift toward further governmental influence or control over the PRO, may require additional Corporations law displacement provisions to make them a lawful requirement under the Bill.

As the scheme is funded by beverage manufacturers, not taxpayer dollars, it may be more appropriate for the Minister to be notified of the preparation and publication of a governance and investment plan, rather than the Minister approving the plan.

Additional details would also be welcomed regarding whether these documents are expected to be prepared and treated as separate standalone documents or are an integrated package. There is a risk of avoidable duplication because, for many of the corporate documents proposed, the topics are already covered within the detail of the Strategic Plan, Operational Plan, Budget and Annual Reports submitted annually. This could be outlined in more detail in the Explanatory Notes without requiring an amendment to the Bill.

Fixed terms of appointment

COEX is not opposed to the introduction of fixed-term appointments, however it has specific concerns in relation to the implementation timeline, the proposed transitional arrangements, and the negative practical effects of a short renewal horizon for scheme stability, future investment and performance.

The Bill proposes that COEX's appointment as the PRO be considered for renewal three years after the commencement date. It is understood that the commencement date is expected to be in the second half of the 2026 calendar year, meaning that COEX's renewal would be for consideration in 2029.

A three-year transitional timeline poses implementation challenges given COEX's existing portfolio of contracts. COEX's existing contracts with operator partners as well as logistics and processing service providers generally have five-year terms. The start and end dates of COEX's portfolio of contracts are not all aligned, they are staggered to manage renewal and renegotiation risk, meaning that at any point in time, COEX holds a portfolio of contracts with up to five years remaining.

COEX has suggested an implementation timeline of five years because introducing a renewal moment – and a risk of termination – earlier than this will deny the opportunity to manage the risks and challenges that arise for operators and COEX's other contract partners under existing contracts.

Currently, there are no terms in COEX's contracts that deal with the consequences of the PRO potentially not being reappointed. It will be possible for COEX to introduce such terms as it renegotiates and renews its portfolio of contracts over time. It can base these on the standard terms that exist to deal with such consequences in other schemes such as WARRRL who have had fixed terms of appointment since those schemes began.

The three-year transitional timeline proposed in the Bill effectively means that some operators and other service providers to COEX will be exposed to a risk that their rights and obligations under existing contracts will not adequately be protected in the event that COEX is not reappointed part-way through existing contracts. A five-year transitional period would allow COEX to implement new standard provisions and safeguards for its entire pool of contracts with operators and service providers.

The Bill also proposes that the renewal process commences three months from the end of the fixed term. More detail would be welcomed around the process for considering an application for renewal, including assessment and decision timeframes and what happens if the application is refused.

COEX agrees with the principle that, if a fixed-term appointment is introduced, it should be as long as practicable, with a term of up to a minimum of seven years, which would be consistent with the approach adopted in Western Australia.

Long-term certainty is a critical issue for maintaining confidence among scheme operators, logistics providers and processors, all of whom are required to make substantial upfront investments in facilities, equipment and systems to support the scheme. This would also be beneficial to end-market providers who trade recycled commodities through the auction portal or through a single-supply contract, as long-term certainty regarding the availability of feedstock is important for downstream remanufacturing investments that rely on recycled inputs.

Experience under comparable arrangements, including in Western Australia, demonstrates that uncertainty as a renewal date approaches can have a material impact on investment decisions. Potential new operators and partners may reconsider participation where there is insufficient clarity about the continuity of the PRO, particularly where significant asset investment is required. This presents a risk to scheme growth, performance improvement, risk-management across the network, and the delivery of environmental, social and economic outcomes.

For these reasons, COEX considers that any fixed-term framework should include a commencement date for the first fixed term no earlier than five years from the date of legislative change. This approach would allow sufficient time for existing contracts to be managed appropriately, for new contractual terms to be introduced where necessary, and for investment confidence to be maintained across the scheme.

Changes to Board make-up and approvals

The Bill proposes changes to the Board make-up and approval. Currently the Chair and community representative are the two director positions approved by the Minister. The Act also states that both the Chair and the community representative must be independent of the beverage industry.

The Bill proposes that all director positions will be subject to Ministerial approval. While COEX agrees with the proposal that there be waste and recycling, social enterprise and local government knowledge and expertise on the Board, additional clarification and practical detail regarding aspects of the approval process is important. This includes:

- Providing further clarification that the Minister’s powers of approval over PRO board appointments are approval, not appointment, powers and the necessity of Ministerial approval for all director positions.
- Whether the Minister’s powers of approval should be extended to cover a minority or majority of Board positions and whether it should cover the two positions specifically attached to the rights of producer members of the PRO. There may be a risk that the proposed laws could potentially conflict with the legal rights and obligations of producer members under the Corporations Act.
- Providing a timeframe for the Minister to approve Board appointments to minimise the risk of lengthy vacancies.
- Consideration for the process for Ministerial approval or refusal of a nominated director to be included in amendments to the Act. It may be considered a subjective and ambiguous approach to provide that a person may be appointed for a further term if ‘the person’s performance as a director of the board has been of the highest standard and is likely to contribute at a high standard.’
- The merits and risks of allowing the Minister to withdraw approval without giving reasons.

2. Feedback on reforms in the Bill

Small beverage manufacturer relief

COEX supports recommendation 17 of the Committee’s report and believes that small beverage manufacturers could benefit from an even higher threshold than the proposed small business exemption for the first 20,000 eligible containers sold.

COEX held consultations with beverage manufacturers about the introduction of a rebate (not an exemption) over the course of 2025. The 20,000 threshold was nominated to mirror the only rebate currently in place in Australia, which is in Tasmania. The different conditions in Queensland, including the greater population, larger market, and the logistical challenges of servicing a decentralised population, suggests a greater threshold could be considered.

In the interests of boosting the viability of the beverage manufacturing sector by reducing the costs and regulatory compliance impacts for any small business participating in the scheme, COEX would welcome an opportunity to contribute to further work to determine the number of eligible containers that could be exempted for small beverage manufacturers.

Separately, COEX continues to support harmonisation efforts between interstate container deposit schemes, including their systems for registering manufacturers and products.

Investment in initiatives to build recycling capacity in Queensland

Since its inception, COEX has directly invested significantly into downstream recycling capacity and infrastructure around Queensland. Furthermore, the stable policy settings applied to the scheme have encouraged significant investments from operators, logistics, processing and other service providers of waste and recycling services around Queensland. The scheme is now a significant source of revenue for many Materials Recovery Facilities (MRFs) owned or operated by local governments and private sector businesses alike. Further, COEX is currently working with many local governments around Queensland to invest directly in Community Exchange Points and other local bin infrastructure to support better recycling in public spaces.

The Committee's recommendation to ensure that lids can be left on eligible containers returned for recycling will guide COEX to facilitate even further investments in Queensland's recycling infrastructure.

COEX agrees that there should be more work undertaken to support development of infrastructure to recycle and transport waste or other material in Queensland. At the same time, the proposed provision broadening the PRO functions is phrased as a very broad addition to the functions of the PRO as it refers to 'waste or other materials in Queensland'.

The core purpose of the PRO is to administer the scheme and ensure good governance as it relates to ongoing efficient and effective arrangements for collecting, sorting and recycling of empty beverage containers. Without clarity on the scope of this addition, it is not certain what practical effect this additional function may have and additional information about the practical implementation of this proposed amendment would be welcomed.

Board composition and taking a skills-based approach

Even prior to the release of the proposed reforms, COEX had indicated its willingness to support changes to board composition by replacing a beverage manufacturer representative director with a waste and recycling sector representative director. This voluntary change will result in a 5-4 balance between non-beverage and beverage directors, consistent with the composition of the board of WARRRL.

COEX agrees with the proposed reform that will allow Board capability to be broadened to include experience in local government and social enterprise through the existing Board skills matrix, rather than solely through changes to category-based representation. The addition of directors with knowledge and experience in the local government, social enterprise and resource recovery sectors will be beneficial in helping COEX perform its functions as the PRO and in achieving the scheme objectives and outcomes.

Ongoing Appointment Condition 15 requires COEX to maintain a board skills matrix, including in respect of directors appointed as nominees of COEX members, with the skills matrix approved by the Minister. COEX notes that the current Board skills matrix was approved by the Minister on 8 January 2026 and already provides a mechanism to ensure an appropriate mix of expertise and experience.

In this context, COEX considers that a board composition comprising four directors representing the beverage industry and five directors independent of the beverage industry strikes an appropriate balance. This approach is consistent with the governance arrangements of WARRRL as a not-for-profit

scheme administrator and supports both public interest oversight and the integrity of the producer responsibility model.

COEX also notes that the proposed reforms introduce an annual independent audit of board skills and composition, which aligns with a skills matrix approach and provides assurance regarding board capability and balance. However, board composition is unlikely to change yearly, so in the interests of reducing unnecessary compliance costs, consideration should be given to requiring an independent audit of the board to align with director terms (three years) or to be triggered if there is a mid-term change in director. This would enable a cross-check and confirmation against the skills matrix to ensure alignment with Board make-up requirements, only at relevant times. If there are no changes to the board's make-up during any one annual period, the audit may not be warranted. This will help reduce unnecessary costs being incurred by the PRO, which will also help reduce potential flow-on costs through the scheme price.

COEX's governance settings should reflect the purpose of the scheme as a producer responsibility arrangement funded by beverage manufacturers to reduce container litter, improve recycling outcomes and deliver community benefit through the participation of charities, community groups and not-for-profit organisations. Maintaining clarity around this purpose is an important consideration when assessing the changes to board composition and oversight frameworks.

COEX as a unit of public administration

While COEX could already be considered a functional public entity (that is a private company responsible for managing and operating a government-legislated scheme) falling within the jurisdiction of the Crime and Corruption Commission, an explicit statement to this effect provides clarity and is welcomed. The current drafting broadly applies 'to the extent that the Organisation is performing a function of the Organisation'. However, many of the functions of the Organisation are not functions that would be deemed suitable to be covered under a blanket clause.

3. Recommendations not adopted in the Bill

Proposed reforms may do little to improve long-term performance of the scheme

Looking across the proposed reforms as a whole, COEX notes that the measures reflected in the Bill primarily respond to those recommendations of the Committee directed at governance and oversight. Many of the Committee's other recommendations aimed at supporting long-term scheme performance and removing barriers to growth are supported in principle by the government but have not been progressed in this Bill.

COEX is supportive of the objectives underpinning the Bill and the strengthening of transparency and accountability. At the same time, COEX considers that there remains valuable potential within the Committee's remaining recommendations, including through utilising other policy tools available to government to help drive participation, remove structural barriers, improve scheme performance and keep costs low for business and consumers.

It must also be noted that the cumulative impact of the reforms proposed in this Bill will have the unavoidable impact of increasing the administrative and compliance costs associated with operating the scheme. Over time, these costs will be reflected in scheme pricing outcomes for beverage manufacturers and ultimately, consumers.

Recommendation 8

COEX believes a more balanced scorecard is needed to assess the performance of the scheme and to empower COEX to build broader partnerships with operators and other stakeholders that can improve long-term performance.

COEX suggested at least *two additional targets* be included in the regulations, relating to container volume and scheme awareness:

- Year-on-Year scheme volume growth indexed to Queensland population growth
- 95% scheme awareness among Queenslanders.

The two existing targets in the regulations relate only to the headline recovery rate and to the number of container refund points (CRP). In the FY27 Strategic Plan submitted to the Minister on 30 March 2026, COEX outlined how it is working towards achieving an 85% recovery rate.

COEX has long exceeded its other legislated target of achieving 307 CRPs across the state, and we would also encourage this target be updated in the regulations to reflect population growth that has occurred between scheme commencement and now. Further, it may be possible for the target number of CRPs to be expressed in a way that tracks alongside ongoing population growth.

It is suggested that the inclusion of additional targets and changes to existing targets be considered, and consulted on, as part of the preparation of an amendment regulation prior to commencement of the Bill.

Recommendation 12 – Increased participation in corporate and government settings, multi-unit dwellings, increase number of RVMs, consider impact of local government planning processes.

COEX considers that the Committee’s suggestions in Recommendation 12 contain a number of good ideas with valuable potential for the government to use other policy levers to remove barriers to growth and support scheme performance.

This includes local government planning exemptions for reverse vending machines (RVMs), as well as greater support for capturing containers consumed out-of-home (events, workplaces, public spaces).

COEX is committed to delivering nation-leading recycling outcomes in partnership with government and industry. COEX welcomes collaboration and encourages all levels of government to utilise the tools at their disposal to boost the scheme and deliver environmental, social and economic outcomes for Queensland.

Recommendation 16

COEX also supports the implementation of other Committee suggestions like recommendation 16 which proposed a feasibility study of the use of CRPs to take other materials, such as batteries.

COEX is committed to partnering with the waste industry and believes there is value in exploring these opportunities to drive recycling outcomes.

As a sign of its commitment, COEX is engaged in detailed discussions with Waste and Recycling Industry Queensland (WRIQ) on how a feasibility study might be funded and conducted. COEX is open to partially funding and contributing to a feasibility study of the kind recommended by the Committee.

For the information of the Committee, COEX and WRIQ are currently engaged in discussions on potentially collaborating to progress three of the Committee’s recommendations:

- Recommendation 16 relating to a feasibility study regarding the use of container return points to facilitate the collection and recycling of soft plastics, batteries and other recyclable items;
- Recommendation 7 relating to an independent, external complaints body to mitigate against unlawful and unethical conduct in the scheme; and
- Recommendation 8 relating to finding effective mechanisms for improving the recovery rate, potentially through WRIQ’s Innovation Challenge model.

Containers for Change offers a network of more than 400 CRPs across Queensland, run by innovative and customer-focused businesses and non-profit partners. These facilities become important hubs in local communities and could provide convenient solutions for supporting more collaboration in the waste and recycling sector, including by facilitating the return of other end-of-life materials. The importance of trials and feasibility studies is that they can help all parties, including government, to better understand and assess the costs and risks, as well as the opportunities and challenges.

COEX believes that the collection of other materials should prioritise those that are covered under an existing accredited stewardship scheme. While there is no restriction on operators collecting materials other than eligible containers, it should be noted that the core business of a CRP operator is to receive eligible containers and provide a refund on these containers. For these reasons, opt-in feasibility studies are preferred over any mandated obligations to collect and process other materials that could distract or compromise operators’ core economic viability.

Further to the principle of producer responsibility, it is also an important policymaking outcome to ensure that the manufacturers of some products do not in the long run end up cross subsidising the legitimate producer responsibility costs of manufacturers of other products.

4. New proposals

Cost recovery

This proposal to enable the Department to invoice COEX for recovery of costs relating to administering the scheme was not mentioned in the Committee’s report.

Cost recovery does exist in some other states but not all of them.

There is insufficient detail contained in the Bill concerning the activities for which the Department may recoup costs and the level of the costs charged. These details, and guardrails concerning the process to seek recovery of these costs, would ordinarily be placed in regulation. COEX has a clear expectation that the Department would not be able to seek costs associated with activities that it is obligated to undertake (such as container approvals and approval of plans) or that the Department/Minister initiates.

Any additional costs incurred by the PRO are likely to result in price increases for the scheme with the unintended consequence of flow-on impact to consumers. For these reasons, COEX considers it appropriate that the Bill be amended to include reference to a schedule of fees and activities as prescribed in regulation.

Special Manager

This proposal to allow a special manager to be appointed was not mentioned in the parliamentary inquiry report or DETSI's consultation briefing in March.

While there may be some utility in providing for the appointment of a special manager, there is insufficient detail contained in the Bill to assess the potential impact and unintended consequences of this action. Additional clarity would be welcomed in relation to the circumstances in which a special manager might be appointed, as well as consideration of guardrails to ensure that the mechanism is not capable of being misused or leading to unintended consequences. It would also be beneficial to clarify and confirm in the legislation that the appointment of a special manager does not affect the day-to-day operation and administration of the scheme by the PRO.

5. Conclusion

COEX would like to thank the Committee for its work seeking to improve the performance of the Containers for Change scheme. COEX looks forward to the opportunity to present to the Committee in person as scrutiny of the Bill is conducted.

COEX also looks forward to a close consultative process in the framing of the necessary supporting regulations.

COEX remains committed to working collaboratively with the parliament, as well as our partners and stakeholders, to ensure the scheme delivers the best environmental, social and economic outcomes for Queensland.