QUEENSLAND PARLIAMENT
COMMITTEES

Improving Queensland's Container Refund Scheme

Health, Environment and Innovation Committee

Report No. 14

58th Parliament, October 2025

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Health, Environment and Innovation Committee

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All references and webpages are current at the time of publishing.

Acknowledgements

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Table of Contents

Chair's Foreword

At the outset of this inquiry, it appeared that the committee's main task would be to identify ways to improve a container refund scheme that had been well received by Queenslanders and was delivering significant benefits to them. I expected that we would receive many constructive suggestions on how to increase recovery rates, expand access to refund points, enhance operational efficiency, and create more meaningful recycling pathways for the hundreds of thousands of containers diligently collected and returned each day.

I also anticipated proposals to broaden participation by community and charitable organisations, adjust financial incentives and refund amounts, and strengthen the scheme's role within Queensland's circular economy. Indeed, among the 119 submissions received, many called for more convenient return options and the inclusion of a wider range of items—such as batteries and soft plastics—within the refund framework.

However, it quickly became clear that the issues before us were far more complex than initially expected. The committee received substantial evidence suggesting that problems were 'baked into' the scheme's structure from the outset, contributing to serious governance and accountability failures by Container Exchange (Qld) Limited—known as COEX—the Product Responsibility Organisation appointed to administer the scheme.

A considerable amount of this evidence came from witnesses who requested anonymity, with many making confidential submissions because they feared reprisal or believed they had nowhere else to go. Some alleged that fundamental weaknesses in the scheme's design, compounded by governance failures, had undermined its effectiveness from the start. Concerns were raised about how COEX was appointed—without an open tender process—despite Queensland adopting a novel and untested "fused" model. Greater probity at that stage, together with waste industry representation on the COEX board, may have prevented many of the problems now evident.

The committee also received troubling evidence about how the scheme is being run. Allegations of conflicts of interest, unfair contracts, misleading conduct, and bullying and harassment were among the most serious. Such behaviour, if proven, has damaged both the integrity of the scheme and the viability of the small businesses that help deliver it. While the committee cannot investigate all of these matters, it has referred ten allegations to the Crime and Corruption Commission for consideration.

Of particular concern was COEX's commercial relationship with Circular Economy Systems (CES), a joint venture between its two founding members, Coca-Cola and Lion. CES has received significant—and increasing—payments over the life of the scheme. It also provides the payment technology underpinning the program, giving it access to large amounts of consumer data that could potentially be used by the beverage industry.

The committee also examined COEX's financial management. We were concerned by the size of the cash surplus the organisation has accumulated and retained since the scheme's inception. Despite its charitable status, COEX has invested comparatively little

of its own funds into community or environmental initiatives. There remains a large gap between the contribution beverage suppliers make per container and the actual cost of recovering and recycling that container.

The broader community economic benefit has likewise been overstated. While the scheme has generated more than $2.5 billion in revenue since inception, less than 40 per cent has been returned to Queenslanders through refunds, and less than 2 per cent has gone directly to charities. Given that the scheme was originally promoted as a model that would enhance community and charitable outcomes, it is clear that these ambitions have not been met.

Despite being established as a not-for-profit entity, COEX continues to hold substantial retained earnings without a transparent plan for reinvestment in environmental or charitable programs. Instead, evidence suggests that its major corporate members have used those reserves to offset theirs and other beverage manufacturer contribution rates—effectively shifting value from Queenslanders to themselves.

Let us be clear: it is everyday Queenslanders—mums, dads, kids, and grandparents—who fund this scheme. They pay for its administration, logistics, and operations through the increased cost built into every beverage they buy.

The unexpectedly high number of confidential submissions underscores the depth of fear and mistrust among operators and scheme participants. It also highlights weaknesses in oversight and the absence of a safe, transparent complaints process. While assessing this evidence has been challenging, the committee has sought to balance all perspectives and chart a way forward that serves the public interest.

In total, the committee has 21 recommendations—most centred on improving transparency, accountability, and governance, all of which have been lacking to date. From the very beginning, the fused and novel scheme model raised deep concerns. It effectively handed monopoly control of the scheme to two of Australia's largest beverage corporations. Those corporations dominated the board, and awarded a key contract to their own joint venture. In exchange for loans to the scheme, they secured additional board seats and maintained control long after those loans were repaid.

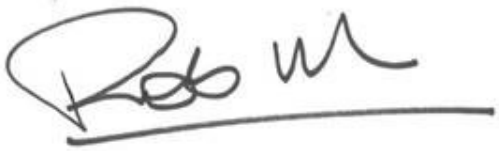
During the inquiry, the committee reviewed thousands of pages of departmental correspondence, legal material, and cabinet-in-confidence documents. We identified a large number of cabinet-in-confidence documents relating to the scheme – hundreds of pages –that remain classified.

It is important to note, however, that not all evidence was negative. We also heard from passionate community advocates—people like "Ten-Cent Tom" and others who use the scheme to fund local initiatives and help those in need. They remind us of what this scheme was intended to be: a not-for-profit model delivering genuine environmental and social benefits for Queensland families and communities.

Finally, I want to acknowledge the incredible amount of hard work conducted by the Committee Secretary, who was ably supported by other secretariat staff. They

courageously and fearlessly worked through reams of evidence and material supplied to the committee through the course of its inquiry. I acknowledge the sensitive and difficult conversations that the Committee Secretary has had not only with us as committee members but also with submitters, whistleblowers and other contributors.

This was an inquiry quite unlike any other I have participated in. It required careful steering through significantly complex and challenging legal and ethical issues. The committee has done its utmost to shine a light on what could have been a much simpler and fairer scheme. This scheme has enormous potential—but it must be managed with integrity, fairness, and proper oversight to deliver the outcomes Queenslanders were promised and deserve.



Rob Molhoek MP
Chair

Terms of Reference

On 20 February 2025, the Honourable Dr Christian Rowan MP, Leader of the House introduced the following terms of reference which were referred to the committee:

That the Health, Environment and Innovation Committee inquire into and report to the Legislative Assembly by 21 August 2025 on:

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*.
2. 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 percent 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; and
    c. the final processing and utilisation of recycled products, ensuring transparency and public oversight.
3. 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.
4. Ensuring the appropriateness of governance arrangements, structures and expenditure (including sponsorship).
5. Any other relevant matters.

Executive Summary

This report documents the evidence received by the Health, Environment and Innovation Committee (the committee) during its inquiry into Improving Queensland's container refund scheme (inquiry), and sets out its findings.

The committee received a very substantial body of evidence during its inquiry. This evidence came from community groups, industry stakeholders, small businesses, members of the public, the Department of the Environment, Tourism, Science and Innovation (the department) and Container Exchange (Qld) Limited (COEX), the not-for-profit company that exclusively administers the scheme as the appointed Product Responsibility Organisation (PRO). COEX is composed of a majority of beverage manufacturer representatives, and has two Member companies, Coke and Lion.

The committee received a significant volume of evidence on a private or confidential basis, some of which it has chosen to publish in this report. This is an unusual step, and not one the committee has taken lightly. Where it has chosen to publish such evidence, the committee has consulted with relevant witnesses and submitters before doing so.

Evidence before the committee demonstrates that the scheme has generated tangible benefits for Queenslanders since it commenced on 1 November 2018. Queensland's beverage container recovery rate has increased from 18 percent prior to introduction of the scheme to 67.1 per cent this year. Littering has reduced, with a 60 per cent decrease in beverage container litter since the scheme was launched. This has only been achieved due to strong community support for the scheme, with many community groups and individuals calling for even wider and more convenient access to collection points.

However, evidence and submissions received by the committee also indicate serious concerns about many important aspects of the scheme. This includes the governance framework embedded in the scheme, the governance practices that prevail within COEX, and that company's relationship with the operators of container return points (CRPs), who form the 'backbone' of Queensland's scheme, under contractual arrangements with COEX. The committee has also observed concerns about a lack of accountability and transparency both around the scheme, and within COEX.

Some submissions have made allegations against COEX. The committee has considered the potential operational impacts of those. However, the committee is not the appropriate body to determine the veracity of those allegations. It has therefore referred certain matters to other bodies for their consideration.

Evidence before the committee suggests that there is room to improve the performance of Queensland's scheme, both in terms of how many containers it recovers and the recycling outcomes it delivers. While COEX has exceeded the target for 307 container refund points, it has never achieved the legislated target of recovering 85 per cent of eligible beverage containers sold within Queensland. While the committee appreciates that the proportion of beverage containers recovered in Queensland is broadly similar to that recovered in states and territories with comparable schemes, the committee believes

that there are practical improvements that can be made to the scheme to improve this rate. In addition, while the government may consider changing or removing the target recovery rate, doing so may adversely affect public confidence in the scheme.

Many people told the committee that they would like to see the scheme expanded to include more beverage containers, other types of containers, and even items such as batteries and soft plastics. However, views here were mixed. Some stakeholders expressed concern about the potential cost of scheme expansion, both for businesses and consumers. Others identified technical issues that would make collecting and recycling certain items, such batteries, more difficult.

Ultimately, the committee has made 21 recommendations, all of which are designed to improve Queensland's container refund scheme and its ability to achieve its statutory objectives. Several of these recommendations would, if accepted and implemented by the government, lead to significant changes in how the scheme is governed. Others focus on improving the accessibility, operation and performance of the scheme to ensure its potential benefits are fully realised.

Recommendations

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to:

a. ensure the existing scheme coordinator is subject to stricter oversight requirements commensurate to those which apply to statutory authorities responsible for handling public funds

b. provide for the construction of the scheme coordinator as a Unit of Public Administration by regulation, and/or

c. another governance model which would better serve the objects of the scheme and the public interest.

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to require Ministerial approval of all appointments to the scheme coordinator Board, and ensure the Board's composition equitably demonstrates expertise in waste and recycling, local government, community and social enterprise capability, alongside small and large beverage manufacturers.

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to provide for a fixed term for the scheme coordinator's appointment, and include mechanisms for regular renewal of its Board.

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to require the scheme coordinator to publish its strategic and operational plans, immediately upon approval by the Minister.

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to require the Minister to approve, subject to any conditions, a governance plan for investment and allocation of surplus and retained scheme funds.

That the Minister for the Environment and Tourism and Minister for Science and Innovation notify the national Environmental Ministers Meeting (EMM) of the findings of this inquiry.

That the Minister for the Environment and Tourism and Minister for Science and Innovation ensure that the scheme coordinator is subject to an independent, external complaints body to mitigate the potential for unlawful and unethical conduct in the scheme.

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider the issue of an effective mechanism for improving the scheme container recovery rate, and whether a regulatory target is appropriate.

Glossary

ACCC	Australian Competition and Consumer Commission
ACL	Australian Consumer Law
ACNC	Australian Charities and Not-for-profits Commission
ACNC Act	*Australian Charities and Not-for-profits Commission Act 2012* (Cth)
AEC	Agriculture and Environment Committee, 55th Parliament
AGM	Annual general meeting
APCO	Australian Packaging Covenant Organisation
CC Act	*Crime and Corruption Act 2001*
CCA	Container Collection Agreement
CCC	Crime and Corruption Commission
CDS	Container deposit scheme
CES	Circular Economy Systems Pty Ltd, ACN 623 565 471
CPCR	Cost per container recovered
CRP	Container return point
CRS	Container refund scheme
COEX	Container Exchange (Qld) Limited, ACN 622 570 209
Committee	Health, Environment and Innovation Committee, 58th Parliament
Coke	Coca-Cola Europacific Partners API Pty Ltd, ACN 004 139 397
CUB	Carlton United Breweries
Department or DETSI	Department of the Environment, Tourism, Science and Innovation
EFC / EfC	Exchange for Change
EMM	Environment Ministers Meeting
EPA	Environment Protection Authority
EPR	Extended producer responsibility
HDPE	High-density polyethylene
LGAQ	Local Government Association of Queensland
LSA	Logistics Supply Agreement

Lion	Lion-Beer, Spirits & Wine Pty Ltd, ACN 008 596 370
NSW Act	*Waste Avoidance and Resource Recovery Act 2001 (NSW)*
NSW Reg	Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulation 2017 (NSW)
MRA	Materials Recovery Agreement
MRF	Materials recovery facility
MUD	Multi-unit dwelling
PET	Polyethylene terephthalate
PRO	Product Responsibility Organisation
PSA	Processor Supply Agreement
PSO	Product Stewardship for Oil Scheme
QPC	Queensland Productivity Commission
RIS	Regulatory Impact Statement
RVM	Reverse vending machine
TSA	Tyre Stewardship Australia
UPA	Unit of public administration
Vic Act	*Circular Economy (Waste Reduction and Recycling) Act 2021* (Vic)
Vic Reg	Circular Economy (Waste Reduction and Recycling) (Container Deposit Scheme) Regulations 2022 (Vic)
WA Act	*Waste Avoidance and Resource Recovery Act 2007* (WA)
WA Reg	Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulations 2019 (WA)
WMRRAA	Waste Management & Resource Recovery Association of Australia
WRIQ	Waste Recycling Industry Association of Queensland
WRR Act	*Waste Reduction and Recycling Act 2011*
WRR Reg or WRR Regulation	Waste Reduction and Recycling Regulation 2023 Note this replaced the Waste Reduction and Recycling Regulation 2011
WRRA Act	*Waste Reduction and Recycling Amendment Act 2017*
WRRA Bill	Waste Reduction and Recycling Amendment Bill 2017

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1. Context of this inquiry

This chapter provides an overview of the establishment of this inquiry and the context in which it occurs. As will become clear in later sections, analysing the evidence received during this inquiry requires a clear understanding of how and why Queensland's container refund scheme was established, how it compares to schemes established in other Australian jurisdictions, and the effect of specific features of Queensland's 'novel' scheme.

1.1. Establishment of this inquiry

On 20 February 2025, the Legislative Assembly agreed to a motion that the Health, Environment and Innovation Committee (the committee) inquire into and report on Queensland's container refund scheme.

The committee was initially directed to report by 21 August 2025. However, on 26 June 2025, the Legislative Assembly agreed to a motion extending the date for the committee to report to 2 October 2025. On 18 September 2025, the Legislative Assembly subsequently agreed to a further extension, to 16 October 2025.

1.1.1. Scope and rationale

The scope of this inquiry is quite broad. The Legislative Assembly directed the committee to inquire into and report on the matters set out below.

Matters into which the committee is to inquire

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*.
2. 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, and
    (c) the final processing and utilisation of recycled products, ensuring transparency and public oversight.
3. 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.
4. Ensuring the appropriateness of governance arrangements, structures and expenditure (including sponsorship).
5. Any other relevant matters.

On 20 February 2025, the Honourable Mr Andrew Powell MP, the Minister for the Environment and Tourism and Minister for Science and Innovation, identified a range of factors that contributed to the launch of this inquiry. He stated that the current container recovery rate 'is just not good enough' and that investments made in the scheme were 'clearly not delivering results.' He then continued, explaining, 'I have received correspondence from fellow members of parliament, from community members and from the industry who realise that the scheme is not working as well as it should.' This, he suggested, warranted 'a root-and-branch review of the scheme.'[1]

1.1.2. Evidence received by the committee

The committee received a very substantial body of evidence during this inquiry. Early in the Inquiry, the committee fielded inquiries from parties wishing to make submissions but concerned about confidentiality, and the effect of any legal obligations they may be under regarding the submissions they proposed to make.

These parties were duly advised that parliamentary privilege applies to proceedings of the committee, including written submissions and verbal evidence accepted at hearings, and that submitters could request confidentiality at the time of making a written submission, which the committee would decide on a case-by-case basis. This caused concern to some parties that the committee might decide not to treat a submission confidentially.

The committee subsequently resolved to publish information to the inquiry webpage about the extent to which Parliamentary privilege applied to the proceedings of the committee in its inquiry.[2]

The committee:

- accepted 119 written submissions, as listed in Appendix A
- held a public briefing in Brisbane on 2 April 2025, as detailed in Appendix B
- held two public hearings in Brisbane on 30 April and 21 May 2025, as detailed in Appendix C
- held 12 private hearings with relevant stakeholders (names of witnesses withheld); and
- requested, and received, a substantial volume of documentation from both Container Exchange and the Department of the Environment, Science, Tourism and Innovation (the department, or DETSI).

1 Legislative Assembly, Record of Proceedings, 20 February 2025, pp 191-192.
2 https://documents.parliament.qld.gov.au/com/HEIC-AF26/IIQCRS-F8B7/Information%20Paper%20-%20FAQ%20-%20Parliamentary%20Privilege.pdf

Evidence received on a confidential or private basis

During this inquiry, the committee received a significant amount of evidence on a private or confidential basis. The committee has chosen to publish some of that evidence as part of this report. Where it has done so, the committee has consulted with relevant witnesses and submitters in accordance with Schedule 3 of the Standing Orders (Instructions to Committees Regarding Witnesses).

The private hearing process is discussed in more depth in the committee comments that commence on pages 28 and 168.

1.2. Queensland's scheme

The Queensland Government began assessing the feasibility of a state-based container refund scheme in June 2015.[3] Queensland's scheme was subsequently established by the *Waste Reduction and Recycling Amendment Act 2017* (WRRA Act). Prior to being adopted by the Legislative Assembly, the relevant legislation was examined by one of this committee's precursors, the Agriculture and Environment Committee (AEC). The inquiry undertaken by that committee is discussed in section 1.2.2, below.

1.2.1. Motivation for the scheme

On 14 June 2017, the Honourable Dr Steven Miles MP, Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef, introduced the *Waste Reduction and Recycling Amendment Bill 2017* (WRRA Bill), which proposed the establishment of Queensland's scheme. In addition, the WRRA Bill also proposed the phase out of single use plastic bags.

Introducing the WRRA Bill, the then Minister identified several reasons for the establishment of a container refund scheme. These included:

- reducing litter
- improving recycling rates, and
- creating opportunities for community groups and social enterprises to establish independent sources of revenue.[4]

During the Bill's second reading, the former Minister reiterated these reasons while also emphasising the potential of the scheme to create new jobs and commercial opportunities, including opportunities for social enterprises and charities in regional, rural and remote parts of Queensland.[5]

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3 Waste Reduction and Recycling Bill 2017, explanatory notes, p 3.
4 Legislative Assembly, Record of Proceedings, 14 June 2017, p 1610.
5 Legislative Assembly, Record of Proceedings, 5 September 2017, p 2638 (Hon SJ Miles, Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef).

These motivations were ultimately incorporated into the statutory objectives of the scheme (discussed in section 1.2.7) as were some additional goals, such as ensuring beverage producers became responsible for the containers they manufactured.

> *"The container refund scheme and plastic bag ban will address our litter problem while creating jobs across the state and supporting social enterprises and charities. It will give local communities an incentive to stem the massive amounts of litter in our playgrounds, parks, rivers and beaches…*
>
> *With an estimated 2.4 billion eligible containers generated in Queensland each year, the container refund scheme will create new social and commercial opportunities. This means more revenue for our not-for-profit organisations including sporting clubs and charities, particularly in regional, rural and remote areas of the state.*
>
> ***Hon Steven Miles, Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef***
> *5 September 2017*[6]

1.2.2. Scheme introduction

The Bill ultimately examined by the AEC was preceded by a consideration of the feasibility of introducing a scheme in Queensland, undertaken by the government in June 2015. This was in turn followed by a series of consultation processes, including:

- a public consultation process, framed by a discussion paper released by the government, in February 2017,[7] which received more than 2600 submissions[8]
- consultations with key stakeholders via the Container Refund Scheme Implementation Advisory Group, with membership representatives from a variety of groups, including the Australian Beverages Council, the Australian Council of Recycling, the Local Government Association of Queensland, the Waste Management Association of Australia, and the Waste Recycling Industry Association (Qld)[9]
- more detailed consultations around the technical design and implementation of the scheme, via four Technical Working Groups: Local Government; Resource Recovery; Beverage and Retail; and Community and Environment.[10]

In the course of these consultations, the model proposed for Queensland's scheme evolved considerably. The 2017 discussion paper expressly sought feedback on whether Queensland's scheme should have a single scheme coordinator or multiple scheme coordinators.[11] It presented the NSW scheme (in which responsibility for the scheme is split between a scheme coordinator and network operator) as a possible model, and even

6 Legislative Assembly, Record of Proceedings, 5 September 2017, p 2638.
7 Department of Environment and Heritage Protection, 'Implementing Queensland's Container Refund Scheme, Discussion paper, 2017.
8 Waste Reduction and Recycling Amendment Bill 2017, explanatory notes, p 4.
9 Waste Reduction and Recycling Amendment Bill 2017, explanatory notes, p 4.
10 Waste Reduction and Recycling Amendment Bill 2017, explanatory notes, p 4.
11 Department of Environment and Heritage Protection, 'Implementing Queensland's Container Refund Scheme, Discussion paper, 2017, p 9.

canvassed the possibility of a shared scheme coordinator for both NSW and Queensland.[12]

Ultimately, however, Queensland took a very novel approach to its scheme. It adopted a model in which the responsibilities that NSW divides between its scheme coordinator and network operator are fused within a single entity, the Product Responsibility Organisation (PRO) (see sections 1.3.3 and 2.1.3 for more detail).

The model proposed in Queensland attracted criticism from some stakeholders during the AEC's examination of the WRRA Bill (see section 1.2.3 for more detail). For example, some representatives from the waste and recycling industry expressed concern that it would give beverage suppliers, via the PRO, too much influence over the scheme.[13] In addition, some local councils were wary of the costs the model would impose on them and its potential to adversely affect their ability to generate revenue by selling materials recovered from co-mingled 'yellow-top' recycling bins.[14]

1.2.3. Former committee's examination of the proposed scheme

The Agriculture and Environment Committee of the 55th Parliament examined the WRRA Bill's proposal to establish the scheme in 2017.[15] It received a variety of evidence, with several key issues emerging during its inquiry. The evidence received by that committee highlighted several key issues relating to the proposed container refund scheme.[16] These included:

- strong support in the community for the scheme and its objectives, particularly the goals of reducing litter and increasing recycling
- a variety of views about the scope of the scheme, with some stakeholders calling for a broader range of containers to be included
- concerns from some stakeholders about the cost of the scheme for beverage manufacturers, retailers and local governments, and the potential for costs to be passed on to consumers
- the need for handling fees to be set at an appropriate level, both to encourage investment in the scheme and to promote efficiency

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12 Department of Environment and Heritage Protection, 'Implementing Queensland's Container Refund Scheme, Discussion paper, 2017, p 20.

13 See, for example, Rick Ralph, CEO, Waste Recycling Industry Association of Queensland, public hearing transcript, Inquiry into the Waste Reduction and Recycling Amendment Bill 2017, Brisbane, 12 July 2017, pp 8-11.

14 Agriculture and Environment Committee, Report No. 39, 55th Parliament – Waste Reduction and Recycling Amendment Bill 2017, August 2017, p 26.

15 Agriculture and Environment Committee, Report No. 39, 55th Parliament – Waste Reduction and Recycling Amendment Bill 2017, August 2017.

16 Agriculture and Environment Committee, Report No. 39, 55th Parliament – Waste Reduction and Recycling Amendment Bill 2017, August 2017, pp 21-35.

- the need to ensure appropriate regulation and oversight of the PRO, and in particular to ensure balanced representation of different sectors in a container's lifecycle. on the board of the PRO
- a variety of views about how the PRO should manage any excess funds, with the department at the time noting that 'there are no legislated requirements that direct where funds will be spent' and expressing an expectation that the fees associated with the scheme 'will realistically reflect cost recovery throughout the supply chain'[17]
- the importance of establishing a sufficient number of container refund points, across all parts of the state, to provide convenience to consumers, including those in regional areas
- the importance of setting appropriate performance targets for the PRO and establishing mechanisms to enforce these; and
- the potential need to review the scheme a reasonable amount of time after its commencement, to ensure its effective operation.

Ultimately, the AEC recommended that the WRRA Bill be passed. In light of some of the issues identified above, it also made three further recommendations relating the proposed scheme. These recommendations are set out below.

Recommendations made by the Agriculture and Environment Committee in 2017

Recommendation 1

The committee recommends the Waste Reduction and Recycling Amendment Bill 2017 be passed.

Recommendation 2

The committee recommends that the Bill be amended to mandate the inclusion of a recycling industry representative on the board of the Product Responsibility Organisation.

Recommendation 3

The committee recommends that the Minister report to the committee on progress in reaching relevant benchmarks within two years of commencement of the Container Refund Scheme.

The benchmarks should include:

- key performance indicators for the Container Refund Scheme and Product Responsibility Organisation, including a container recycling target, a convenience and accessibility target in relation to the availability of container

[17] Agriculture and Environment Committee, Report No. 39, 55th Parliament – Waste Reduction and Recycling Amendment Bill 2017, August 2017, p 29.

refund points, and targets relating to social enterprise and innovation and technology outcomes, and

- the appropriate timeframe in which those targets are required to be achieved.

Recommendation 4

The committee recommends that the Minister specify in regulation those benchmarks referred to in Recommendation 3.

1.2.4. Government's response to former committee report

In response to the AEC report, the former government indicated full support for three of the four recommendations, and partial support for the remaining recommendation.

> *"The government agrees with the committee's view that the recycling industry will play an important role in the implementation and functioning of the proposed container refund scheme. The government also supports the committee's view that inclusion of a recycling industry representative on the board of the Product Responsibility Organisation would ensure balanced representation. The government is proposing to achieve the aim of this recommendation by amending the Waste Reduction and Recycling Regulation 2011. The amendment will ensure that at least one member of the board will have knowledge and experience of the waste and recycling industry. The regulation will also ensure the board has a member or members with knowledge and experience of the local government and not-for-profit sectors.*
>
> ***Hon Steven Miles, Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef***
> *5 September 2017*[18]

During debate on the second reading of the WRRA Bill, the then Minister stated that potential conflicts of interest could arise because the scheme would create opportunities for some sectors, including the waste industry, local government, and not-for-profit sectors, to profit financially. It was further noted that to avoid potential conflicts of interest, the relevant regulation would be amended to specify that a member of the PRO Board 'may not be currently employed by a waste or recycling company, local government or not-for-profit organisation.'[19]

It appears that neither the *Waste Reduction and Recycling Regulation 2011*, nor its successor, the *Waste Reduction and Recycling Regulation 2023*, was amended to implement the recommendations made by the AEC in 2017.

1.2.5. The scheme's entry into force

The WRRA Act was passed by the Legislative Assembly in September 2017. In November 2017, Container Exchange (COEX) was appointed as the PRO on a conditional basis. The appointment of COEX is considered further in Section 2.1.2 of this report.

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18 Legislative Assembly, Record of Proceedings, 5 September 2017, p 2639.
19 Legislative Assembly, Record of Proceedings, 5 September 2017, p 2639.

Who is COEX?

Container Exchange (Qld) Limited (ACN 622 570 209) or COEX, is the current Product Responsibility Organisation (PRO) for Queensland's scheme. It is a not-for-profit company limited by guarantee, founded by Coca-Cola Europacific Partners (Coke) and Lion.[20] COEX's governing purpose is to 'reduce beverage container litter, increase recycling efforts, and help the community benefit through the participation of charities, community groups and not-for-profit organisations in the scheme'.[21]

Regulations relating to the scheme were made in October 2018, via an amendment to the *Waste Reduction and Recycling Regulation 2011*.[22] These amendments implemented some of the recommendations made by the AEC. Most notably, it specified the required outcomes that the PRO would be required to achieve, including requirements that the PRO:

- achieve a container recovery rate of at least 85 per cent for the financial year starting on 1 July 2021 and each subsequent financial year
- ensure that at least 307 container refund points were established by 1 November 2019 and were operational for the remainder of that financial year, and subsequent financial years.[23]

In addition to the targets set by regulation, COEX was required by a Ministerial direction given under section 102ZE of the WRR Act to:

- establish 232 container refund points by 1 November 2018 (the start date for the scheme), and
- establish at least 75% of the sites required for the 1 November 2019 container refund point target (307) in each region and sub-region by 1 March 2019.[24]

Initially, Queensland's scheme was due to commence on 1 July 2018.[25] However, this was delayed to 1 November 2018 following a request from COEX, to ensure that it was able to recruit staff, mobilise stakeholders and establish enough container refund points to make the scheme viable.[26]

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20 Submission 39, p 5.
21 Submission 39, p 5.
22 These amendments were made by the Waste Reduction and Recycling (Container Refund Scheme) Amendment Regulation 2018.
23 Waste Reduction and Recycling (Container Refund Scheme) Amendment Regulation 2018, section 4 (inserting new sections 31 and 32 into the Waste Reduction and Recycling Regulation 2011). Updated but equivalent provisions are now included in sections 45 and 46 of the WRR Regulation.
24 DETSI, Ministerial direction to COEX dated 30 October 2018, provided to committee on 4 August 2025.
25 Waste Reduction and Recycling Bill 2017, explanatory notes, p 2.
26 COEX, Letter from COEX to the Minister regarding CRS Mobilisation and Delivery dated 12 January 2018, provided to committee on 4 August 2025.

COEX advised the committee that, given Queensland's large size and relatively decentralised population, it initially focussed on establishing 'the operational framework necessary to deliver the scheme across Queensland's diverse geography'.[27] During this period, it gave priority to developing the network of refund points, implementing financial systems and establishing governance structures to effectively manage the scheme.[28]

On 1 November 2018, the scheme commenced, with 252 collection points operational by that date.[29] As indicated in Table 1 below, the number of collection points plateaued during the COVID-19 pandemic, then increased to 361 in 2021-22 before plateauing again. During this period, the average annual recovery rate increased only slightly, with COEX reporting an average annual recovery rate of 60.1 per cent in 2019-2020, the first full year of operation, rising to 67.4 per cent in 2023-24. However, this recent increase may reflect the expansion in the scheme's scope, with glass wine and spirit bottles becoming part of the scheme in November 2023. The recovery rate currently being achieved is 67.1 per cent.[30]

Table 1 Scheme expansion and performance metrics, 2019-2024

Financial year	*Collection points*	*Average annual recovery rate*
2018-19	292	-
2019-20	314	60.1%
2020-21	309	61.6%
2021-22	361	62.9%
2022-23	362	63.5%
2023-24	354	67.4%
2024-25	389	67.1%

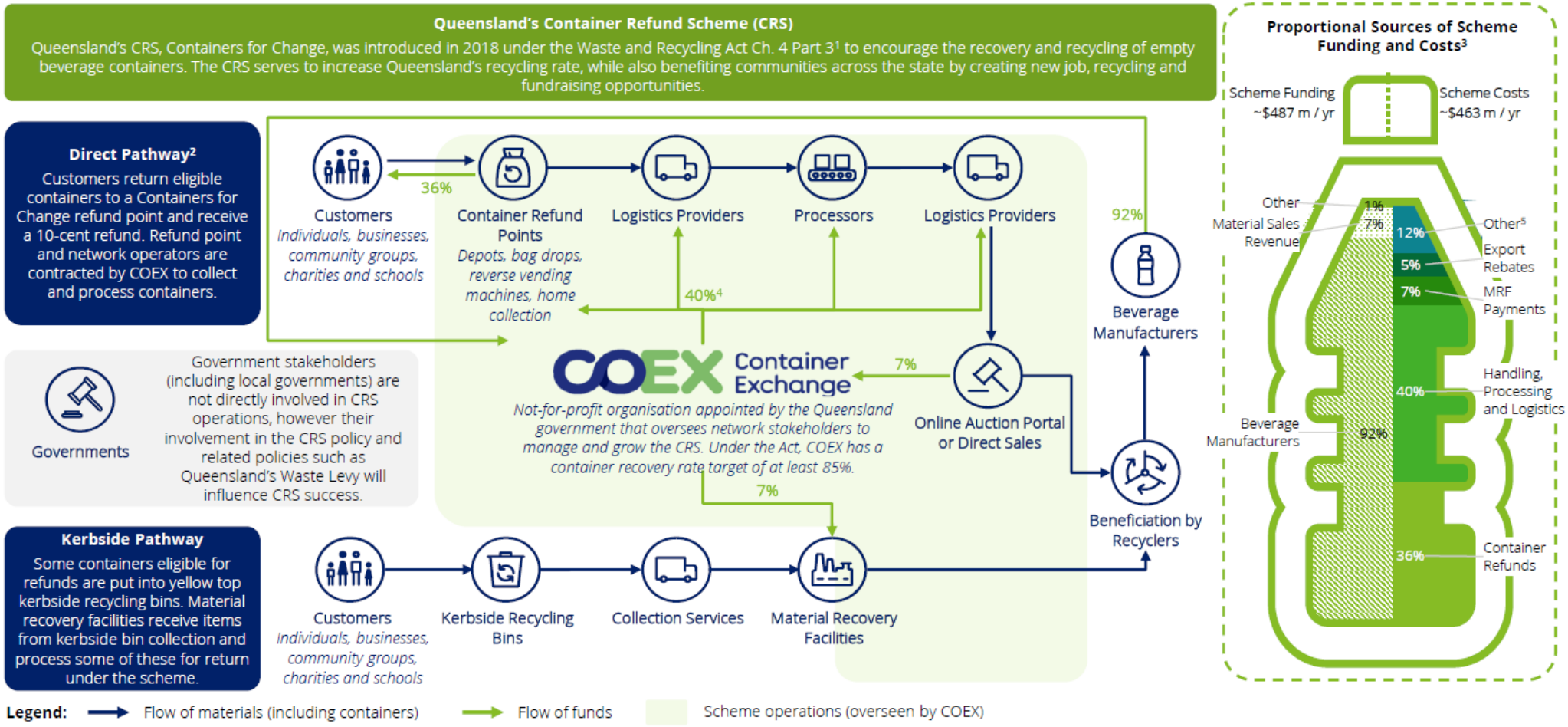
Note: In 2019-20 and 2020-21, the operation of some collection points was temporarily suspended due to the COVID-19 pandemic.

Source: COEX Annual Reports for relevant financial years.

See section 4.3 for a more detailed discussion of the scheme's performance in recovering containers.

27 Submission 39, p 6.
28 Submission 39, p 6.
29 COEX, Container Exchange Annual Report 2018-2019, p 5.
30 COEX, Container Exchange Annual Report 2024-2025, p 18.

Figure 1 Overview of Queensland's container refund scheme



Note: *(1) Waste Reduction and Recycling Act 2011.*

(2) COEX, 'Our story', Container Exchange, https://containerexchange.com.au/who-is-coex/

(3) Scheme funding and costs are sourced from COEX Annual Report 2023-2024. Visualisation represents portion of funding / costs as a percentage of total scheme funding /costs.

(4) Includes container handling, processing and logistics costs.

(5) The remainder of costs not otherwise shown (~17%) are attributable to container export rebates, shared services and scheme management costs.

Source: Prepared for COEX by Deloitte, based on scheme financial data as at February 2025.

1.2.6. How the scheme works

As Figure 1 illustrates, Queensland's scheme allows eligible beverage containers to be returned through a variety of recovery channels.

What is an eligible beverage container?

Queensland's scheme covers eligible beverage containers. This includes most aluminium, glass, plastic, steel and liquid paperboard beverage containers between 150ml and 3 litres.

The following types of containers are not currently included in the scheme:

- plain milk containers of all sizes including plant-based milk substitutes
- cask wine
- containers 1 litre or more that contained flavoured milk, pure fruit or vegetable juice, cask wine or cask water
- concentrated/undiluted cordial or syrup containers
- sachets above 250ml that have contained wine
- registered health tonics.[31]

After an eligible container is purchased by a consumer, it may be retained then collected by an individual, business, community group, charity or school. They can then return that container, in exchange for a 10-cent refund, at a container return point (CRP), either depot, reverse vending machine (RVM), bag drop or temporary 'pop up' site or through a home collection service known as Container Collect. CRP operators will then collect and sort the container. In Queensland, CRP operators are contractually required to sort containers into 8 types.[32] CRP operators will sometimes process the container by bailing and weighing it on-site, or a logistics provider will collect the sorted material from the refund point and deliver it to processing facilities.

Alternatively, a consumer may choose to forgo a refund and dispose of an eligible container in kerbside recycling through local government-supplied 'yellow top' bins, which pre-date the scheme, and so underpin one of the scheme's statutory objectives – to complement existing collection activities for recyclable waste. The container will be collected and processed at a Material Recovery Facility (MRF), usually located at or near local government landfill sites and operated by commercial entities. In this case, the 10-cent refund is paid to the MRF operator and shared with the local council in accordance with any contractual arrangements in place between them.

31 WRRA, s 99M; WRR Regulation, s 33.

32 The standard form contract used by COEX requires CRP operators to sort containers into the following material types: Glass, Clear PET, Coloured PET, HDPE, Aluminium, Steel, Liquid Paper Board and Other Materials.

Once a container has been collected through the scheme, it becomes the property of COEX. Regardless of how the container is recovered, after it has been processed, it is sold by COEX to accredited recyclers, either via an online auction portal or a direct sales agreement. These containers are then converted into new materials. While some become new beverage containers, others are converted into a range of products such as road base.

Where does the money come from – and where does it go?

As Figure 1 highlights, the financial flows underpinning the scheme are more complex than most consumers realise. The operation of the scheme is funded by beverage manufacturers from income derived from beverage sales. The amount they are required to pay depends on how many containers they sell in Queensland and the scheme price for the relevant type of container (see section 1.3.2). COEX, in turn, pays CRP operators ten cents, plus a handling fee, for each container they collect. It is the CRP operator, not COEX, which then pay consumers for each container they return.

Although the continued operation of Queensland's scheme is funded by beverage manufacturers, the government provided COEX with access to an interest-free loan facility of up to $35 million for a period of 18 months to facilitate its commencement. This Treasury loan, which was repaid in 2020, provided COEX with a temporary liquidity buffer and operating capital, allowing it to pay CRP operators and logistics providers in a timely manner and avoid cash flow problems that had occurred during the first few months of NSW's scheme, by permitting beverage manufacturers to pay their scheme fees in arrears.[33]

1.2.7. Objectives of the scheme

Section 99H of the WRRA identifies five objects which the establishment of the container refund scheme is to achieve. These are to:

(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—

- making funds available through the payment of refund amounts for empty beverage containers; and

[33] DETSI, Letter from the Minister to the Treasurer regarding loan to COEX, 13 March 2018, provided to committee on 4 August 2025.

- 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.

As the examples below demonstrate, the scheme has made significant progress towards achieving many of these statutory objectives.

What has Queensland's scheme achieved so far?

Since its commencement, Queensland's container refund scheme has:

- recovered more than 12.5 billion containers for recycling
- increased the proportion of beverage containers that are recovered for recycling from around 18 percent prior to the commencement of the scheme, to just over 67 per cent in 2025
- decreased container litter by 60 per cent
- registered 2,590 charities to receive donations and facilitated the payment of $17.9 million in donations to them since scheme donation, representing just under 2 per cent of all refunds.
- created around 1,500 local jobs
- generated new opportunities for 13 social enterprise businesses operating in the scheme.[34]

Some submitters expressed a positive view of the scheme's impact on litter in Queensland,[35] and the broader benefits it has generated for local communities.[36] One submitter explained:

> *As a community member who spend a lot of time in nature, I am very pleased with the very noticeable reduction in drink bottles and containers which are left or thrown into the bush since the start of the Containers for Change program.*[37]

However, other submitters expressed disappointment at the continued prevalence of litter in Queensland,[38] with some noting that bottle caps remain a particular problem.[39]

Several submitters emphasised positive outcomes delivered by the scheme for charities and social enterprises.[40] For example, Substation33, a jobs-focused social enterprise explained how it had benefitted:

34 Submission 39, p 1; COEX, Container Exchange Annual Report 2024-2025, pp 4-5.
35 Submissions 17, 21, 25, 33, 55 and 110.
36 Submission 55, 57, 77, 84, 90, 92, 94 and 116.
37 Name withheld, submission 55, p 1.
38 Submissions 8, 25, 43, 65.
39 See, for example, submission 8.
40 Including submissions 13, 33, 35, 38, 49, 55, 56, 84 and 94.

> *Our work within the container refund scheme in Queensland has been pivotal to our success over the past three years. Our partnership with COEX has created significant growth and allowed us to support many more people to create a better version of themselves and move from poverty into paid employment.*[41]

COEX also highlighted the benefits it has delivered to rural and remote First Nations communities, where it subsidises the cost of participating in the scheme. COEX CEO Natalie Roach, told the committee:

> *[H]andling fees to service a container refund point somewhere like Thursday Island, Horn Island and New Mapoon is considerably more expensive to do, so COEX actually absorbs the cost of providing that service to those communities, so there is a really significant benefit there in terms of the work that we do.*[42]

1.3. How Queensland's scheme compares

All Australian jurisdictions have now established container return schemes. Although there are some similarities between these schemes, they vary in several key aspects. This includes the model or structure of the scheme, their performance, the governance and oversight arrangements imposed on key actors within each scheme, and the types of collection points that characterise the scheme.

Queensland's scheme differs from those of other jurisdictions in several ways. Most notably it:

- covers a broader range of containers, because it includes glass wine and spirit bottle (see section 1.3.1)
- relies much more heavily on depots and bag drops, with far fewer RVMs available than in most other large states (see section 1.3.2), and
- employs a 'fused' model,[43] like Western Australia (see section 1.3.3) but does not include some of the legislative safeguards imposed by Western Australia in relation to governance, transparency and performance (see section 1.3.4).

The key similarities and differences between Queensland's scheme, and those of other jurisdictions, are summarised in Table 2 and Table 3 and discussed in more detail below.

1.3.1. Key similarities

There are three important similarities between Australia's container refund schemes. These relate to the refund amount, the manner in which the schemes are funded, and their scope.

The similarities between Australian schemes reflects deliberate efforts to harmonise these schemes. Relevant ministers and senior officials from each jurisdiction meet regularly at

41 Submission 84, p 2.
42 Private hearing transcript, Brisbane, 25 August 2025, p 12.
43 Under which a single entity is responsible for managing and operating the scheme, entering into contractual arrangements with a variety of smaller operators to undertake collection, processing and logistical aspect of the scheme.

the national Environment Ministers Meeting (EMM) to discuss topics such as the harmonisation of schemes, through a Jurisdictional Container Deposit Scheme Subcommittee. The EMM made a commitment in April 2021 to harmonise core elements of schemes including container scope, refund amounts, labelling standards and community education by the end of 2025.[44]

Refund

The first, and most obvious similarity between Australia's container refund schemes is that every scheme currently mandates a 10-cent refund. Stakeholders in several jurisdictions have proposed increasing refunds to 20 cents as a means of improving return rates,[45] including some who made submissions to this inquiry (see section 5.1.4). However, no Australian jurisdiction has increased the refund amount to date.

Funding

A second important similarity between Australian container refund schemes is that they all require beverage manufacturers, or those responsible for the 'first supply' of eligible containers, to pay for the costs of the scheme. Queensland has taken this concept of 'producer responsibility' further than other jurisdictions by electing to use a PRO model. In all Australian jurisdictions beverage manufacturers are required to pay a set price for each container they sell within the jurisdiction to the relevant entity – typically a scheme coordinator, or in Queensland, the PRO (i.e. COEX). The price they pay varies (see section 1.3.2, below) but is typically referred to as the 'scheme price'.

Scope

Another important similarity between Australian container return scheme is their scope. Most schemes encompass the same type of containers: beverage containers made from a variety of materials (aluminium, glass, plastic and liquid paperboard) between 150ml and three litres in size, subject to certain exemptions. In most jurisdictions the containers excluded from the scheme include wine bottles, spirit bottles, plain milk (and milk alternative) bottles and cartons, cask wine, cordial bottles, health tonics and pure juice bottles larger than one litre.

There are two notable exceptions to this similarity in scope:

- from November 2023, Queensland's scheme has included glass wine and pure spirit bottles which are currently excluded from all other schemes
- in South Australia and the Northern Territory, some containers smaller than 150ml, such 'Yakult' probiotic drink containers, are included.[46]

44 DETSI, internal documentation dated 5 May 2024, provided to committee on 4 August 2025.
45 See, for example, Boomerang Alliance, 'Time for 20', https://www.boomerangalliance.org.au/cash_for_containers#:~:text=Increase%20the%20refund%20from%2010c,in%20your%20and%20charity%20pockets.
46 See Yakult, 'Frequently Asked Questions', https://www.yakult.com.au/faq/

From 2026, the Northern Territory is expected to become the first Australian jurisdiction where any beverage container up to three litres will be included in their container refund scheme.[47] This will include wine and spirit bottles, larger juice and flavoured milk containers, as well as plain milk containers – all of which are excluded in most other states (except Queensland, where glass wine and spirit bottles are included). In addition, New South Wales, South Australia and Western Australia have announced that they will expand their schemes to include wine and spirit bottles, consistent with Queensland's scheme.[48] This change is expected to be implemented by mid-2026 in Western Australia, and mid-2027 in New South Wales and South Australia.[49]

These variations in scope are sometimes a source of frustration to consumers given that all jurisdictions require the inclusion of a similar 'refund mark' on the label of eligible containers.[50] That mark typically states "10c refund at collection depots/points in participating State/Territory of purchase" without identifying the specific jurisdictions in which the container is eligible to be returned for a refund.

1.3.2. Performance and cost

The performance of schemes across Australia varies. As shown in Table 2, the newer container refund schemes, including those in Queensland, New South Wales and Western Australia, typically recover around two-thirds of eligible containers. Victoria's scheme lags slightly behind this, reflecting the fact that it only commenced operation in 2023. Tasmania's scheme is too new to provide comparable performance data.

In contrast, Australia's older schemes are performing slightly better. South Australia's scheme regularly reports a container recovery rate of around 75 per cent, as shown in Table 2 with the Northern Territory reporting an even high recovery rate, at 83 per cent in the 2023-24 financial year. However, in both South Australia and the Northern Territory, recovery rates have declined in recent years: in 2011-2012, South Australia reported a recovery rate of 81.4 per cent.[51] These declines have led governments in both jurisdictions to consider options for strengthening their schemes.[52]

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47 Northern Territory Government, 'More reasons to recycle with container deposit scheme expansion', 26 June 2025, https://environment.nt.gov.au/news/2025/container-deposit-scheme-expansion#:~:text=Expanding%20the%20scheme%20will%20make,well%20as%20plain%20milk%20containers.

48 DETSI, correspondence, 5 September 2025, attachment 1, p 7.

49 NSW Minister for Environment and Heritage, 'States join forces to expand container deposit schemes to accept wine and spirits', Media release, 3 September 2025, https://www.nsw.gov.au/ministerial-releases/states-join-forces-to-expand-container-deposit-schemes-to-accept-wine-and-spirits; Government of Western Australia, 'Container deposit scheme', last updated 18 September 2025, https://www.wa.gov.au/service/building-utilities-and-essential-services/waste-management/container-deposit-scheme

50 See for example, submission 62.

51 EPA South Australia, 'Container deposit scheme', https://www.epa.sa.gov.au/environmental_info/waste_recycling/container_deposit

52 Northern Territory Government, 'Improving the Container Deposit Scheme in the Northern Territory', Consultation Summary Report, July 2023, https://haveyoursay.nt.gov.au/container-deposit-scheme; EPA South Australia, 'Improving South Australia's Recycling Makes Cents', Discussion Paper, September 2021, https://yoursay.sa.gov.au/cds-review

Table 2 Key similarities and differences between Australian schemes

	Queensland	New South Wales	Victoria	Western Australia	South Australia	Tasmania	ACT	Northern Territory
Year commenced	2018	2017	2023	2020	1977	2025	2018	2012
Scheme structure	Fused	Split	Split	Fused	Other	Split	Split	Other
Key scheme entities	Product Responsibility Organisation: • Container Exchange (COEX)	Coordinator: • Exchange for Change Network operator: • TOMRA Cleanaway	Coordinator: • VicReturn Zone operators: • Return-It • TOMRA Cleanaway • Visy	Coordinator: • WA Return Recycle Renew	Super collectors[53]: • Statewide Recycling • Marine Stores • Flagcan Distributors	Coordinator: • TasRecycle Network operator: • TOMRA Cleanaway	Coordinator: • Exchange for Change Network operator: • Return-It	Coordinators[54]: • Statewide recycling • Envirobank • Marine Stores • NT Coordinators
Scope includes glass wine & spirit bottles	Yes	No Will be included from 2027	No	No Will be included from 2026	No Will be included from 2027	No	No	No Will be included from 2026
Return points (FY23-24)	354	633	692[55]	274	Not available	-	22	30
Depots	*152*	*43*	*62*	*84* *+ 40 pop-up depots[56]*	-	-	*4*	*14*
Reverse vending machines	*27*	*362* *+ 12 reverse vending centres[57]*	*236*	*11* *+ 17 self-serve depots[58]*	-	-	*2*	
Bag drop / Drop & go	*108*	-	-	*122*	-	-	*15*	*3*
Mobile	*67*	-	-	-	-	-	-	*13*
Over the counter	-	*207*	*394*	-	-	-	-	-
Donation station	-	*9*	-	-	-	-	*1*	-
Average weighted scheme price (excluding GST)	13.3 cents	12.25 cents until 31 January 2025[59]	14.7 cents from February 2025	12.66 cents until August 2025[60]	Not available	19.80 cents	12.95 cents until end of January 2025[61]	Not available
Recovery rate (FY 2023-24)	67.4%	68%	54.9%	65.3%	74.7%	Not yet in operation	65%	83%
via return points	*57%*	*56%*	*34.5%*	*56.2%*	-	-	*48%*	-
via MRF	*10.4%*	*12%*	*20.4%*	*9.8%*	-	-	*17%*	-

Source: Annual reports, annual statutory reports and websites of relevant schemes.

53 Super collectors receive payments from beverage suppliers and reimburse depots for the refunds paid and provide a handling fee for that service.
54 The NT's scheme coordinators play a similar role to SA's super collectors. See note above.
55 This figure includes all sites that were active during the financial year but may include some sites that subsequently closed.
56 In WA pop-up depots have limited opening hours, for example, opening one-day a week during at a regular market.
57 Each reverse vending centre hosts multiple RVMs.
58 These appear to be comparable to the reverse vending centres in NSW.
59 NSW scheme prices increased slightly from February 2025. Data on the current average weighted scheme price is not yet available. COEX advised the committee it estimates the current NSW average weighted scheme price to be 13.3 cents.
60 From August 2025, this will increase by 1 cent. See: https://www.warrrl.com.au/first-responsible-suppliers/
61 ACT scheme prices increased slightly from February 2025. Data on the current average weighted scheme price is not yet available. COEX advised the committee it estimates the current ACT average weighted scheme price to be 14.0 cents.

What is the recovery rate?

The 'recovery rate' or 'return rate' is often used to determine how well a scheme is performing. It captures the proportion of eligible containers sold in a given jurisdiction that are recovered, both via collection points and via MRFs. Queensland and Western Australia are the only jurisdictions to have legislated a target recovery rate of 85 per cent.

The cost of Australian container refund schemes also varies. Although the deposit paid by consumers is uniform (10 cents), the price paid by beverage suppliers is different in every jurisdiction. Queensland's average weighted scheme price (excluding GST) has been held constant at 13.3 cents for an extended period, remaining unchanged since August 2022.[62] In contrast, in early 2025, several other jurisdictions (New South Wales, Western Australia and the ACT) reported average weighted scheme prices around one cent lower. The newest schemes, in Victoria and Tasmania, reported significantly higher average scheme prices (14.7 cents and 19.8 cents, respectively) in similar windows. These higher prices may be due to start-up costs associated with those schemes and, in the case of Tasmania, the challenges associated with a smaller and more geographically remote market.

What is the average weighted scheme price?

The 'average weighted scheme price' is the average price paid by beverage manufacturers, to the scheme coordinator, for each container they sell in the relevant jurisdiction in a particular period. The average is 'weighted' according to how many containers of each type a supplier sells. This is necessary because the price charged by scheme coordinators varies depending on the material a container is made from (see Table 3).

The scheme price does not necessarily reflect the actual cost to the scheme of recycling each container. While Queensland's average weighted scheme price is 13.3 cents, the actual cost of recycling a container is higher, at approximately 20.5 cents. This figure refers to the average cost for all containers returned to the scheme, regardless of whether they are recovered via a CRP or MRF, and does not factor in revenue generated by commodity sales. If that revenue is factored in, the cost per container is 18.6 cents.[63]

The similarity of the average weighted scheme price between some jurisdictions can be somewhat misleading because it masks variation between the prices paid for different types of containers. For example, in early 2025, Queensland and NSW reported relatively similar average weighed scheme prices. However, as shown in Table 3, the price each scheme charged for certain containers varied more substantially.

62 COEX, Factsheet, correspondence, 15 May 2025, p 1.
63 COEX, private correspondence, 14 August 2025, p 32.

Table 3 Scheme prices in NSW and Queensland (cents)

Material	*Queensland (Aug 2025 to Jan 2026)*	*New South Wales (Feb 2025 to Jan 2026)*
Aluminium	12.8	14.03
Glass	13.9	13.94
HDPE	13.5	6.72
PET	13.5	13.38
Liquid Paper Board	13.9	5.25
Steel	13.9	9.18
Other plastics	13.9	1.20
Other materials	13.9	9.44

Source: COEX,[64] Exchange for Change[65]

Queensland's scheme maintains a much flatter price structure, with little variation between material types. In contrast, in NSW, the scheme price varies significantly between different types of containers. The lack of variation in Queensland's scheme prices may be a sign that it does not accurately reflect the cost of recycling different materials. The way that COEX prices the Queensland scheme is considered further in section 3.2.3 of this report.

1.3.3. Types of return points

There is significant variation in the types of return points that characterise each container refund scheme. Queensland's scheme is distinct in that it relies much more heavily on depots and bag-drops that other states. As indicated in Table 2, in 2023-24, just over 40 per cent of Queensland's return points were depots, with bag drops making up around 30 per cent. There were only 27 RVMs, constituting less than 8 per cent of return points. In the most recent financial year, this increased to 44 RVMs, just over 11 per cent of return points.[66]

Western Australia, the most similar state to Queensland on this metric, also relies more heavily on depots and bag-drops. However, a direct comparison is complicated by variations in what each state counts as a depot: Western Australia's scheme features 'self-serve' and 'pop-up' depots, formats that do not have direct equivalents in Queensland.

In contrast, the schemes that operate in NSW and Victoria rely far less on depots, and far more on RVMs. In 2023-24, NSW had 362 RVMs, and 12 reverse vending centres, which together account for more than half of its return points (see Table 2, above). It also had 207 'over the counter' return points, and just 43 depots, equivalent to less than seven per

64 COEX, 'Beverage Manufacturers', https://containerexchange.com.au/beverage-manufacturers/
65 Exchange for Change, 'Pricing', https://www.exchangeforchange.com.au/suppliers/pricing.html
66 COEX, Container Exchange Annual Report 2024-2025, p 16.

cent of the total. 'Over the counter" return points feature in another scheme design model known as 'return to retail'.

Evidence submitted to this inquiry attributes the difference in the types of collection points, in part, to variations in local council requirements. In particular, COEX advised the committee that planning requirements in Queensland have made it more difficult to establish new RVM sites.[67] See further section 5.1.1.

1.3.4. Different scheme models

Australian container refund schemes can be categorised in several ways. As indicated in Table 2, there are two 'generations' of schemes, with second generation schemes falling into two groups. The 'first generation' of schemes are longer standing. These schemes were established in South Australia, roughly 50 years ago, and in the Northern Territory in 2012. Both these schemes rely on a small number of 'super collectors' (SA) or 'coordinators' (NT) to aggregate containers collected by smaller operators, who in turn collect containers from consumers at depots or other collection points. In these jurisdictions, there is no single entity in charge of the scheme's operation. However, each jurisdiction's regulator, the relevant Environment Protection Authority (EPA), is responsible for granting certain approvals under the scheme (for example, approvals to operate depots, or to register a container for sale in the jurisdiction).[68]

All other jurisdictions – including Queensland – have 'second generation' schemes, established within the last decade. Second generation schemes differ from the first in that there is a single scheme coordinator – in NSW, Victoria, WA, Tasmania, and the ACT – or Product Responsibility Organisation (PRO) – in Queensland – who is responsible for the overall operation of the scheme. These schemes then differentiate into two models:

- **'Fused'** models (in Queensland and WA) in which a single entity is responsible for managing and operating the scheme, entering into contractual arrangements with a variety of small, medium and large commercial (and sometimes charitable) operators to undertake collection, processing and logistics for the scheme.
- **'Split'** models (in NSW, Victoria, Tasmania, and the ACT) in which one entity is responsible for promoting the scheme and managing its financial aspects, and a second entity (or in the case of Victoria, multiple entities) – known as a network operator – is responsible for collection, processing and logistics (some of which they may opt to subcontract). These network operators enter into relevant contractual arrangements with either the scheme operator or the state government.

The reasons why Queensland adopted a fused model are discussed in section 2.1.3.

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67 Public hearing transcript, Brisbane, 21 May 2025, p 8.

68 Northern Territory Environment Protection Authority, 'Container Deposit Scheme', https://ntepa.nt.gov.au/your-environment/container-deposit-scheme; EPA South Australia, 'Container Deposit Scheme', https://www.epa.sa.gov.au/environmental_info/waste_recycling/container_deposit

Which model is best?

According to a report prepared for Tasmania's EPA prior to the introduction of its scheme, both models have advantages and disadvantages (see section 2.1.3 for more detail). While the split model provides a means of balancing competing scheme objectives (reducing cost vs increasing recovery rates) without concentrating authority in a single organisation, it also adds an extra layer of administration and requires more complex contractual arrangements. In contrast, the fused model is administratively less complex but 'risks concentrating authority in [a] single organisation with limited interest in maximising redemption rates'.[69]

Submitters to this inquiry expressed a variety of perspectives about the relative merits of split and fused models. Those views are set out in section 2.1.3.

1.3.5. Variation in governance and oversight arrangements

The schemes established across Australia vary in terms of the governance and oversight arrangements imposed by relevant legislation. These differences are summarised for Queensland, Western Australia, New South Wales and Victoria in Table 4.

These three jurisdictions have been selected for comparison as the 'closest in time' to Queensland's scheme commencement. As Table 4 shows, each state has relied on a variety of mechanisms – some legislative and some contractual – to ensure that key actors (i.e. the scheme coordinators and network operators) act appropriately and with accountability towards scheme objectives, relationships with operators, transparency and deliverables.

Although Queensland's scheme is similar to that of Western Australia in terms of its structure, it is notable that Queensland lacks many of the legislative safeguards that exist in Western Australia. The second reading speech from the Honourable Stephen Dawson MLC, Western Australia's former Minister for Environment, explained why that State opted to include these legislative safeguards:

> *The participants in the container deposit scheme have commercial interests, some of which may align with the government's objectives for the container deposit scheme, although others may conflict. The container deposit scheme has been designed to minimise or manage conflicts between participants' commercial interests and the objectives of the scheme. This will be achieved through the establishment of governance arrangements for the scheme coordinator and associated performance targets.*[70]

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69 Marsden Jacob Associates, *A Model Framework for a Container Refund Scheme in Tasmania,* Final report, April 2018, p 32.

70 Western Australia, Legislative Council, Record of Proceedings (Hansard), 21 February 2019, p 730a.

Table 4 Governance and oversight requirements in selected jurisdictions

	Queensland	*Western Australia*	*New South Wales*	*Victoria*
Relevant legislation	*Waste Reduction and Recycling Act 2011* (WRR Act) Waste Reduction and Recycling Regulation 2023 (WRR Reg)	*Waste Avoidance and Resource Recovery Act 2007* (WA) (WA Act) Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulations 2019 (WA) (WA Reg)	*Waste Avoidance and Resource Recovery Act 2001* (NSW) (NSW Act) Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulation 2017 (NSW Reg)	*Circular Economy (Waste Reduction and Recycling) Act 2021* (Vic) (Vic Act) Circular Economy (Waste Reduction and Recycling) (Container Deposit Scheme) Regulations 2022 (Vic) (Vic Reg)
Scheme Coordinator appointment				
Term of appointment	None No minimum or maximum statutory term; no term of appointment in current COEX appointment conditions	7 years Set out in the terms of appointment; no minimum or maximum statutory term	7 years Can be extended by two 3-year periods, up to a total of 13 years s 32, NSW Act	7 years Can be extended by two 3-year periods, up to a total of 13 years Vic Act, s 82
Scheme Coordinator Board				
Legislation requires board to include a director with experience from the waste and recycling industry	No COEX Board Charter[71] excludes current employees and business associates of the waste and recycling industry from being directors	Yes s 47W(3)(d), WA Act	No	No However, the board currently includes an independent director with a background in the waste and recycling industry.[72]
Number of directors who are required by legislation to be independent of beverage industry	Minority (4/9) s 102B(2), WRR Act	Majority (5/9) s 47W(3), WA Act	No legislative requirement. At present, the majority of board (4/5) represent large beverage companies.[73]	No legislative requirement At present, a majority of the board (6/9) are appointed by large beverage companies.[74]

71 Available at https://containerexchange.com.au/wp-content/uploads/2024/08/Board-Charter-August-2024.pdf
72 See VicReturn, 'Board & Governance', https://vicreturn.com.au/board-governance/
73 See Exchange for Change, 'Governance', https://www.exchangeforchange.com.au/who-we-are/governance.html
74 See VicReturn, 'Board & Governance', https://vicreturn.com.au/board-governance/

	Queensland	*Western Australia*	*New South Wales*	*Victoria*
Behaviour and contracts				
Prohibited from acting unfairly or discriminating in operation of scheme	No No prohibition in legislation or letter of appointment	Yes s 47ZC, WA Act	Indirectly, via contract[75] s 25(3)(b), NSW Act	Indirectly, via contract[76] ss 81(2)(b) and 90(2)(b) Vic Act
Must have regard to economic viability of proposed refund points, their impact on network & proximity to existing refund points	No	Yes s 8, WA Reg	No	No
Template agreements must be approved	Not at present Changes must be notified to Minister[77] Ministerial approval was required prior to COEX's appointment as PRO becoming unconditional	Yes, by department s 4N, 4O, WA Reg	No However, the EPA may require, via its contracts with the Scheme Coordinator and/or Network Operator that contracts be approved by it; s 26, NSW Act	No
Reporting and transparency				
Required to publish approved business plan	No	Yes s47ZH(4)(b), WA Act	No	No
Required to publish template agreements	No	Yes s 4P, WA Reg	No	No
Required to publish annual report	No Although the PRO is required to provide an annual report to the Minister there is no requirement to publish it; s 102ZJ, WRR Act	Yes ss 18, WA Reg	Indirectly Required to provide to Minister, who must table it; s 35, NSW Act	Indirectly Required to provide to Minister, who must publish it s 87, Vic Act
Required to provide quarterly reports to Minister	Yes s102ZI, WRR Act	Yes Minister may require publication s 16, WA Reg	No	No

[75] Under s 25(3)(b) of the NSW Act, the agreements between the Minister and the scheme coordinator/network operator must include such provisions as the Minister considers necessary to ensure 'that the scheme coordinator or network operator to whom the agreement applies does not act unfairly, or unreasonably discriminate, against or in favour of any particular scheme participant in negotiating, entering into, performing obligations under or enforcing any scheme arrangement'.

[76] Section s 81 (2)(b) of the Vic Act provides that the agreement with the scheme coordinator must include such provisions as the Minister considers necessary to ensure 'that the scheme coordinator does not act unfairly, or unreasonably discriminate, against or in favour of any particular network operator in negotiating, entering into, performing obligations under or enforcing any scheme arrangement.'; s 90(2)(b) Vic Act.

[77] PRO Ongoing Condition of Appointment 9 (see Appendix E) requires COEX to notify the Minister of any changes made to its standard form agreements

	Queensland	*Western Australia*	*New South Wales*	*Victoria*
Performance				
Legislated recovery rate target	85% s 45, WRR Reg	85% s11, WA Reg	No	No
Penalty for failing to meet recovery target	None	$25,000 (civil penalty) s11, WA Reg	No	No
Legislated collection point target	307 operational refund points s 102ZF, WRR Act; ss 45 and 46, MRR Reg	Yes The number of refund points based on population, regional category and distance from nearest refund point as set out in published minimum network standards[78] s 12, WA Reg	Indirectly Network operator agreement must include performance targets for number of collection points set by reference to community access principles[79] s 9A and Sch 1, NSW Reg	No
Penalty for failing to meet collection point target	None	$25,000 (civil penalty) s 12, WA Reg	Depends on terms of network operator agreement	No

78 The current minimum network standards are available at: https://www.wa.gov.au/system/files/2022-04/CDS-minimum-network-standards.pdf

79 These principles provide for a minimum number of collection points calculated by reference to population, with different formulae prescribed for major urban vs regional/remote areas; Sch 1, NSW Reg.

For example, in Western Australia, the board of the scheme coordinator is expressly required to include a director with experience from the waste and recycling industry.[80] In addition, the board's composition is defined in terms that ensure that a majority of directors (5 out of 9) must be independent of the beverage industry.[81]

In contrast, Queensland does not require the PRO board to include a director with experience from the waste and recycling industry, despite the recommendation made by the AEC in 2017 (see section 1.2.2). In fact, COEX's current Board Charter expressly excludes current employees and business associates of the waste and recycling industry from being directors.[82] The WRR Act also requires only 4 directors – a minority – to be independent of the beverage industry.[83]

Similarly, Western Australia expressly prohibits the scheme coordinator from acting unfairly or discriminating in operation of scheme.[84] Western Australia also requires the scheme coordinator to have regard to economic viability of proposed refund points, including their impact on the collection network and proximity to existing refund points, when making certain decisions.[85] Queensland's PRO is not subject to similar constraints.

In addition, while both states impose a target recovery rate via regulation, only Western Australia imposes a civil penalty of $25,000 if the scheme coordinator fails to achieve that target.[86] The committee questions the deterrent impact of such a fine.

Many of the safeguards imposed in Western Australia are also lacking in NSW and Victoria. Neither of those states, for example, imposes similar requirements relating to the composition of the scheme coordinators board. The absence of such requirements may, however, reflect the different structure of the schemes adopted by those states. In both NSW and Victoria, the split scheme model means – in theory – that the influence of the beverage industry on the scheme coordinator is balanced by the influence of the waste industry on the network operator, which is incentivised to increase recovery rates through optimised accessibility.

The ability of the split scheme model to balance competing interests and provide accountability appears to have been one reason why Victoria adopted it. Announcing the proposed model in 2020, a media release from Hon Lily D'Amrosio MP, Victoria's Minister for Energy, the Environment and Climate Change and Minister for Solar Homes explained:

> *Under the proposed model, there would be split responsibility for the operation and governance – this design maximises the number of bottles collected at the*

80 *Waste Avoidance and Resource Recovery Act 2007* (WA), s 47W(3)(d).
81 *Waste Avoidance and Resource Recovery Act 2007* (WA), s 47W(3).
82 COEX, Board Charter, para 4.2, available at https://containerexchange.com.au/wp-content/uploads/2024/08/Board-Charter-August-2024.pdf
83 WRR Act, s 102B(2).
84 *Waste Avoidance and Resource Recovery Act 2007* (WA), s 47ZC.
85 Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulation 2019 (WA), s 8.
86 Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulation 2019 (WA), s 11.

> *lowest cost for scheme delivery, as well as ensuring strong transparency and accountability.*[87]

Similar considerations appear to have contributed to the adoption of a split model in Tasmania. There, the relevant Minister explained:

> *In February 2021, I announced the governance model for the scheme, a split responsibility model, bringing the beverage, waste management and community sectors together to deliver the best scheme for Tasmania… In this model, each sector plays to its strengths. The scheme coordinator is incentivised to keep costs low and the network operator is incentivised to ensure that as many containers as possible are returned through the scheme.*[88]

Committee comment

Queensland's container return scheme has delivered significant benefits to the community over the last seven years. Since its commencement in 2018, there has been a substantial increase in the proportion of beverage containers that are returned for recycling and a commensurate decrease in litter. Many community organisations and charities have also benefitted, with consumers in Queensland opting to donate $17.9 million in container refunds to those groups to date, just under two per cent of refunds generated over the life of the scheme.

Overall, the achievements of Queensland's scheme compare favourably to that of others established in the last decade. It is consistently recovering around two-thirds of eligible beverage containers sold in the state, putting it on par with – or slightly ahead of – the schemes established in NSW, Western Australia, Victoria and the ACT.

Despite this, the committee notes with some concern that Queensland's container refund scheme lacks some of the legislative safeguards that exist in other jurisdictions, most notably Western Australia, whose scheme is most similar to ours. This is significant given the findings and recommendations of this committee's predecessor, the AEC in 2017, as well as the government's response to those recommendations at that time.

The inquiry conducted by the AEC identified several issues associated with the governance of the proposed scheme. Stakeholders told that committee they had concerns about the make-up of the PRO board, leading the AEC to recommend that the government mandate the inclusion of a recycling industry representative on that board.

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87 Hon Lily D'Amrosio MP, Minister for Energy, the Environment and Climate Change and Minister for Solar Homes, 'Delivering a recycling scheme that works for everyone', media release, 2 November 2020, https://www.premier.vic.gov.au/sites/default/files/2020-11/201102%20-%20Delivering%20A%20Recycling%20Scheme%20That%20Works%20For%20Everyone_0.pdf

88 Parliament of Tasmania, House of Assembly, *Report of Debates*, 10 November 2021, Hon Roger Jaensch MP, Minister for Environment, p 32.

2. Governance framework

The committee received a significant volume of evidence relating to governance issues at both the holistic level of the scheme's design, and specific to the PRO as scheme coordinator. This evidence related to four main areas:

- elements embedded in the design of the scheme (see section 2.1)
- the Product Responsibility Organisation (PRO), including how it was appointed (see section 2.1.2)
- the 'fused' scheme model (see section 2.1.3)
- the governance framework that applies to the PRO, including relevant legislation (see section 2.2).

This chapter examines each of these issues in turn. It begins by setting out the functions and responsibilities of the PRO.

Product Responsibility Organisation

The WRR Act specifies objectives for the scheme (described earlier at section 1.2.7) which are to be achieved through scheme administration by the PRO.[89]

What are the functions of the PRO?

The PRO's main function is to administer and provide governance for the scheme, including to:

- ensure ongoing, efficient and effective arrangements for collection, sorting and recycling of eligible containers
- establish a CRP network which provides Queenslanders with access to return points where they can access refunds
- ensure beverage manufacturers sufficiently fund the scheme
- ensure beverage manufacturer scheme compliance
- set the scheme amounts payable by beverage manufacturers, and to CRP operators, processors and logistics suppliers
- promote the scheme and its accessibility, and
- receive and deal with complaints relating to the scheme from members of the public and entities participating in the scheme.[90]

The functions and responsibilities of the PRO connect to the environmental principle of product stewardship, and "ensure that beverage product manufacturers take responsibility for the empty containers generated as a result of the beverage products they put on the

89 WRRA, s 99J.
90 WRRA, ss s99J(2)(a)-(g).

market."[91] Ensuring producer responsibility is one object of the scheme, alongside increased recovery and recycling of beverage containers, reducing beverage container landfill, increased community benefit and social enterprise opportunities, and complementing existing waste collection and recycling. [92]

By giving the PRO responsibility for establishing the CRP network, the WRR Act enacts a 'fused' scheme model (see earlier section 1.3.4) which invests a single entity with the scheme coordinator and network operator roles which were separate in all other Australian schemes at the time Queensland's scheme commenced.

Submitter concerns

The suitability of the 'fused' model, and the congruence of the principle of product stewardship to Queensland's scheme, were the subject of multiple submissions and evidence received during the inquiry. The evidence before the committee raised concerns and allegations relating to various aspects of the scheme's governance arrangements and structures, including:

- Insufficient legislative safeguards for the scheme
- Unsatisfactory regulatory oversight by the department
- COEX's lack of transparency
- COEX's failure to mitigate perceived or actual conflicts of interest
- COEX's failure to operate a true product stewardship model
- COEX's failure to administer the scheme to achieve an 85 per cent return rate
- COEX's lack of corporate accountability
- COEX's performance against charitable requirements, and
- Unconscionable and/ or anti-competitive behaviour by COEX.

Committee comment

The committee received 119 on-time and late submissions during the inquiry. Of these, 10 submitters requested their name be withheld from publication. Another 19 requested their submissions remain confidential to the committee. Name withheld and confidential submissions represent approximately 16 per cent of submissions, which initially seemed unremarkable, until further analysis by the committee indicated that those submissions relate to approximately 160 of the 380 container refund points (CRPs) available through the scheme, or 42 per cent of all CRPs. When taken in the context of Minister Powell's request for a 'roots and branch' review of the scheme, this suggested that something was clearly not working well in the scheme.

91 Waste Reduction and Recycling Bill 2017, explanatory notes, p 10.
92 WRRA, s 99H.

The majority of those submitters indicated their primary motivation for requesting privacy was concern about potential retribution from COEX as the scheme coordinator. At the committee's public hearing on 30 April 2025, representatives from waste and recycling industry peak bodies indicated their members were fearful about potential retribution from COEX, which prevented individual operators from appearing publicly before the committee. The committee took those concerns very seriously and met privately with certain submitters and subsequently with COEX, to seek further information regarding those concerns.

Some submitters gave evidence of experiencing genuine detriment through their involvement in the scheme. The committee was conscious that for some submitters, their requests for confidentiality because of concerns about retribution (whether well-founded or not) needed to be facilitated, and their submissions handled sensitively.

Some concerns relate to longstanding issues in dispute between various stakeholders in the scheme. Without the benefit of constructive and early disclosure from the department about the historical context (the roots in a "roots and branch" review) in which these concerns emerged, the committee had to request certain historical documents from the department to assess some of the claims that submitters had made. These documents included records pre-dating the scheme's commencement.

The department provided some documents to the committee, whereas other documents were subject to claims of legal professional privilege or public interest immunity (i.e. cabinet-in-confidence) [93] and withheld. Access to a document may be refused if the document contains exempt information (which includes cabinet documents), or disclosure would be contrary to the public interest. In both cases however, the Minister has discretion to give access.[94]

However, current Ministers cannot access Cabinet documents produced by past governments of a different political party. These documents are held in trust by the Cabinet Secretary and heads of department. However, such documents can be released with the agreement of the former Premier.[95]

The committee requested department waiver of legal professional privilege and public interest immunity given the strong pertinence of such documents to its inquiry. The committee eventually received the documents subject to legal professional privilege on 5 September 2025, but the processes associated with the release of any cabinet-in-confidence material were still ongoing at that date. The committee wrote again to the department on 8 October 2025 seeking access to relevant cabinet in confidence

93 Public interest immunity, also known as 'Crown Privilege', is provided for under the common law. It is not absolute and is subject to judicial scrutiny. See *Sankey v Whitlam* (1978) 142 CLR 1, which held that cabinet documents are not automatically immune from disclosure on grounds of public interest immunity.

94 *Right to Information Act 2009*, see ss 47(3)(a), 48, schedule 3 and ss 47(3)(b), 49, schedule 4,

95 The Queensland Cabinet Handbook, p 23.

documents but was advised on 13 October that consultation processes were still ongoing.

Vitally, one of the documents that was not provided to the committee until 5 September 2025, due to a claim of legal professional privilege, was a review of the scheme's governance arrangements by Clayton Utz that the department had commissioned in 2024.

The committee believes that this document, or information, should have been proactively provided to the committee early in its inquiry. This has impacted the committee's processes and was one of the reasons that led to the committee requesting a second extension to its reporting date from the Legislative Assembly – a decision which, given the interest in this inquiry, it did not take lightly.

The committee also received requests for confidentiality from COEX and the department about some of the information supplied to the committee, based on either commercial or public interest grounds. These grounds were less persuasive, given that each organisation has a responsibility to act transparently to protect the public benefit of the scheme. The committee found a lack of transparency pervades many aspects of the scheme's design, implementation, and ongoing governance and administration.

COEX is a public company limited by guarantee with private members, which undertakes important public functions. From the outset, the committee observed how appointing a company composed primarily of private commercial interests, to run a public scheme, placed commercial and public interests in inherent conflict. While the committee considered the department and COEX's requests for confidentiality, in the interests of transparency in parliamentary committee proceedings, it ultimately determined to disclose certain information as necessary context for some of the findings and recommendations made in this report. Before doing so, the committee offered COEX and the department the opportunity to put forward reasons why it should not disclose or publish their materials, and considered their reasons.

2.1. Scheme governance elements

Governance elements relevant to the scheme's design which have been subject of submissions during the inquiry include:

- whether the principle of product stewardship coheres with all the scheme's objects
- whether the process used to appoint COEX as the PRO was fair and transparent; and
- whether sufficient safeguards were provided in the context of Queensland legislating a 'novel' fused scheme model to be run by a company composed primarily of private commercial interests.

2.1.1. Product stewardship

The PRO arrangement in the Queensland scheme is an industry-based model, where the beverage industry, operating under broad government regulation, is required by legislation to organise and run the scheme. The explanatory notes for the WRRA Bill indicate the scheme was designed "primarily as a stewardship scheme to ensure that beverage manufacturers take responsibility".[96] The then Minister said in his introductory speech for the Bill that the scheme "will be administered using a product stewardship approach. This approach recognises that manufacturers of products—in this case beverage producers—have a responsibility to manage and reduce the impact of their products."[97]

As an environmental principle, product stewardship means managing an industry's effects on the environment and health:

> *Product stewardship involves taking responsibility for the full lifecycle of a product, including the development, design, creation, production, assembly, supply, use or re-use, collection, recovery, recycling or disposal of the product. It is one of the ways that businesses can promote and support the principles of a circular economy and reduce the impact, or potential impact, of a product on the environment and human health.*[98]

Product stewardship schemes can be industry-led voluntary schemes, co-regulatory arrangements between industry and government, or mandatory schemes under the law.[99]

An example of a mandatory scheme is the Product Stewardship for Oil Scheme (PSO) through which the Australian Government provides industry incentives to increase used oil recycling. The PSO framework and incentives paid are set under the *Product Stewardship (Oil) Act 2000* (Cth). The PSO imposes a duty on the domestic production or import of oil-based lubricants by requiring a levy to be collected by the Australian Border Force. The levy funds benefits that are paid to used oil recyclers.[100] The PSO is administered by several Commonwealth government agencies and is established by primary legislation as well as regulations.

An example of a co-regulatory scheme is the Australian Packaging Covenant which requires companies to reduce packaging waste. The Australian Packaging Covenant Organisation (APCO) commenced in 2022 and is responsible for managing and administering the Australian Packaging Covenant—an industry-led initiative within a mandatory co-regulatory framework supported by national legislation. The Covenant applies to businesses in the supply chain that have a total annual turnover of $5 million or

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96 Waste Reduction and Recycling Amendment Bill 2017, explanatory notes, p 10.

97 Legislative Assembly, Record of Proceedings, 14 June 2017, 1610 (Hon SJ Miles, Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef

98 EPA NSW. https://www.epa.nsw.gov.au/Your-environment/Recycling-and-reuse/warr-strategy/product-stewardship-schemes.

99 Commonwealth Department of Climate Change, Energy, the Environment and Water, https://www.dcceew.gov.au/environment/protection/waste/product-stewardship/products-schemes.

100 Commonwealth Department of Climate Change, Energy, the Environment and Water, https://www.dcceew.gov.au/environment/protection/used-oil-recycling/product-stewardship-oil-program.

more. Businesses liable under the Covenant can join APCO as a Brand Owner Member, joining 2300 other brand owners, community groups, industry associations, waste management providers and sustainability experts as members of a 'problem-solving collective movement towards a circular economy for packaging.'[101] APCO members are represented by an 11-person Board with three independent, three Brand Owner, three industry association (packaging, recycling and retail), and two skill-based directors.

An example of an industry-led voluntary scheme is Tyre Stewardship Australia (TSA), which manages the national Tyre Product Stewardship Scheme. The scheme promotes the development of markets for recycled tyre products. TSA manages the scheme on behalf of the tyre industry and is funded by a voluntary levy paid by tyre and vehicle importers on each tyre they sell in Australia. TSA is governed by an eight-member Board with an independent Chair, five automotive industry, and two independent directors with circular economy expertise.

The Queensland scheme mirrors different elements of all three types of product stewardship schemes. It involves a mandatory levy or tax on producers, like the Oil Scheme. It is an industry-led initiative within a mandatory legislative framework like the Packaging Covenant. Its PRO has a board with a majority of industry directors, like the Tyre Stewardship voluntary scheme.

Versus (extended) producer responsibility

Submitters, including the department, used product stewardship, extended producer responsibility (EPR) and producer responsibility interchangeably when describing the underlying intent of the scheme.

However, these terms mean different things from a policy and practice perspective. Product stewardship promotes the sharing of responsibility for the impacts of a product on the social, economic and environmental values of a jurisdiction, among various stakeholders (designers, producers, sellers, users) involved throughout the lifecycle of that product.[102]

Producer responsibility indicates a specific type of product stewardship that places the primary responsibility on the producer. Traditionally, producer responsibility focuses on simple waste management obligations "like take-back requirements or recycling fees. For example, simple bottle deposit schemes represent a [product responsibility] approach, where producers are only responsible for the direct costs of container recovery."[103] EPR extends producer obligations across the entire lifecycle of the product "incorporating both

101 Australian Packaging Covenant Organisation, https://apco.org.au/take-action.

102 T Wagner, Examining the concept of convenient collection: An application to extended producer responsibility and product stewardship frameworks, *Waste Management*, 33(3) 2013, 499; S Nicol and S Thompson, Policy options to reduce consumer waste to zero: comparing product stewardship and extended producer responsibility for refrigerator waste, *Waste management & research*, 25(3), 2007, 227-233.

103 H Dickinson, Extended Producer Responsibility: A Critical Component for the Global Plastics Pollution Treaty, https://www.unsw.edu.au/news/2024/11/extended-producer-responsibility-a-critical-component-for-the-global-plastics-pollution-treaty.

upstream design changes and downstream waste management responsibilities."[104] The department explained these schemes as set out below.

> *"Producer responsibility schemes (or extended producer responsibility (EPR) is where producers of products are held responsible for the full life cycle of their products, from design, production, supply, re-use, collection, recovery, recycling or disposal of the product.*
>
> *All container refund schemes across Australia are effectively mandatory producer responsibility schemes, where beverage producers pay a price on each container, and consumers can then claim a 10-cent refund.*
>
> *Department of the Environment, Tourism, Science and Innovation*
>
> *5 September 2025*[105]

Product stewardship extends obligations beyond producers, to all supply chain stakeholders. Producer responsibility obliges producers only, either for simple waste management, or, under EPR, for more sophisticated and holistic end of life product management and product design innovation.[106]

Ms Lisa Scott, Government Relations Director for Australian Grape and Wine observed differences between product stewardship and producer responsibility, stating at the committee's public hearing on 30 April 2025 that the Queensland scheme:

> *… is not a true product stewardship model where all containers are included regardless of their contents and the costs are shared across the entire value chain… I would call this a producer responsibility scheme because the cost and the administrative burden sit with the producers. What we would like to see is a true product stewardship scheme in which all materials are included regardless of their content—it should not be restricted to just beverage containers—but also those costs spread across the entire value chain, so bottle manufacturers [too]. We fill someone else's product with our product yet we pay for 100 per cent of the cost of the scheme. It should be distributors, manufacturers, producers and consumers.*[107]

Ms Alison Price, Chief Executive Officer, Waste Recycling Industry Association of Queensland (WRIQ) told the public hearing:

> *We need extended producer responsibilities. There are many other countries that require producers of things that cost a lot to dispose of or recycle to contribute to those costs. Yes, product stewardship schemes are needed. They need to be very carefully designed. I am hopeful that some of the*

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104 H Dickinson, Extended Producer Responsibility: A Critical Component for the Global Plastics Pollution Treaty, https://www.unsw.edu.au/news/2024/11/extended-producer-responsibility-a-critical-component-for-the-global-plastics-pollution-treaty.

105 DETSI, correspondence, 5 September 2025, attachment 1, p 5.

106 T Wagner, Examining the concept of convenient collection: An application to extended producer responsibility and product stewardship frameworks, *Waste Management*, 33(3) 2013, 499; S Nicol and S Thompson, Policy options to reduce consumer waste to zero: comparing product stewardship and extended producer responsibility for refrigerator waste, *Waste management & research*, 25(3), 2007, 227-233.

107 Public hearing transcript, Brisbane, 30 April 2025, pp 9-10.

> *recommendations from this inquiry will inform the design of the schemes that Queensland will no doubt be looking to launch in the near future.*
>
> *… This network of depots and community recycling facilities is now our largest community-facing recycling network, and it needs to be owned by Queensland and utilised for multiple different stewardship schemes and difficult-to-handle wastes. Joe Bloggs is not going to take his containers to one location and his batteries and textiles to another.*[108]

The Independent Brewers Association also challenged the true extent of product stewardship in the scheme, by submitting that under the existing model, many other entities who make a profit from beverage container sales do not contribute to the costs of the scheme, putting unreasonable burden on smaller beverage manufacturers:

> *There are two dominant retailers who play a significant role in the lifecycle of a container and interactions with the customer – who other than for their own containers – have very limited accountability for the Scheme. For example, they do not share in any of the cost increase or administrative burden for small businesses – retaining their profit margin at all costs. Similarly, the majority of our member use aluminium cans. There is a duopoly in Australia for aluminium cans – where there is no accountability or obligation from the makers of the container to share in the cost increases created by the Scheme.*[109]

COEX was asked to clarify its position regarding the principle of producer responsibility within Queensland's scheme.

> *The responsibility of the PRO is where the differentiation in the adoption of producer responsibility and extended producer responsibility principles is highlighted. The model adopted in Queensland and Western Australia, where the PRO is also responsible for collection rates, scheme performance and maintaining and managing the contracts with operators in addition to scheme pricing is more closely aligned with globally accepted producer responsibility and extended producer responsibility principles, than the split responsibility models in other states. Split responsibility model schemes are actually more akin to a "producer pays" model, as the government is responsible for scheme performance as they are the party contracting out scheme operations and managing their contracted operators. Beverage manufacturers have limited ability to influence scheme performance in these schemes and are thus not as "responsible".*[110]

The committee sought clarification from the department why a producer responsibility model was selected for the scheme, given such a model had not been a feature of any other Australian scheme in operation at the time.

In response the department stated:

> *The model adopted in Queensland was a decision made by the government at the time. This was informed by a public consultation process on a discussion paper, which explored several different governance models, including consideration of both government and industry-based schemes. At the time, there were only two schemes (in South Australia and the Northern Territory)*

108 Public hearing transcript, Brisbane, 30 April 2025, p 26.
109 Submission 48, p 7.
110 COEX, private correspondence, 5 September 2025, p 35.

> *operating, and both were industry-based schemes. However, both these schemes were, and are, producer responsibility schemes.*
>
> *DETSI understands that the Scheme coordinator was industry based, rather than government run, to ensure that the costs of administering the scheme were borne by industry, rather than government.*
>
> *As the Committee may be aware, many States have subsequently moved to separate the scheme coordinator and network operator, except Queensland and Western Australia. Most are still industry run, but through separate organisations.*[111]

Beverage majority requirement

The composition of the PRO Board by a majority of beverage, over other relevant container supply chain representatives, was explained by the former Minister while making the regulations for the scheme in 2018.

> *It is important to note that the container refund scheme is designed to create the potential for members of the waste industry to compete for revenue through the scheme. This opportunity is also available to other sectors, such as local government and the not-for-profit sector, but is not available to the beverage industry as the beverage industry must fund the scheme and the Product Responsibility Organisation itself cannot distribute a profit to members. Any person who is able to earn revenue through the scheme has a pecuniary interest which would create a potential conflict of interest if they were a Product Responsibility Organisation board member. The amendments to the regulation will avoid this potential conflict of interest by specifying that a board member may not be currently employed by a waste or recycling company, local government or not-for-profit organisation."*[112]

COEX submitted that Queensland's adoption of a producer responsibility model necessitated the significant involvement of beverage companies in the scheme as the PRO.[113] In respect of whether representation of local government expertise on its Board would improve the recovery rate, COEX representatives advised the committee at a private hearing that:

> ***Ms Roach:*** *We do face challenges with the partnership with local governments in general. One of the earlier points raised is how we can better work with local councils so that we can expand collection points. When you are talking about things like batteries, the Noosa area would be a great example where we have a reverse vending machine at a waste return centre so that waste return centre is also collecting other items and it creates a one-stop shop. However, for containers, people want ease of convenience and accessibility in their local environment.*
>
> ***Mr Clark:*** *Potentially. If that representation had influence and was able to coordinate, yes, sure.*

111 DETSI, correspondence, 5 September 2025, attachment 1, p 5.
112 Waste Reduction and Recycling (Container Refund Scheme) Amendment Regulation 2018, explanatory notes, p 3
113 COEX, private correspondence, 14 August 2025, p 9.

> ***Ms Roach:*** *Our biggest challenge, as we have talked about, is in the South-East Queensland area, so there are a couple of opportunities obviously. There is the obvious organisation of the LGAQ; that would be one organisation that carries a lot of sway in local governments. We partner with them. Currently, we attend and sponsor their conference. We have been featured in their journal so that relationship is really helpful and growing. The Council of Mayors South East Queensland is the type of organisation that has that sway in the areas where we really need to make the biggest impact.*
>
> ***Mr Clark:*** *The question for local government and councils is: why wouldn't you? Why wouldn't you do an audit of what was in your red top bins going to waste? If we are missing 30 per cent of the containers, how much money is actually being buried in the ground? Natalie can correct me, but circa $80 million is still going in the ground. What are they doing about it? Why don't they want to chase, pursue and activate? There are a whole bunch of reasons, I suspect.*[114]

During consultation towards implementing its own scheme in 2018, the Tasmanian Government compared different scheme governance models and observed about the Queensland scheme:

> *The Board structure seemingly lacks balance, as it allows for over-representation of the beverage industry and insufficient independent expertise. At the time of writing, we understand that a majority of the nine members of the Board are from the beverage industry and that there is no waste specialist on the Board. It would be preferable for a majority of Board members to be people with specialist expertise who are not industry representatives.*
>
> *Further, given the nature of the scheme, one of the specialists should have expertise in the waste sector. One argument given for excluding the waste industry from the Board is that this represents a conflict of interest or a potential conflict of interest, as a waste industry representative could have pecuniary interest in how the scheme is run. It should be feasible however, to nominate a waste 'expert' who has no pecuniary interest in the scheme. Or in the worst case, the waste expert can be excluded from any decisions involving a potential conflict.*[115]

This next section of this report canvasses requirements for waste and recycling expertise on the COEX Board.

Committee comment

There were various submissions about the correct principle underlying the scheme - product stewardship, producer responsibility, and/ or extended producer responsibility. The committee attempted to clarify whether the scheme is, as was expressly intended, a product stewardship scheme. The committee finds that the objects specified for the scheme at commencement cohere broadly to the principle of product stewardship, in that they imply a collective supply chain responsibility around reducing landfill,

114 Private hearing transcript, Brisbane, 27 August 2025, p 10.
115 Marsden Jacob Associates, A Model Framework for a Container Refund Scheme in Tasmania, Final report, April 2018, p 33.

supporting social enterprise and employment, and complementing existing collection of recyclable waste.

Yet, Queensland's scheme exhibits a unique blend of various product stewardship scheme elements. It involves a mandatory levy on producers, like the Oil Scheme, but under that scheme the levy is collected by a statutory body, not a company composed primarily of private commercial interests. The Queensland scheme is beverage-led with a mandatory legislative framework, like the Packaging Covenant, but unlike that Covenant, which allows all businesses in the supply chain to be members and have Board representation, COEX has only ever had two members, Coke and Lion, without Board representation of other industries within the container supply chain. The Queensland scheme has a majority of industry directors on its Board like the voluntary Tyre Scheme, but unlike the Tyre Scheme, Queensland mandates beverage manufacturer participation in the scheme.

The PRO model has delivered beverage manufacturers exclusive jurisdiction over the scheme since 1 November 2018, In doing so, the WRR Act narrowed the broad application of the product stewardship principle which underlies the scheme's objects, because it did not mandate a seat at the PRO table for other supply chain stakeholders, such as waste and resource recovery, local government and circular economy representatives. The fundamental disconnect between producer responsibility and product stewardship is that, unless well designed and executed, producer responsibility models exclude other supply chain stakeholders.

Despite the original legislative intent for the PRO to have the views and expertise of other supply chain stakeholders included, the committee has heard substantial evidence of other stakeholders being 'cut out' of the Queensland scheme by a beverage-dominated COEX Board. This does not reflect true product stewardship, which has impacted the achievement of all the scheme's statutory objectives. For reasons that the committee will address later in the report, the Queensland scheme has also enabled undiversified 'big' beverage interests to dominate the scheme's governance and administration, at the expense of smaller beverage manufacturers - thereby impairing even the achievement of true product responsibility.

2.1.2. PRO Appointment

The WRR Act permits the Minister to appoint an eligible company as the PRO where that company:

- is a registered corporate entity
- is carried on in a not-for-profit manner with a Constitution which prevents income, profits or dividends being distributed to members, and
- has a Board with nine directors which includes:
    - a Chair independent of the beverage industry

- a small beverage director
- a community director independent of the beverage industry, and
- two directors with legal or financial experience who are also independent of the beverage industry.

What does 'independent' mean?
Under the WRR Act, 'independent of the beverage industry' means for a person, that they are not an executive officer, employee or business associate of a beverage manufacturer.[116]

The explanatory notes for the WRRA Bill clarified why the PRO was so constituted:

> *Stipulating the eligible company must maintain a board with a certain number and composition of directors provides for representation across the beverage industry to recognise the diversity of large and small manufacturers. All beverage manufacturers are paying for the costs of the scheme and the board makeup recognises this obligation. It also helps ensure that the Board is a balanced representation of beverage and non-beverage interests that will help the Organisation operate an efficient and effective scheme.*
>
> *Requiring that the chair and two other directors are independent of the beverage industry provides a degree of transparency and equity in decision making for the board.*
>
> *Nomination of board members will be the responsibility of the Organisation; however, the chair and the community interest director must also be approved by the Minister to ensure independence.*[117]

The WRR Act provides that the Minister may invite an eligible company to apply for appointment as the PRO and specifies application requirements including details of how the applicant will:

- establish and administer the scheme
- engage with beverage manufacturers around funding and participating in the scheme, and
- establish the CRP network, and enter into agreements with operators, processers and logistics suppliers.[118]

A draft strategic plan, operational plan and dispute resolution framework is also required to accompany the application.[119]

116 WRRA, s 102B(3).
117 Waste Reduction and Recycling Bill 2017, explanatory notes, p 29.
118 WRRA, s 102F.
119 WRRA, s 102F.

The Minister can approve a PRO application subject to conditions, including the requirement for an eligible company to be a not-for-profit entity.[120] The then Minister noted during the Bill's second reading speech that:

> *Queensland is leading the pack again by establishing a not-for-profit Product Responsibility Organisation to administer the scheme. The bill also ensures there is strong governance and oversight to ensure the container refund scheme is transparent and accountable in all parts of its operation. The Product Responsibility Organisation board's composition includes a balance between industry and independent community representatives. The government has proactively engaged with the beverage industry to establish this organisation by the end of 2017.*[121]

Overview of appointment of COEX

Section 1.2.2 summarised the consultation process that preceded legislation for the scheme, which included inputs from local government, waste and resource recovery, beverage and retail, and community and environment representatives.

The department advised the committee that "the industry-based, not-for-profit group" Container Exchange (COEX) was conditionally appointed as the PRO on 29 November 2017.[122] On 31 October 2018 COEX's appointment as PRO became unconditional after the then Minister, the Honourable Leanne Enoch MP, determined that all conditions of appointment had been met.[123]

Who is COEX?
COEX (ACN 622 570 209) is a not-for-profit, member-based company limited by guarantee and first registered on 31 October 2017. It is owned by its two founding (and at present, only) members, Coke and Lion.[124]

COEX's appointment was possible under the following provisions of Part 5 of the WRR Act:

- Section 102A which provides the Minister with a broad discretion to appoint a PRO, subject to the company meeting eligibility requirements
- Section 102B which provides that to be appointed, a company must be a corporation, operate not-for-profit, and have a constitution that ensures appropriate governance
- Section 102D which provides for a targeted invitation from the Minister to apply for appointment as the PRO, which invitation can stipulate performance outcomes and requirements the applicant must address in its application

120 WRRA, s 102(L)-(M).
121 Legislative Assembly, Record of Proceedings, 5 September 2017, pp 2639-2640.
122 DETSI, correspondence, 14 March 2025, p 3.
123 DETSI, Letter from the Minister to COEX advising unconditional PRO appointment, 31 October 2018, provided to committee on 4 August 2025.
124 Submission 39, p 5.

- Section 102E which provides that after receiving an invitation, the eligible company may submit a formal application
- Section 102F which prescribes detailed mandatory content for the application
- Section 102G which requires that the Minister must refer a submitted application to the department's chief executive for assessment
- Sections 102I-J which require the chief executive to investigate and report on the applicant's suitability, by reference to the application and supporting materials, the applicant's business reputation and financial position, the character and competence of each of its executive officers and associates, and whether the management collectively has the necessary skills and experience to run the scheme effectively. The chief executive can require further information under section 102K
- Section 102L which requires the Minister to decide to either appoint the applicant (with any necessary conditions) or refuse the application. Crucially, the Minister "must not decide to appoint" unless satisfied with both the applicant's plans and that the applicant's executive officers are appropriately skilled, and
- Section 102M which requires the Minister, upon appointment to issue a notice setting the appointment start date and any conditions.

Notably, the WRR Act does not stipulate any requirement for a competitive tender or public application process; it simply authorises an appointment in accordance with Part 5 of the WRR Act.

PRO application process

The appointment process for the PRO was not an open tender. The committee understands that Exchange for Change, a for-profit company owned by Coke, Lion, Carlton United Breweries (CUB), Coopers and Asahi approached the Queensland Government in July 2017 with a proposal to design and deliver a scheme in Queensland. Documents supplied by the department described the appointment process:

> *In August 2017, a for-profit company, Exchange for Change (EfC) was contracted by the NSW government as the Scheme Coordinator for the NSW Container Deposit Scheme. EfC is made up of five beverage manufacturers: [Coke], Lion, CUB, Coopers and Asahi.*
>
> *The beverage industry approached the Queensland government soon after Queensland announced the introduction of a container refund scheme to start discussions around a willingness to, and the possibility for, the beverage industry to operate the scheme in Queensland.*
>
> *While NSW undertook a tender process for the Scheme Coordinator role- and entered into a contract with EfC following this process – the Queensland government did not run a separate tender process as [Coke] and Lion had self-identified as being able to operate an eligible company to run the scheme.*[125]

[125] DETSI, internal documentation, 28 November 2017, provided to committee on 4 August 2025.

The committee has no information regarding the circumstances which saw the initial five beverage companies who had expressed an interest in operating the Queensland scheme, reduced to only Coke and Lion. Documents supplied by the department indicates that COEX was invited to apply for appointment after "extensive discussion over several months, meetings and workshops with the incorporators of COEX both in the lead up to the lodgement of the formal application for appointment by COEX and thereafter."[126]

The committee is aware that the department provided feedback on at least one draft PRO application by Coke and Lion dated 10 November 2017, before it was formally submitted on 23 November 2017.[127] The committee was able to determine various changes to COEX's final application including:

- amended arrangements for funding of the scheme wherein an initial proposal of Coke and Lion providing a scheme float of $35-$40 million was subsequently amended to require the State to provide that float
- provision of $500,000 by the State for marketing funds
- a commitment to amend COEX's Constitution to ensure
    - reduction of additional Coke and Lion director seats upon repayment of loans they proposed to make for scheme funding
    - consistency with not-for-profit/ charity requirements
- a plan to recover the costs Coke and Lion had incurred towards their PRO application
- acknowledging the 'uncertain nature of the CRP operator market' as bearing on the scheme commencement date, and
- measures to directly target litter reduction.

The final COEX application offered the following value proposition for why it should be appointed at the PRO:

> *A proven track record of delivering similar schemes both in Australia and internationally;*
>
> *Over forty years of experience managing and operating similar schemes in Australia and through affiliated entities around the world;*
>
> *An understanding of the expectations of a wide range of stakeholder groups, including environmental groups, community groups, members of the public and Beverage Manufacturers;*
>
> *A well-defined solution to deliver the Scheme, including:*
>
> *A solution that is cognisant of the commercial realities and challenges associated with operating a successful container refund scheme in the Australian market;*

[126] DETSI, internal documentation, 28 November 2017, provided to committee on 4 August 2025.
[127] DETSI, internal documentation, 28 November 2017, provided to committee on 4 August 2025.

A solution that draws on key learnings from the delivery of the other Schemes both nationally and internationally to "do things better" for the Queensland community;

The delivery of a robust, reliable and fit for purpose IT system to support the successful delivery and efficient management of the Scheme;

A pragmatic and risk based approach to the management of verification and audit procedures which leverages significant experience from the SA, NT and NSW schemes;

A comprehensive marketing and communication plan designed to drive high community engagement with the Scheme;

A fair and transparent approach to dealings with all Scheme Participants; and

A commitment and ability to achieve the Scheme Objectives.[128]

Proposed scheme funding

COEX's application outlined how the scheme would be funded, namely that Coke and Lion would provide Member loans to "meet the organisation's mobilisation costs in order to deliver the scheme on behalf of the State" which at the time of the application COEX anticipated to be $11 million.[129] However, the application also noted that Coke and Lion had, by the time of lodgement, incurred a range of costs to support delivery of the scheme for which they intended to seek repayment from COEX out of the initial Member loan.[130]

The application noted that the State would be required to provide approximately $30 million to fund the float of the scheme, to facilitate beverage manufacturers being invoiced in arrears for their share of scheme costs, to avoid smaller beverage manufacturers suffering cash flow issues.[131] Regarding the settled loan arrangements, the following information – set out in Figure 2 was available from COEX's financial statements for the year ending 30 June 2019.[132]

In terms of other scheme funding matters, COEX's application noted that as the PRO it would perform a clearing house function, receiving payments from beverage manufacturers and making payments to refund point operators, processing providers, logistics providers, MRF operators, as well as for PRO administration and service fees.[133]

Fees would be payable under a services agreement that COEX (notified in the PRO application) intended to enter into "on arms-length terms" with a for-profit entity to be established by Coke and Lion to provide select support services to COEX, including "IT and payment processing, strategic logistics and marketing advice, auction services and call centre, to support the PRO's fulfilment of its obligations."[134]

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128 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 9.
129 DETSI, COEX PRO Application 23 November 2017. supplied to committee on 23 July 2025, p 11.
130 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 21.
131 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 12.
132 https://containerexchange.com.au/wp-content/uploads/2023/09/Container-Exchange-Annual-Financial-Report-2018-2019.pdf
133 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, pp 31-32.
134 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 12.

Figure 2 Loan arrangements to establish and operationalise scheme

Treasury Loan

During the period the Company entered into a loan agreement with the Queensland Government Department of Environment & Science for an interest-free, 18-month $35,000,000 facility that provided working capital upon the launch of the Scheme. This facility, which commenced on 1 October 2018, is unsecured and required to be repaid by April 2020.

Members' loan

In order to establish and operationalise the Scheme (including establishing and entering into Container Recovery Agreements with Beverage Manufacturers), the Founding Members of the Company, Coca-Cola Amatil (Aust) Pty Ltd and Lion Pty Ltd, provided two loan facilities totalling $13m (Facility A: $12m, Facility B: $1m). This facility agreement was executed on 22 May 2018, and was drawn down by the Company during the financial year. The key terms are:

	Facility A	**Facility B**
Commencement	1 October 2018	1 October 2018
Purpose	To fund the costs of scheme establishment	To fund working capital and operational liquidity
Term	5 years from agreement date	9 years 11 months from agreement date
Interest rate	7.20%	8.03%

For taxation matters, the PRO application indicated that COEX was considering two tax efficiency options for its structure – either (a) not-for-profit status or (b) a trust over Scheme payments which would "identify a tax-exempt entity to be the beneficiary of the Trust with COEX being the Trustee."[135]

Proposed Board structure

The Board structure proposed by COEX in its PRO application included:

- *Independent Chair (as selected and approved by the Minister)*
- *Independent Community Director (as selected and approved by the Minister)*
- *Independent Legal Director (appointed by the Board)*
- *Independent Financial Director (appointed by the Board)*
- *Alby Taylor (appointed from the Australian Beverages Council, representing the interests of small beverage manufacturers)*
- *Jeff Maguire (appointed from Coca-Cola Amatil)*
- *Keith Allan (appointed from Coca-Cola Amatil)*
- *Richard Ballinger (appointed from Lion), and*
- *Mark Powell (appointed from Lion).*[136]

The application outlined that COEX's Constitution would provide Coke and Lion with two director positions each while the Member loans proposed to be made to COEX remained outstanding. As agreed with the department, COEX would "procure that its constitution is

[135] DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 17.
[136] DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 19.

amended shortly after appointment as the PRO to clarify that the reduction in the number of directors appointed from the Members will take place once the debt is repaid."[137]

At that point, COEX proposed that:

> *one Director from each of the Members will be replaced by Beverage Manufacturer representatives selected from the membership of nominated Beverage Industry Associations or a representative of a nominated Beverage Industry Association. It is critical that these positions be held by individuals that understand the beverage industry and how manufacturers appropriately fulfil their product stewardship role, and who will guide the Scheme ongoing in line with the vision.*[138]

Conditional appointment

Documents supplied by the department provided the following timeline for the appointment process:

> ***11 September 2017**: Pre-application information request sent to [Coke] and Lion*
>
> ***October 2017**: Notification that Container Exchange has been incorporated by [Coke] and Lion*
>
> ***31 October 2017**: Minister's formal letter of invitation to apply for appointment as the PRO*
>
> ***23 November 2017**: Application received from COEX and assessed*
>
> ***November 2017**: Application assessment report prepared and appointment recommended*
>
> ***27 November 2017**: COEX conditionally appointed as PRO.*[139]

The department noted at the time of COEX's conditional appointment:

> *the government may receive criticism for working so closely with [Coke] and Lion and that they may in some way individually benefit at the expense of other beverage manufacturers. This risk has been mitigated by the Scheme design ensuring there is balanced representation on the PRO Board and that there are clear legislated functions and obligations imposed on the PRO – one key point being that the PRO must be a not-for-profit company.*[140]

In respect of COEX's intention to enter into a services agreement with the for-profit entity owned by Coke and Lion, the department indicated it had assessed and sought to reduce the contractual risk governing the provision of the services to the PRO.[141] Further, the department noted it had worked to secure a reduced interest rate for the Member loan that Coke and Lion were proposing to supply to COEX as seed funding.

The department acknowledged that the presence of five beverage industry representatives on the COEX Board could create concerns for other stakeholders that the Board was not

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137 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 16.
138 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 20.
139 DETSI, internal documentation, 28 November 2017, provided to committee on 4 August 2025.
140 DETSI, internal documentation, 28 November 2017, provided to committee on 4 August 2025.
141 DETSI, internal documentation, 28 November 2017, provided to committee on 4 August 2025.

independent.[142] The committee notes the department was considering those risks in the context of concerns about the fast-approaching date of scheme commencement. "The risk of not appointing COEX as the PRO are significant as there is still a substantial amount of work that needs to be finalised to ensure the Scheme can successfully commence on 1 July 2018."[143]

The scheme was originally due to commence on 1 July 2018, however, following the conditional appointment of COEX as the PRO on 29 November 2017, delays in COEX's development of scheme elements (some of which arose because of executive caretaking arrangements around the Queensland state election on 25 November 2017) resulted in COEX requesting a delay of the scheme commencement date to 1 November 2018, which was subsequently confirmed by regulation.[144]

Appointment process criticism

In a private hearing with the committee, Ms Gayle Sloan, Chief Executive Officer, Waste Management & Resource Recovery Association of Australia (WMRRAA), who was involved in the scheme's Implementation Advisory Group, recalled her understanding about COEX's appointment process:

> *I can only go on memory. We had a couple of meetings of the advisory group. Then, I believe, there was an exchange of letters. There was no public process. There was an exchange of letters. I believe that Jeff Maguire from Coca-Cola led the negotiations. Jeff led them all from all states. They put a letter of offer forward to be the PRO under the scheme. I know that it went behind closed doors after that, from that exchange of letters. I think in that letter there were a number of things that were said were going to occur—for example, the $20 million float that Beverage were going to provide.*
>
> *Obviously, we were not consulted. We were only given high-level minutes from the probity consultant, which I think was KPMG, about the discussions between the department and the PRO. We never saw anything again on that, other than we were told it was progressing…*
>
> *There was no tender. Nothing went to market and no-one else was invited to apply…*
>
> *My understanding was that Coca-Cola, arguably on behalf of beverage, put forward a proposal to the department of the environment to move down a PRO model. I do not believe in the first instance the PRO versus the network operator had been settled. Then the PRO model was settled.*[145]

Ms Sloan further indicated that there were other potential entities who missed out on participating in the PRO tender process:

> *We always wanted to have … waste management and resource recovery … at the table. We know how to run networks and logistics and set up the schemes. We thought there would be a tender process. Even though WA*

142 DETSI, internal documentation, 28 November 2017, provided to committee on 4 August 2025.
143 DETSI, internal documentation, 28 November 2017, provided to committee on 4 August 2025.
144 Waste Reduction and Recycling (Container Refund Scheme) Amendment Regulation 2018 SL No. 167.
145 Private hearing transcript, Brisbane, 13 June 2025, p 8.

> *ended up with the same model with a scheme company, WA went to tender and it did get tenders for more than one network operator.*
>
> *New South Wales went to tender for both the scheme company and the network operator. They had seven applications, from memory, for the scheme company. We also saw banks like Westpac and others tender for that position because it is a clearing house, a financial house. More than just beverage could do it, but the Queensland government elected to not test the market.*[146]

The waste industry consistently, from the time the PRO model was announced, advocated for the appointment of an independent Board (made up of small and large beverage manufacturers, community, waste and recycling, and independent directors) to oversee the rollout of the scheme, prior to the appointment of any scheme or network operator, to reduce the potential for beverage conflicts of interest.[147] This did not occur.

Requirement for waste and recycling expertise

Waste and recycling industry concerns about the PRO model, ventilated in 2017 during the AEC's Inquiry into the WRRA Bill, continue to endure to the present day with various submitters expressing concerns to this inquiry about the lack of waste and recycling expertise on COEX's Board.[148] Additionally, waste industry representatives submitted that COEX has never held requisite waste and recycling expertise, citing historical issues such as the flawed 'book build' process COEX used pre-commencement to identify existing waste or recycling businesses to be CRP operators, and a November 2018 directive to operators about excluding crushed and baled containers from the scheme, which appeared to conflict with the scheme objective to complement existing collection and recycling activities for recyclable waste. These matters will be addressed in Chapters 3 and 4 of this report.

Given the criticism from the waste and recycling industry, the committee asked COEX to explain how its Board has reflected specific expertise in resource recovery and recycling as required under section 4.2 of the Board Charter. COEX's response was as follows:

> *The current Constitution of COEX requires all Directors to be eligible individuals as per the Waste Reduction and Recycling Act 2011 and Directors cannot be a current Executive Officer, employee or Business Associate of a Waste Industry Business or local government organisation….*
>
> *Section 4.2 of COEX's Board Charter outlines the criteria that the Board shall consider when nominating and appointing Directors in accordance with rule 32(d) of the COEX's Constitution. Resource recovery and recycling activities is one of eight knowledge of and experience expertise that is considered when nominating and appointing Directors.*

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146 Private hearing transcript, Brisbane, 13 June 2025, p 9.

147 See, for example, Rick Ralph, CEO, Waste Recycling Industry Association of Queensland, public hearing transcript, Inquiry into the Waste Reduction and Recycling Amendment Bill 2017, Brisbane, 12 July 2017, p 14.

148 Submissions 74, 76, 83, 91.

> *The Board in its current construct has an experienced and diverse group of skills. There are four Directors on the Board that hold deep resource recovery and recycling experience domestically and internationally and two of the Directors are involved as a Director on Boards in other container deposit schemes in Australia.*[149]

In its response COEX indicated that because it contracted out network delivery to CRP operators and other waste industry representative, the core Board skills required for this type of "contracted service delivery model are legal, financial and operational specific expertise of schemes and scheme management of which five Directors have this experience."[150]

The committee was made aware by COEX of a Board skills review it had commissioned in 2021. The committee requested a copy of that report, which identified at that time that the COEX Board could be "bolstered by waste/recycling expertise/stakeholders including those groups who may be interested in creating genuine change in the waste/recycling supply chain."[151] COEX submitted to the committee:

> *The Board is open to a specific Director representative skill set in recycling and waste industry similar to what is included on the Board in Western Australia (although noting the current Board's experience in recycling and container deposit schemes despite this not being a mandatory requirement). The Legislation in Western Australia requires certain roles to be independent of the beverage and waste industries. This has been discussed with the Department in past and if changes are to be made a legislation amendment would be required.*[152]

On 15 May 2025, COEX initially responded to submissions that it had a difficult relationship with waste and recycling providers, stating:

> *COEX manages a network of more than 80 operators with a large number of these being Queensland established small to medium enterprise local waste and recycling operators. This is a unique feature in the Queensland scheme where in other states and territories a small number of large multinationals operate the network on a "full profit" model.*
>
> *COEX maintains relationships with the waste and recovery sector, is a member of the peak bodies, meets regularly with the sector and importantly contracts and works closely with its operators.*
>
> *Through its audit program, COEX collaborates with Material Recycling Facilities across the state to improve their outputs. COEX also conducts additional audits at its own cost as part of its strategic initiative to collaborate with industry.*

149 COEX, private correspondence, 14 August 2025, p 42.
150 COEX, private correspondence, 14 August 2025, p 42.
151 COEX, Board Competencies Assessment Report, 12 April 2021, supplied to committee on 5 September 2025.
152 COEX, private correspondence, 14 August 2025, p 43.

> *COEX employs several waste industry experts, who lead engagement with the sector. COEX is a member of key waste industry groups Waste Management & Resource Recovery Association of Australia, Waste Recycling Industry Association QLD and the Australian Council of Recyclers and participates in forums, conferences and other events organised by these groups.*[153]

COEX Chair, Andrew Clark subsequently advised the committee at a private hearing on 27 August 2025:

> *Unfortunately, despite receiving in excess of $300 million every year from their involvement in the Queensland scheme, some in the waste industry want more. Many of their proposals, like doubling the deposit and monopoly control over the collection network, would undermine the community, not-for-profit ethos of the scheme and take money directly from Queenslanders and their businesses. Natalie [Roach] and I can certainly talk about the number of people operating container refund points who are first-time business owners.*
>
> *Unsurprisingly, a lot of the waste industry's submissions are reflective of arguments put and debated in the former Agriculture and Environment Committee hearings prior to the scheme's commencement. In 2017 there was a whole consultation process around the CDS and how it would work and how it would operate. If you do a ChatGPT search about the arguments put in 2017 compared to the arguments being put today in terms of the success and structure of the scheme, you may be surprised to learn they are almost exactly the same.*[154]

Despite setting regulations at scheme commencement which prevented current employees of waste and recycling organisations from serving as COEX Board directors, the department has now acknowledged, when responding to inquiry submissions that "there could be benefits in representation from the waste industry given their role in processing materials, both through MRFs and other recycling facilities (e.g. glass, plastics etc)."[155]

The department subsequently advised the committee that:

> *DETSI has encouraged COEX over a number of years to consider the appropriate skillset on the Board. The most recent updates to COEX's letter of appointment in 2025 require that COEX ensure that an external, independent evaluation of the board's performance is conducted at least every two years or on a more frequent basis as directed by the Chief Executive of DETSI in writing. It also provides that the Minister will establish guidelines to set the expectations of skills and experience required for the COEX directors that are subject to Ministerial approval. These guidelines are currently under development.*
>
> *DETSI welcomes any feedback from the Committee on whether there should be greater specification in the legislation about the members and skillset of the Board, including waste and recycling industry experience.*[156]

153 COEX, correspondence 15 May 2025, p 6.
154 Private hearing transcript, Brisbane, 27 August 2025, p 2.
155 DETSI, correspondence, 17 April 2025, p 21.
156 DETSI, correspondence, 5 September 2025, attachment 1, p 10.

Committee comment

The committee is aware that the department was notified of waste and recycling industry concerns during the lead-up to, and subsequent decision to adopt, the PRO model for the scheme. The department had noted the negative perception created by dealing with only Coke and Lion over other beverage manufacturers, but it stated that various legislative safeguards such as the PRO being not-for-profit, and requiring balanced Board representation, mitigated that risk.

The WRR Act did not require an open tender process to appoint the PRO. It did however, create an obligation to ensure the chosen entity was capable and prepared to meet the scheme's objectives. In hindsight, it would have been reasonable to use an open tender process, given this was a scheme model never attempted before in Australia, to ensure additional probity for all facets of the appointment process, as had occurred contemporaneously in the NSW scheme, and subsequently, in the Western Australian context.

The apparent rationale for Queensland not doing so was because of the fast-approaching scheme commencement date – however, the planned start date of 1 June 2018 was delayed for 5 months in any event to 1 November 2018.

Later, this report discusses how the lack of an open tender process led to certain ill-advised outcomes. It empowered Coke and Lion to incorporate a commercial entity to exclusively provide services into the Queensland scheme, and derive a profit from those activities, including through extending that commercial offering into other Australian schemes. This may have been an unforeseen consequence, however, what should have been easily foreseen was that, without an open tender requirement, COEX's capability to meet the PRO obligations for network operations and complementing existing collection activities for recyclable waste, was never subject to competitive tension. This is concerning for various reasons:

- COEX's PRO application asserted that COEX had 40 years of experience operating 'similar schemes' in Australia, yet this was the first time a fused scheme was being attempted.
- COEX identified in its PRO application that the uncertain market for network operators (depots) was a risk to delivery, and the committee heard that the 'book build' process that COEX used to ascertain their network of operators was beset by problems which had not resolved by the scheme commencement date.
- The department was on notice about the difficult relationship between COEX and the waste industry. This should have raised reasonable concerns about COEX's network operator capacity - and made urgent the need for due diligence - prior to appointment.

The committee is unaware what inquiries satisfied the then Minister about COEX's network operator capability under the novel 'fused' scheme.

2.1.3. 'Fused' model

Under the Queensland model, a single PRO is appointed to administer the scheme including to manage the network of collection and refund points and contracts with MRFs. As noted in section 1.3.3, most other jurisdictions employ a 'split' model. Under those models, a scheme coordinator is appointed to oversee the scheme, while a separate network operator or operators oversee the return points, refunds to customers and processing and recycling of containers.

Advantages and disadvantages of fused model

When Tasmania was considering its implementation of a container refund scheme in 2018, it compared the split NSW scheme and the fused Queensland scheme.

That review identified strengths and weaknesses in both models.

> *By separating the roles of scheme coordinator and network operator the NSW scheme provides a means of balancing competing scheme objectives (i.e. cost effectiveness versus high redemption rates) by not concentrating authority in a single organisation and by using a tender process to select the organisations. However, this very strength is also a potential weakness, as it means that there are two organisations, with potentially competing objectives, responsible for running different aspects of the scheme.*
>
> *The NSW government therefore needs to devote considerable attention to ensuring that the two organisations are working in sync. This has been done through a three-way system of contracts, adding considerable regulatory and administrative complexity to the scheme. In doing so, the NSW government appears to be seeking to influence operational aspects of the scheme (stipulating the opening hours of collection points for example), thereby moving away from a co-regulatory model under which government's primary focus is on regulatory oversite. Further, the three-way system of contracts limits transparency, with a number of issues of importance such as scheme targets, sanctions and costs not being publicly available.*
>
> *By combining the roles of scheme coordinator and network operator into a single organisation the Queensland model is administratively simpler. It is also potentially more transparent as scheme targets and sanctions are included in the regulation. However, this model is open to the criticism that it concentrates responsibility for the scheme in the hands of an industry run organisation whose primary objective will be to minimise scheme costs and therefore has no interest in maximising redemption rates.*[157]

One rationale given for Queensland's novel 'fused' scheme was to avoid monopoly behaviours at the network level of the scheme. The former Minister explained this in his second reading speech for the WWRA Bill as set out below.

[157] Marsden Jacob Associates, A Model Framework for a Container Refund Scheme in Tasmania, Final report, April 2018, pp 32-33.

> *Community organisations and some waste and resource recovery representatives see competition and the lack of legislated monopoly Network Operators and zones as a positive for existing operators as it provides a more market-driven approach and doesn't lock particular players out of participating in the scheme if a monopoly Network Operator does not contract with them.*
>
> ***Hon Steven Miles, Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef***
> *5 September 2017*[158]

The suitability of the fused scheme model was subject to several submissions during the Inquiry.[159] Some submissions considered it delivered substandard results and has led to a lower number of CRPs than would otherwise be the case.[160] COEX championed the 'fused' scheme model in its initial submission to the inquiry:

> *COEX's not-for-profit, producer responsibility operating model provides distinct advantages over alternative approaches used in other jurisdictions. As both scheme coordinator and network operator, this model reduces structural inefficiencies, allows for data integration and provides a consistent customer experience. In addition, and importantly given Queensland's geographic spread, [it] allows for investment in areas that may not be commercially viable under for-profit models.*[161]

COEXs initial submission supplied Figure 3 (below) setting out the benefits of a fused model.

In its initial submission to the committee, COEX proposed that the committee "continue to support the integration of scheme coordination and network operating model."[162]

Other submitters criticised the 'fused' scheme model.[163] Concerns included the creation of a statutorily entrenched monopoly for a PRO with largely unfettered discretion to unilaterally determine whether to contract with an operator, processor or logistics supplier, and whether sufficient legislative safeguards were provided in the context of Queensland legislating such a 'novel' scheme model.

158 Legislative Assembly, Record of Proceedings, 5 September 2017, p 2639.
159 Submissions 53, 92, 91, 66, 67, 98.
160 Submissions 53, 66, 83, 91.
161 Submission 39, p 2.
162 Submission 39, p 3.
163 Submissions 53, 91, 66, 67, 98.

Figure 3 Benefits of a fused model according to COEX

Feature	Benefit
Elimination of structural inefficiencies	• No administrative duplication across multiple entities • Elimination of contractual complexity between scheme coordinator and network operator • Streamlined decision-making without competing commercial interests
Enhanced data integration and transparency	• Complete visibility of container flows from collection through to recycling • Unified reporting system with consistent data collection methodologies • Ability to rapidly identify and address performance issues
Operational responsiveness	• Direct capacity to implement operational changes without cross-entity negotiation • Unified approach to problem-solving and innovation
Customer-centric design	• Single customer interface for all scheme interactions • Consistent branding and messaging across all touchpoints • Unified customer service experience • Ability to implement customer feedback across the entire value chain

Source: COEX[164]

Impacts on network operators

The former AEC's inquiry into the WRRA Bill (see earlier section 1.2.3) first canvassed the relative merits of the proposed 'fused' scheme model in 2017.

Mr Jeff Maguire for Coke told the AEC at a public hearing on 22 July 2017 that Coke "would discourage the implementation of regional boundaries that could lead to monopolies as they could restrict entrance, as the monopolist decides who can participate in a particular zone."[165] At the same hearing, Mr Rick Ralph, then Chief Executive Officer of the Waste Recycling Industry Association of Queensland submitted that the PRO model was a monopoly structure "akin to giving the henhouse to the foxes. You are proposing that the same organisations that advocated against deposit legislation…be invited to form an organisation to which they then appoint their own board."[166]

[164] Submission 39, p 11.
[165] Public hearing transcript, Inquiry into the Waste Reduction and Recycling Amendment Bill 2017, Brisbane, 12 July 2017, p 14.
[166] Public hearing transcript, Inquiry into the Waste Reduction and Recycling Amendment Bill 2017, Brisbane, 12 July 2017, p 8.

In response Mr Maguire submitted:

> *I have an extension of that analogy where I believe the PRO is the chicken wire between the fox and the hens. Essentially those hens represent an enormous pool of money, some $450 million worth of revenue, which will be flowing through this state in the nature of deposits and handling fees. The [Responsible Organisation] RO is there to ensure every beverage company pays its dues into the scheme and that every waste company only gets what it is due for collecting within the scheme.*[167]

This exchange indicates enduring tension between 'big' beverage and waste and recycling representatives from prior to scheme commencement. The requirement to mitigate this conflict was acknowledged by the AEC in its recommendation to mandate the inclusion of a recycling industry representative on the PRO Board, which was accepted by the former Minister but never enacted (see earlier section 1.2.3).

The waste and recycling industry's concerns about domination of the scheme by 'big' beverage continue to endure. The committee heard at a public hearing on 30 April 2025 from WRIQ CEO Alison Price who described COEX as "a scheme that effectively has a monopoly over Queensland's largest ever waste and recycling investment"[168] and WMRRAA CEO Gayle Sloan, who described the difficulties experienced by her organisation's members in contract negotiation with COEX. "It is very difficult when you are dealing with one monopoly operator to actually have a fair contract conversation."[169]

Legislated monopoly

Submissions from waste industry representatives that COEX behaved like a monopoly operator in its dealings with network operators, were refuted by COEX.[170] COEX denied that it is a statutorily enabled monopoly operator.[171]

However, COEX's appointment as the PRO enables it to exclusively administer the scheme, including arranging the ongoing, efficient and effective arrangements for collection, sorting and recycling of eligible containers, establishing a CRP network, and receiving and dealing with complaints in respect of the scheme. These significant, exclusive powers delivered by the WRR Act provides COEX with a statutory monopoly over scheme administration.

In appointing the PRO to both scheme coordinator and network operator roles, the scheme requires COEX to ensure coordination among industry competitors at the network level. It also provides COEX exclusivity in fixing handling fees, and scheme pricing, which could prima facie contravene competition laws (e.g. price fixing or market allocation under section 45 of the *Competition and Consumer Act 2010* (Cth) (the Competition and

167 Public hearing transcript, Inquiry into the Waste Reduction and Recycling Amendment Bill 2017, Brisbane, 12 July 2017, p 17.
168 Public hearing transcript, 30 April 2025, p 26.
169 Public hearing transcript, 30 April 2025, p 13.
170 COEX, private correspondence, 5 September 2025, p 18.
171 COEX, private correspondence, 5 September 2025, p 18.

Consumer Act, hereafter) or exclusive dealing under section 47 of the that Act unless shielded by law.

As the PRO was not constructed as a statutory body under the WRR Act (which would have displaced certain company law requirements) implementing the scheme required an exception from the normal operation of the competition provisions of the *Competition and Consumer Act* and the Competition Code of Queensland, which is reflected in section 99ZZ of the WRR Act. That section provides specific authorisations for certain things done under the WRR Act, including the process of appointing the PRO; the agreements the PRO enters with operators, processers, logistics suppliers and MRFs; and/ or any conduct of a person negotiating, entering and performing one of those agreements on behalf of the PRO.[172]

What is the effect of specific authorisations for competition law under the WRR Act?

While the explanatory notes to the WWRA Bill are silent on the inclusion of section 99ZZ, concerns noted in the then Minister's second reading speech about the potential for anti-competitive behaviour at the network level provides helpful context.

By design, the scheme entails coordination among industry competitors and exclusivity for the PRO in certain functions such as fixing the scheme price, handling fees and preparing template scheme agreements. These arrangements could prima facie contravene competition laws unless shielded by law. Implementing the scheme required an exception from the normal operation of Company law competition provisions. This is reflected in the inclusion of section 99ZZ.

The purpose of section 99ZZ, gleaned from context, is to facilitate a necessarily collaborative industry scheme (involving co-operation among competitors in the beverage industry and the waste/recycling sector) by removing the threat of Part IV liability under the *Competition and Consumer Act* related to cartel conduct, agreements substantially lessening competition, and/ or exclusive dealing.

The WRR Act authorises certain conduct necessary to facilitate the scheme only as much as is necessary to avoid a breach of competition law. Outside of immunities for cartel conduct, agreements substantially lessening competition, and/ or exclusive dealing, section 99ZZ does not authorise any scheme activity which may breach Australian Consumer Law or other sections of the Competition and Consumer Act or Competition Code of Queensland, and Section 4 deals with this matter in the context of certain allegations made against COEX during the Inquiry.

Own complaints body

The WRR Act requires COEX, as the PRO, to 'receive and deal with complaints relating to the scheme from members of the public and entities participating in the scheme'.[173] The

[172] WRRA, s 99ZZ.
[173] WRRA, s 99J(2)(g).

WRR Act required COEX's PRO application to be accompanied by 'a draft framework for resolving disputes between the applicant, manufacturers of beverage products, the operators of container refund points and the operators of material recovery facilities'.[174] COEX's PRO application stated:

> *Container Exchange, through its Members has considerable experience upon which it will draw to quickly establish quality customer service and complaints handling functions. Our customer service principles will be founded on promoting the merits of recycling and supporting the effectiveness and transparency of the Scheme*
>
> *We will treat all feedback from customers - good or bad - as a positive opportunity to help inform our processes. Our solution will ensure a responsive, respectful and comprehensive approach to customer service and complaints handling. We will provide the services of a highly skilled and trained team of proactive people with specialist skills in problem solving and conflict resolution. All interactions will abide by and respect the privacy issues associated with this process.*
>
> *Our approach will be based on:*
>
> *• Informing and engaging all parties including the customer / complainant, internal stakeholders or, if required, other Scheme Participants*
>
> *• Following a rigorous and thorough standardised handling process which details who, how, and when to engage and the process to do so*
>
> *• Ensuring our customers or complainants are kept informed at appropriate points throughout the process and of the outcome*
>
> *• Ensuring legal processes and compliance is adhered to*
>
> *• Logging and monitoring of issues and engagement to identify trends and long-term learnings for future use*
>
> *• Agreed timeframes for response and resolution; and*
>
> *• Providing regular reports as a part of our accountability framework that details the total number of customer issues through all levels of the Scheme and includes an analysis of issues raised, resolved and outstanding.*[175]

Complaints were being made about COEX's approach to scheme implementation prior to 1 November 2018. Departmental correspondence from that time record complaints about: CRP operators being initially prohibited from using their own IT systems; little transparency in the CRP 'book build' which saw depots located in extreme proximity to each other; COEX requiring MRF's to exclusively trade 'yellow top' bin materials through the scheme, and a lack of clarity from COEX for operators about logistics infrastructure requirements weeks out from the scheme commencement date.[176]

In its PRO Application, COEX expressed commitment to fair treatment of scheme participants as being of paramount importance. "Our previous experience in container

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174 WRRA, s 99 102F(2)(f).

175 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, pp 64-65.

176 DETSI, Letter from scheme stakeholder, 14 September 2018, provided to committee on 4 August 2025.

deposit schemes has provided us with insight into the unique needs and points of views of each Scheme Participant."[177] In respect of its intended treatment of scheme network participants, COEX's PRO Application stated:

> *Treatment of Refund Point Operators, Logistics Providers and Processing Providers:*
>
> *o All Refund Point Operators will be required to enter into the same standardised contracts with Container Exchange (with those contracts initially agreed between Container Exchange and the State)*
>
> *o We will work to encourage and facilitate an open, competitive and sustainable market for Refund Points and collection infrastructure*
>
> *o We will not unfairly discriminate between the Scheme Participants*
>
> *o We will provide accurate and timely payments to minimise working capital requirements and enable smaller Refund Point Operators to participate in the Scheme*
>
> *o We will provide the Scheme Participants with convenient and robust processes for the counting and management of the containers enabling both large and small operators to participate in the Scheme*
>
> *o We will consistently and fairly share relevant information and materials related to their promotion, operation and customer service*
>
> *o We will discriminate actively towards charity and community groups in the establishment of Refund Points; and*
>
> *o We will provide clear information about how to raise complaints and resolve disputes.*
>
> *Treatment of MRFOs*
>
> *o All MRFOs will be required to enter into the same standardised contracts with Container Exchange (with those contracts initially agreed between Container Exchange and the State)*
>
> *o We will not unfairly discriminate between the MRFOs*
>
> *o We will provide MRFOs with full transparency around how the Recovery Amount is calculated*
>
> *o We will provide accurate and timely payments; and*
>
> *o We will provide clear information about how to raise complaints and resolve disputes.*[178]

In the application, COEX appear to distinguish between customer service complaints (received from end users of the scheme) and complaints from scheme participants.

COEX's PRO Application expressed commitment to "the smooth running of the scheme, including managing disputes by scheme participants" and indicated it would:

> *• Set out clear dispute resolution provisions within each of the Scheme contract documents between the PRO and each of the Scheme Participants*

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177 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 66

178 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, pp 66-67.

• Provide clear information and support for Scheme Participants to understand the mechanisms available to them for resolving disputes; and

• Actively work with Scheme Participants to resolve all disputes and complaints in good faith.[179]

The dispute resolution provisions of the contracts COEX hold with CRP and MRF operators will be considered further in Chapter 4 of this report.

Submitters claimed that COEX's exclusive role to receive and manage complaints about the scheme has exacerbated the difficulties they experience trying to get disputes with COEX resolved, particularly when there is no legislated role for the department in the management and resolution of complaints.[180]

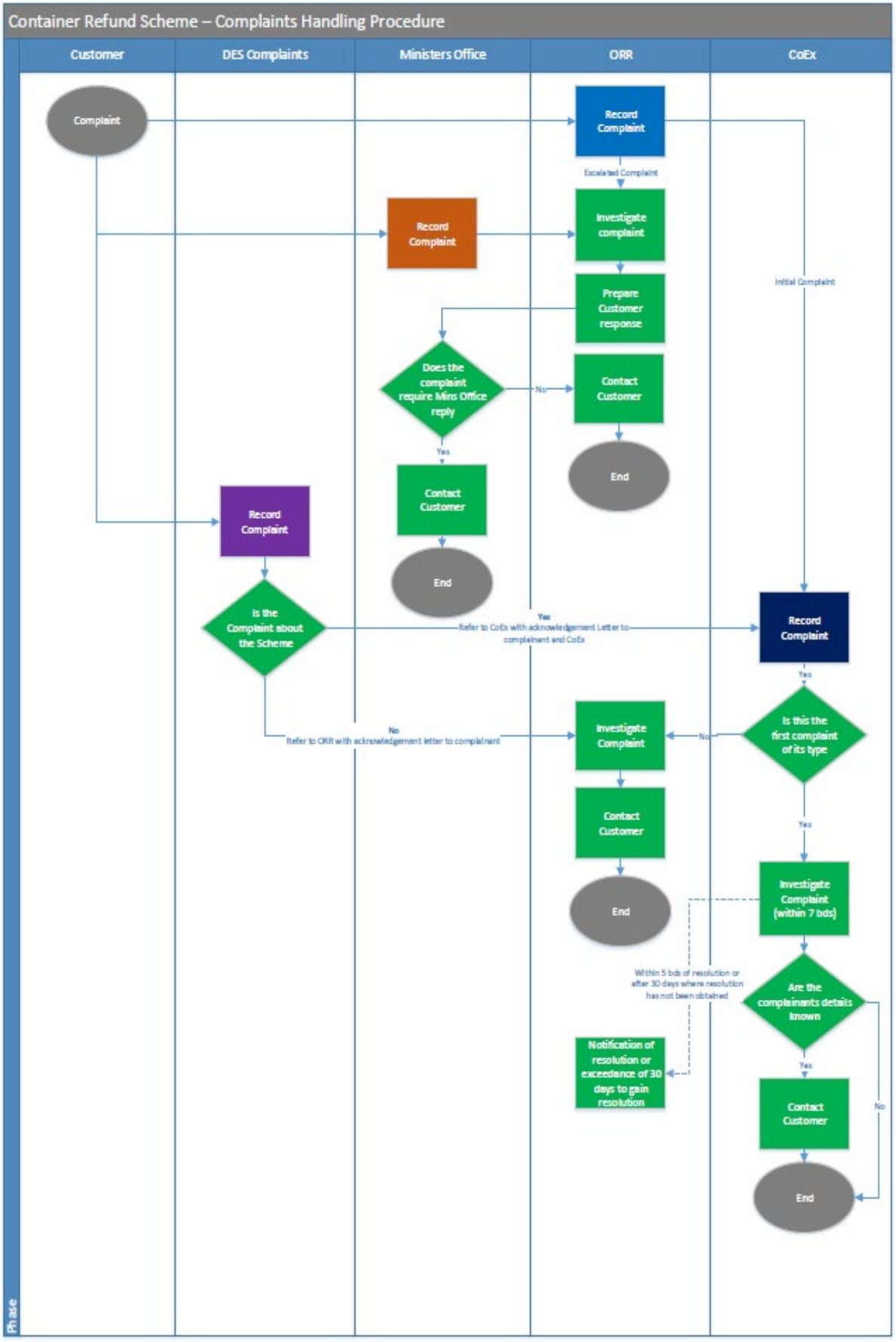
No role for department

The department maintains that it is not responsible under the WRR Act for complaints about the scheme.[181] Notwithstanding this, the department itself held concerns historically about COEX's performance of its complaints resolution statutory function. Emails between COEX and the department from February 2019 identified a need for a complaints handling procedure to address who within COEX should be contacted, how complaints were to be escalated, and associated timeframes.[182] The need for this framework appears to have arisen in circumstances where the department or Minister was receiving scheme related complaints which were really within COEX's purview as part of their statutory functions.[183] This procedure was finalised by the department and COEX in March 2019. Under the procedure agreed at that time (see Figure 4 for the agreed-upon procedure as supplied to the committee), the department was to retain responsibility for certain complaints including: multiple complaints by the same complainant; complaints through the Minister's Office; or complaints about the department or about COEX regarding the scheme.[184]

The committee asked the department to supply documentation about any concerns or complaints it had received about COEX or the scheme since its inception. These matters will be addressed further in Section 4.1 of this report, which reviews COEX's performance in administering the scheme.

179 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 67.
180 Submissions 70, 96.
181 DETSI, correspondence, 17 April 2025, attachment 1, p 8.
182 DETSI, correspondence, 23 July 2025, attachment 1.
183 DETSI, internal documentation dated 14 March 2019, provided to committee on 4 August 2025
184 DETSI, internal documentation dated 14 March 2019, provided to committee on 4 August 2025.

Figure 4 Container Refund Scheme, Complaints Handling Procedure



Source: DETSI. Note: "ORR" formerly referred to the Office of Industrial Relations in Queensland.

Limited referral pathway

Absent any legislated referral pathway to the department, there are limited other avenues for complaints about COEX or the scheme under the current PRO framework. Sections 2.2.5 to 2.2.7 of this report deal with referral bodies for certain aspects of the scheme.

The Queensland Ombudsman has the power to receive complaints and investigate administrative actions by public sector entities, including state government departments, local government and public authorities[185] However, given the definition of a public authority,[186] and the nature of the PRO appointment process, COEX is not a 'public authority' whose actions can be considered by the Queensland Ombudsman.

Committee comment

Prior to scheme commencement, concerns existed about the governance model that was selected for Queensland's container refund scheme, namely a 'fused' scheme run by a beverage-dominated PRO under the principle of product stewardship. This resulted in COEX, a not-for-profit company owned by Coke and Lion, two of Australia's biggest beverage companies, being appointed to run the scheme in November 2017.

Beverage, waste and recycling, local government, state government, environment, and retail stakeholders were all involved in initial working groups set up to establish the scheme. However, once the PRO model was selected as the preferred framework for the scheme, it appears that many of these stakeholders, but particularly the waste and recycling industry, were excluded from further input to a scheme that was trying to combine the traditionally waste-managed network operations with the traditionally beverage-managed scheme coordination. Waste industry representatives likened the scheme to giving foxes the henhouse, by allowing unfettered control of the scheme by beverage manufacturers.

In 2018, Tasmania was alive to the potential for a 'fused' scheme to concentrate responsibility in the hands of an industry run organisation whose primary objective was to minimise scheme costs, and with little interest in maximising redemption rates. The department was on notice from the outset about concerns regarding the fusing of the scheme coordinator and network operator roles, and certainly by the time of the 2017 AEC report which recommended that additional measures were required to ensure the PRO had balanced representation of all stakeholders within the scheme. The committee is unaware why that AEC recommendation to appoint a waste and recycling industry representative to the PRO Board has never been enacted.

Notwithstanding that the WRR Act requires COEX not to derive a profit from its legislative functions, the 'fused' scheme delivered COEX statutory monopoly status to exclusively set and maintain the commercial conditions in the scheme administration 'marketplace'. COEX has substantial market power there, to negotiate and form container collection and recovery agreements, and material recovery agreements – the

185 *Queensland Ombudsman Act 2001*, s 8.
186 For definition of public authority, see s 9 *Queensland Ombudsman Act 2001*.

extent of which was recognised by the inclusion in the WRR Act of anti-competitive authorisation provisions.

These provisions which authorise certain potentially anti-competitive activities necessary to facilitate the scheme, were an acknowledgement of the PRO's substantial market power, arising through the fusion of the scheme coordinator and network operator roles. Those authorisations immunise aspects of COEX's contracts and negotiations with collectors, processors and logistics suppliers participating in the scheme, from breaching competition laws. If, as was stated by the former Minister, the design intention of the 'fused' model was to remove the potential for monopoly behaviour at the network level of the scheme - then these anti-competitive authorisations in the legislation seems distinctly incongruent, given the type of behaviours they potentially authorise: cartel conduct, agreements substantially lessening competition, and/ or exclusive dealing. The committee may reasonably find those authorisations were included in the WRR Act specifically because of the potential for anti-competitive behaviour to always arise in a scheme which requires cooperation between competitors (which beverage and waste had been - and continue to be - in other schemes predating Queensland's).

It appears to the committee that instead of mitigating the potential for monopoly behaviour at the network level, the 'fused' model has merely shifted it to the overall scheme level, by making the PRO a statutory monopoly. In seeking to protect small businesses and community organisations from 'being locked out of participating in the scheme by a monopoly network operator refusing to contract with them', the WRR Act instead created a regulated arrangement where the PRO has largely unfettered ability to set and enforce conditions in the scheme administration 'marketplace', but for certain legislated performance criteria. While some may point to requirements towards the number of collection points and container recovery rate as restraining COEX's discretion, the fact COEX was under a ministerial direction in respect of the former, and has never met the latter, might suggest a somewhat laissez faire approach towards achieving them, which is explored further in the next chapter of this report.

Then, instead of considering additional legislative safeguards - such as an independent complaints body or dispute resolution escalation process – to encourage the PRO not to indulge in questionable behaviour in the scheme administration 'marketplace', the WRR Act nominated COEX to receive and deal with complaints relating to the scheme. In other words, scheme stakeholders who had a problem with COEX, had to go to COEX for a solution. Complaints provide valuable information about potential opportunities to improve the scheme, but they can also reveal misconduct that needs to be addressed.

The committee has heard evidence that issues raised by customers or scheme participants that should have been documented and responded to as part of COEX's complaints management function were allowed to linger and worsen. That the department had no formal legislative role in complaints management was a serious design flaw, notwithstanding that (a) there were other legislative powers held by the

department or Minister that were used, sparingly, and (b) the department appeared, as least initially, to maintain responsibility for certain high-priority complaints, including those made directly to the Minister.

Since the Coaldrake Review, substantial work has been done by both sides of government, to consider how Queensland can ensure it has robust oversight of bodies who exercise powers under statute. COEX obtains funds from beverage manufacturers under legislative warrant, to facilitate a public scheme. While some external agencies have some responsibilities for protected disclosures under whistleblower provisions, there is otherwise a general lack of external oversight of COEX's handling of complaints.

This was starkly evident to the committee as it became clear the inquiry process was being used by many scheme participants who simply had nowhere else to go with their unresolved complaints. This informs the committee's view that the currently enacted PRO model is not fit for purpose, in a time when transparency through oversight has never been more important.

The committee also observes that, due to the somewhat novel statutory construction of the PRO under the WRR Act, it was not immediately evident whether COEX is a unit of public administration for the purposes of the *Crime and Corruption Act 2001* (CC Act). Some of the submissions the committee received described conduct which may potentially be corrupt conduct under the CC Act. Public officials have a statutory obligation to report suspected corrupt conduct to the CCC under section 38 of the CC Act. The committee received these submissions in circumstances where it is not the appropriate body to determine such allegations, but where submitters did not know where else to go. To that end, the committee wrote to the CCC to clarify whether COEX is within the CCC's jurisdiction for the purpose of any onwards referral by the committee. The CCC confirmed that COEX is within its jurisdiction and suggested the committee may wish to recommend the Minister put that jurisdiction beyond doubt by providing for COEX's construction as a UPA by regulation.

The committee holds significant reservations about the soundness of Queensland's 'fused' scheme model as enacted in 2017, seemingly in hasty advance of a 1 July 2018 start date, without sufficient legislative safeguards. The potential for anti-competitive, unconscionable, unfair, false or misleading behaviour, at any level of the system, will always exist while commercial players seek to demarcate their share of the scheme's playing field. The requirement for COEX to be not-for-profit does not neutralise the inherently commercial motives of its Members.

While 'split' schemes do require additional effort on the part of government to ensure the commercial entities at each level are working in sync, and add more regulatory and administrative complexity, such schemes provide additional safeguards against concentrating power in the hands of a single beverage-run entity that, submitters say, is inherently motivated to keep scheme costs (and potentially, return rates) low.

The committee can foresee two main solutions to address the flaws in the Queensland scheme:

1. Make the department responsible for contracting with separate scheme and network operator(s) through an open tender process, and provide appropriate dispute resolution escalation processes, under a 'split' scheme model, or
2. Make the existing 'fused' scheme subject to significantly tighter oversight than COEX presently is, with a commensurate complaints resolution framework.

The committee does not support the first option because it recognises the extensive financial and emotional investments that many Queensland family operators have made in their individual businesses over the past seven years. A fused scheme can work – positive feedback from many inquiry submitters attests to that. However, government needs to ensure that fused schemes are governed and administered by all relevant beverage container supply chain stakeholders, not only some of them, to ensure that all scheme objectives are optimally met, and there is no power disparity between those different stakeholders.

To that end, and in the spirit of the former 2017 AEC recommendation that the Minister appoint a waste and recycling industry representative to the PRO board of the scheme, the committee recommends that the Minister be required to approve all appointments to the scheme coordinator board, and that those appointments ensure the board composition demonstrates proportionate and sufficient expertise from waste and recycling, local government, not for profit, community, and environment sectors, alongside small and large beverage manufacturers.

Recommendation 1

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to:

a. ensure the existing scheme coordinator is subject to stricter oversight requirements commensurate to those which apply to statutory authorities responsible for handling public funds

b. provide for the construction of the scheme coordinator as a Unit of Public Administration by regulation, and/or

c. another governance model which would better serve the objects of the scheme and the public interest.

Recommendation 2

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to require Ministerial approval of all appointments to the scheme coordinator Board, and ensure the Board's composition equitably demonstrates expertise in waste and recycling, local government, community and social enterprise capability, alongside small and large beverage manufacturers.

2.2. PRO governance framework

COEX necessarily operates under a complex governance framework because while it is a company composed primarily of private commercial interests, it undertakes important public functions. The framework includes:

- the requirements of the WRR Act (see section 2.2.1), including that the PRO be and remain an eligible company, and comply with any ministerial directions and conditions of appointment (see sections 2.2.2)
- its company Constitution (see section 2.2.3) and associated Board policies, including its Board Charter and Code of Conduct (see section 2.2.4)
- Charity and Not-for-Profit laws such as the *Charities Act 2013 (Cth)* and the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* (ACNC Act) and the ACNC Governance Standards (see section 2.2.5)
- the *Corporations Act 2001 (Cth)* (unless displaced), and Australian Consumer Law under the Schedule 2 of the *Competition and Consumer Act* 2010 (Cth*)* (see Section 2.2.6)
- the *Crime and Corruption Act 2001* (see Section 2.2.7), and
- general law directors' duties.

The department stated that in addition to this regulatory framework:

> *DETSI maintains regular meetings with COEX since the container refund scheme inception. Senior executives from DETSI currently meet monthly with senior executive representatives from COEX to discuss performance updates and matters relating to the strategic and operational plan.*
>
> *Day-to-day operational and strategic matters relating to the PRO's objectives, including expenditures on sponsorship or employee engagement and retention, are the responsibility of COEX.*[187]

[187] DETSI, correspondence, 17 April 2025, attachment 1, p 15.

Departmental documentation contemporaneous to the appointment of COEX as the PRO noted:

> *All directors of CoEx have a fiduciary responsibility under the Corporations Act. Directors must not place themselves in a position where they are unable to make decisions in the best interests of the company to which they are appointed. The core of fiduciary responsibility is that a director must not profit from their position.*
>
> *Fiduciary responsibilities include the duty to act in the interests of a company (CoEx) as a whole and the duty not to disclose confidential information.*
>
> *These fiduciary duties overlap with and are in addition to director's other duties including disclosure of material personal interests and exercising powers with care and due diligence.*[188]

2.2.1. Waste Recovery and Recycling Act 2011

The department's written briefing identified COEX's WRR Act obligations to include:

- appoint certain directors of the Board, not approved by the Minister, including a representative of the small beverage manufacturers; a representative of large beverage manufacturers; and at least two other directors who are independent of the beverage industry and have legal or financial qualifications and experience[189]
- achieve the scheme objectives[190]
- use best endeavours to achieve outcomes prescribed by regulation[191]
- supply a Strategic Plan, Operational Plan and budget to the Minister by 31 March each year[192]
- set the price paid by beverage manufacturers for each container and the price paid to operators of container refund points[193]
- provide quarterly report to the Minister on its operations[194]
- provide an annual report which includes audited financial statements, details of the PRO's achievements and information stated in the strategic plan or prescribed by regulation[195] and
- deal with complaints about the container refund scheme.[196]

Under section 102ZK of the WRR Act COEX is required to immediately inform the Minister about any matter that the PRO considers may prevent achievements or significantly impact the PRO meeting the objectives of its strategic and operational plan or statutory

188 DETSI, internal documentation dated 7 June 2019, provided to committee on 4 August 2025.
189 WRRA, s102B.
190 WRRA, s 99H.
191 WRRA, s 102ZF.
192 WRRA, s102ZG.
193 WRRA, s 99J.
194 WRRA, s 102ZI.,
195 WRRA, s 102ZJ.
196 WRRA, s 99J.

obligations, or the performance of its functions, financial position, or public confidence in the integrity of the container refund scheme.[197]

Under the WRR Act, there is no time limitation on the appointment of a PRO. Rather, it continues in force unless and until the Minister takes action to change the governance arrangements of the PRO. In certain circumstances, such an action can include cancellation (section 102V), suspension (section 102W), or amendment (section 102U) of the PRO's appointment, or the issue of a ministerial direction (section 102ZE) requiring a particular action or a compliance notice (Chapter 11).

COEX has only received one ministerial direction under the WRR Act. Prior to scheme commencement, the committee understand that concerns about COEX's ability to ensure timely accessibility to the scheme for regional and remote communities, resulted in the former Minister Hon Enoch issuing a ministerial direction to COEX on 30 October 2018 to

(a) Establish 232 container refund points by 1 November 2018

(b) Establish at least 75% of the sites required for the 1 November 2019 container refund point target (307) in each region and sub-region by 1 March 2019.

2.2.2. Ongoing conditions of appointment

After being unconditionally appointed as the PRO on 31 October 2018, COEX was subject to 14 'Ongoing Conditions' (see Appendix E) including to:

1. Comply with the WRR Act and any Regulation
2. Ensure the suitability of persons appointed as an executive officer of the PRO
3. Obtain the department's approval of persons appointed as an executive officer
4. Remove a person from appointment as an executive officer of the PRO if required
5. Achieve the regulated container recovery by specified dates
6. Establish the number of container refund points by specified dates
7. Ensure early repayment of initial loans provided by the Initial Members of the PRO to establish the scheme
8. Supply a copy of the PRO's constitution to the Minister following any amendment
9. Notify the Minister of any changes to the PRO's (a) container recovery agreement (b) container collection agreement or (c) material recovery agreement
10. Notify the Minister of any changes made to (a) any services or subcontracting agreement the PRO has regarding any or all its statutory functions or (b) its Member loans

[197] DETSI, correspondence, 14 March 2025, pp 5-7.

11. Ensure appropriate arrangements to protect the confidentiality of information obtained by PRO are in place and followed, and notify the Minister of any changes to the PRO's policies for handling commercial or sensitive information.
12. Notify the Minister upon becoming aware that any information contained in its PRO Application was materially false or in any way misleading
13. Assist the department with information to conduct any review of a MRF recovery amount protocol
14. Deliver to the Minister any documents in the PRO's possession which will ensure the effective and continual administration of the scheme in the event the Minister issues a show cause notice to cancel the PRO's appointment.

Recent additional conditions

Under sections 102V-102X of the WRR Act, the Minister can amend COEX's terms of appointment via a show cause process. An additional 12 ongoing conditions of appointment were applied to COEX by the Minister on 15 April 2025, some six weeks after the Inquiry was referred to the committee.[198] These additional conditions of appointment require COEX to:

15. Have a board skills matrix for all directors approved by the Minister
16. Adopt and comply with a director nomination policy approved by the Minister
17. Establish and maintain Board committees for (a) remuneration and recruitment of directors (b) nominating directors and the company secretary, (c) complaints handling and management, including whistleblower complaints
    a. with a majority of directors and a (non-Board) Chair independent of the beverage industry
    b. and give notice to the department if the COEX Board decides any of those matters inconsistent with the relevant committee's recommendation.
18. Benchmark the remuneration of directors every three years
19. Ensure that an external, independent evaluation of the Board's performance is conducted at least every two years, with input from COEX senior executives/management and notify the results to the Minister
20. Obtain the Minister's prior approval before amending any provisions of the COEX Constitution regarding membership or directors
21. Hold an AGM each year
22. Confirm annually that COEX has a ACNC compliant gifts and benefits policy which it continues to comply with

[198] DETSI, Letter from the Minister to COEX regarding additional ongoing conditions of PRO appointment, 15 April 2025, provided to committee on 4 August 2025.

23. Ensure that its Constitution does not require any director with a conflict of interest or material personal interest to form a quorum for Board decisions
24. Provide regular training to directors and senior executives/management regarding permitted use of confidential information
25. Adopt and comply with a policy, approved by the Minister, regarding conflicts of interest and accurately record all Board-disclosed conflicts of interest.
26. Not pay any fees to members of COEX or their nominee directors or make payment for the services of the nominee directors, unless approved by most of the independent directors.

The circumstances which gave rise to these recent additional appointment conditions are discussed in the next chapter of this report.

2.2.3. Company Constitution

COEX's company Constitution is a critical part of its governance framework.

Compliance requirements

Section 102B of the WRR Act prescribe certain eligible company requirements which COEX's company Constitution must comply with, including:

- Maintain a nine director Board with prescribed composition
- Prohibit dividends being paid to, or COEX's income, profits or assets being distributed to Members
- Provide for how the Chair and directors are appointed and removed, and remunerated
- Specify how the Chair and directors vote and decide matters
- Provide for how the Constitution is amended

Additionally, ongoing condition 8 requires COEX to supply a copy of the Constitution to the Minister upon amendment.

During the PRO application process, the department specified additional requirements for the Constitution which were agreed by COEX, including:

- That the Board will have no more than four directors representing large beverage manufacturers
- A process for managing vacancies on the Board
- Ensuring the Board has the appropriate diversity of directors, and
- Consider the following criteria when appointing directors:
    - Knowledge and experience in resource recovery, local government and the non-for-profit sector

- No current employees of the waste industry, local government or not for profit associations, and
- Knowledge and understanding of the obligations of company directors.[199]

Apart from those requirements, until the application of the 12 additional conditions of appointment on 15 April 2025, the department had no control over changes COEX made to its Constitution, as there was no statutory requirement to obtain the department's consent to changes, despite COEX's licence to operate and its funding being facilitated through legislation.

Specific provisions

New Members

Coke and Lion were, at scheme inception, and remain the only two Members of COEX. COEX's Constitution contains provisions regarding the admission of new Members.[200] Under Rule 9 it is within the Board's absolute discretion whether to admit an applicant to be a member of the company, and if the Board decides not to admit an applicant to the membership, it does not have to give any reasons for its decision.

Annual General Meeting

Rule 17 provides that a general meeting can be convened by notice of a director at any time. Rule 19 provides requirements for the holding of annual general meetings (AGM) and specifies the business that can be conducted at an AGM which includes the election of directors.

Member Directors

Until June 2024, the Constitution provided that a quorum of Member directors must be present to consider business at general meetings, which required, until the repayment of the Member loans, a director from each of Coke and Lion to be present, under Rule 21.[201] Rule 37 provides that a quorum for board meetings required one each of the Member directors to be present.

Member directors also had the power to nominate and appoint all COEX directors under Rule 32, including the independent Chair, subject to the Minister's approval, and to remove the Chair and the community director. Rule 32 also entrenched the requirement, agreed as part of COEX's appointment, for Coke and Lion to each give up one of their two director roles upon repayment of the Member Loan at the AGM immediately following the repayment of the Initial Term Loan.

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199 DETSI, Letter from the Minister to COEX regarding conditional PRO appointment, 29 November 2017, provided to committee on 4 August 2025.

200 COEX, Container Exchange Constitution, undated, provided to committee on 14 August 2025.

201 DETSI, Container Exchange Constitution, 22 December 2010, provided to committee on 23 July 2025.

Recent amendments

COEX Chair Mr Andrew Clark wrote to the Minister on 12 June 2024 advising of changes to the COEX Constitution including:

- *Removal of references to initial term loan, loan agreement and transition period throughout the document due to the repayment of the Members Loan*
- *Updating the criteria for nominating and appointing Directors in rule 32*
- *Introduction of a new rule 33A - Service fee payments to Members and Beverage Industry Body for services provided including the appointment of a Director, and*
- *Updating rule 37 to include at least one nominee approved by the Minister required for a quorum for board meetings.*[202]

In respect of the new service fee payable to Board directors, Mr Clark wrote:

> *Following challenges identified during the recruitment of beverage manufacturer directors, the Board reviewed the rules regarding remuneration of directors contained in the Constitution. The introduction of rule 33A will allow for the Board the ability to pay a sitting fee for all beverage seats on the Board. This fee will compensate beverage producers, beverage industry associations and Member organisations for their representatives' efforts and time commitment to the Board. It is intended that this will enable greater participation by a range of diverse candidates (particularly small manufacturers and small associations). The aim of this measure is to make it financially viable for small manufacturers and associations to take a seat on the COEX Board while running their organisations. Rule 33A was approved by the Board for recommendation to the Members by special resolution, conflicts of interest for the nominee directors were managed by the Board.*[203]

Relevant to the additional ongoing conditions of appointment imposed on COEX on 15 April 2025, COEX has advised the committee that it "will be seeking to amend its Constitution to reflect its revised conflicts of interest policy and procedures as well as addressing the issues associated with the current number of Directors required for a quorum. The revised Constitution will be provided to the Minister for review and approval before it is adopted."[204]

2.2.4. Board Charter and Code of Conduct

The Board Charter, adopted on 2 August 2024, provides that the Constitution is COEX's key governance document. COEX notes the Board Charter was prepared and adopted on the basis that strong corporate governance can add to the performance of COEX, create

202 DETSI, Letter from COEX to the Minister, 12 June 2024, provided to committee on 4 August 2025.
203 DETSI, Letter from COEX to the Minister, 12 June 2024, provided to committee on 4 August 2025.
204 COEX, private correspondence, 14 August 2025, p 10.

value for first suppliers and engender the confidence of stakeholders and the community.[205]

> *COEX has been established as a not-for-profit body, i.e. it is a public company limited by guarantee. This means that:*
>
> *(1) the income and property of the company must only be used to further the objects of the company set out in rule 4 of the COEX Constitution (which aligns with the Waste Recovery and Reduction Act 2011 (QLD) under which it was appointed as the 'Product Responsibility Organisation); and*
>
> *(2) no part of that income or property (or any other assets or profits of the company) may be paid or transferred, directly or indirectly, to any Member by way of dividend, bonus or otherwise.*
>
> *The powers and duties of individual Directors are set out in COEX's Constitution and at law.*[206]

The Board Charter also provides that regarding nomination and appointment of directors under Rule 32 of the Constitution, the following criteria will apply:

> *(1) Knowledge of and experience in one or more of the following:*
>
> *a. container deposit schemes b. resource recovery and recycling activities*
>
> *c. local government d. not-for-profit sector*
>
> *e. the beverages industry f. the circular economy*
>
> *g. behavioural science h. environment management*
>
> *(2) whether the nominee usually resides in Queensland or otherwise has a relevant connection to and understanding of Queensland*
>
> *(3) knowledge and understanding of the obligations and responsibilities of company directors, and*
>
> *(4) any other criteria the Board considers relevant, including those set out in the Board Nomination Policy.*

The Board Charter further provides that directors cannot be a current executive officer, employee or business associate of a waste industry business or a local government organisation. The Board Charter lists various other governance materials applying from 2 August 2024 to COEX's operations and conduct, including COEX's Audit and Risk Committee and People and Culture Committee Charters, as well as:

> *(a) Board Nomination Policy (b) Delegation of Authority Policy*
>
> *(c) Code of Conduct for the Board (d) Workplace Health and Safety Policy*
>
> *(e) Environment and Sustainability Policy (f) Conflicts of Interest Policy*
>
> *(g) Bullying, Harassment and Discrimination Prevention Policy*
>
> *(h) Speak Up Policy (i) Information Communications Technology (ICT) Policy*

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205 COEX, Board Charter, https://containerexchange.com.au/wp-content/uploads/2024/08/Board-Charter-August-2024.pdf

206 COEX, Board Charter, https://containerexchange.com.au/wp-content/uploads/2024/08/Board-Charter-August-2024.pdf

(j) Privacy Policy

(k) Treasury and Liquidity Policy

(l) Related Party Transaction Policy

(m) Grievance Policy; and

(n) Other operational policies and procedures which relate to the routine operation and conduct of COEX but do not require Board approval.[207]

COEX established an Audit and Risk Committee, and a People and Culture Committee, sometime after scheme commencement. These committees are mentioned for the first time in COEX's 2021 annual report.[208]

In force since February 2021, COEX's Board Code of Conduct lists the responsibility of directors to:

- *Act ethically, with honesty and integrity, and in the best interests of COEX and the Scheme at all times*
- *Exercise due care, diligence and skill in fulfilling their role as Directors*
- *Use their powers as Directors for a proper purpose, in the best interests of COEX and the Scheme and not make improper use of their position as Directors to gain advantage for themselves or for any other person*
- *Take individual responsibility to contribute actively to all aspects of the Board's role*
- *Make decisions fairly, impartially and promptly, considering all available information, legislation, policies and procedures*
- *Make reasonable enquiries to remain properly informed*
- *Understand the financial, strategic and other implications of decisions*
- *Act in a financially responsible manner*
- *Understand financial reports, audit reports and other financial material that comes before the Board*
- *Treat colleagues with respect, courtesy, honesty and fairness, and have proper regard for their interests, rights, safety and welfare*
- *Not harass, bully or discriminate against colleagues, members of the public and/or employees*
- *Take responsibility for contributing in a constructive, courteous and positive way to enhance good governance and the reputation of the Board*
- *Contribute to a harmonious, safe and productive Board environment/culture through professional workplace relationships; and*
- *Not engage in conduct intended or likely to bring discredit upon COEX or the Scheme.*[209]

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207 COEX, Board Charter, https://containerexchange.com.au/wp-content/uploads/2024/08/Board-Charter-August-2024.pdf

208 COEX, Container Exchange Annual Report 2020-2021, p 50-51.

209 COEX, Board Code of Conduct, February 2021, supplied to the committee on 14 August 2025.

2.2.5. Australian Charities and Not-for-Profit Law

COEX is a not-for-profit entity and registered as a charity by the Australian Charities and Not-for-profits Commission (ACNC). Charities must ensure they continue to be entitled to registration under the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (the ACNC Act). This involves meeting all the criteria for both initial registration and ongoing registration, including that it continues to be a charity, meaning it must remain not-for-profit, and have a charitable purpose which is for the public benefit. In order to maintain their registration, charities are required to report annually to the ACNC.

All charities must comply with the ACNC Governance Standards. These standards set out a minimum standard of governance, to help promote public trust and confidence in charities.[210]

ACNC Governance Standard 1 requires charities to demonstrate that they were set up as a not-for-profit with a charitable purpose, are run as a not-for-profit, and work towards that charitable purpose. It also requires charities to demonstrate that they can provide information to the public about their charitable purpose.

ACNC Governance Standard 5 requires charities to take reasonable steps to make sure that certain duties apply to Responsible People (such as directors and the CEO) and that they follow them. The purpose of this standard is to give the public confidence that a charity's Responsible People are managing the charity well and meeting these duties. Responsible People must:

- act with reasonable care and diligence
- act honestly and fairly in the best interests of the charity and for its charitable purposes
- not misuse their position or information they gain as a Responsible Person
- disclose conflicts of interest
- ensure that the financial affairs of the charity are managed responsibly, and
- not allow the charity to operate while it is insolvent.

Responsible People are required to put the interests of their charity above their own personal interests. Generally, they need to be careful and conscientious in their roles and act with standards of common sense and integrity.

2.2.6. Australian Company Law

The Corporations Act applies to COEX unless displaced. Section 2.1.3 of this report earlier considered the authorisation of certain anti-competitive provisions by the WRR Act in respect of the scheme.

[210] Australian Charities and Not-for-profit Commission, https://www.acnc.gov.au/for-charities/manage-your-charity/obligations-acnc.

The Australian Consumer Law (ACL) is contained in Schedule 2 of the *Competition and Consumer Act 2010 (*Cth) and is the law governing consumer protection and fair trading in Australia. It applies to business-to-business transactions such as when COEX contracts with operators to manage container return points.

The Australian Consumer Law (ACL) is regulated by:

- the Australian Competition and Consumer Commission (ACCC), in respect of systemic conduct in trade or commerce at a national level and consistent with published priorities, and conduct involving the use of postal, telephonic and internet services; and
- state and territory consumer protection agencies (In Queensland, this is the Office of Fair Trading), in respect of conduct engaged in by persons carrying on a business in, or connected with, the respective state or territory.

The ACL prohibits misleading or deceptive conduct,[211] unconscionable conduct,[212] and unfair contract terms.[213]

A business or consumer may take their own private action for breaches of the ACL by seeking damages for loss suffered or seeking an injunction to prevent an offending party from breaking the law (for example, by enforcing unfair terms).

In some cases, the ACL regulators (including Office of Fair Trading) may investigate complaints and take action against businesses that have engaged in breaches of the ACL.

2.2.7. Crime and Corruption Commission

The CCC is an independent statutory body set up to combat and reduce major crime and corruption in the public sector in Queensland. It has jurisdiction to investigate allegations of corrupt conduct within units of public administration (UPA), or by persons, that could impair the public's confidence in public administration. The *Crime and Corruption Act 2001* (CC Act) sets out two types of corruption.[214]

Section 20(1) of the CC Act describes UPA entities in Queensland for the purposes of corrupt conduct under section 15(1) CC Act. COEX is a UPA because it is 'a corporate entity established by an Act or that is of a description of a corporate entity provided for by an Act which, in either case, collects revenues or raises funds under the authority of an Act' as provided in section 20(1)(e) of the CC Act.

Section 15(1) of the CC Act provides that corrupt conduct involves conduct that affects, or could affect, a public officer (an employee of a public sector agency) so that the performance of their functions or the exercise of their powers is not honest or impartial, or knowingly or recklessly breaches public trust, or involves the misuse of agency-related information or material. Common examples of this type of corrupt conduct include fraud

211 Australian Consumer Law, ss 18-19.
212 Australian Consumer Law, pt 2-2.
213 Australian Consumer Law, pt 2-3.
214 *Crime and Corruption Act 2001*, s 15(1)-(2).

and theft, extortion, unauthorised release of information, obtaining or offering a secret commission and nepotism.

Section 15(2) of the CC Act provides for another type of corrupt conduct that involves conduct that impairs, or could impair, public confidence in public administration. Examples of this type of conduct include fraudulent applications for statutory licenses, permits or other authorities, collusive tendering, obtaining public funds by deception, evading a State tax or fraudulently obtaining or retaining an appointment.

Public officials have a statutory obligation to report suspected corrupt conduct to the CCC under section 38 of the CC Act.

Committee comment

Within various iterations of the governance framework outlined above, COEX has now been administering Queensland's scheme for just shy of seven years as at the date of reporting. The next two chapters of this report will consider submissions that the scheme has experienced governance flaws or apparent failures including:

- COEX failing to sufficiently mitigate conflicts of interest
- COEX breaching public trust and impairing public confidence in the scheme
- COEX contravening provisions of the WRR Act, including failure to attain the mandatory container recovery rate
- COEX failing to adhere to ongoing PRO appointment conditions
- COEX breaching Australian Charities Law
- COEX breaching Australian Consumer Law, and
- Insufficient regulatory oversight of COEX's performance provided for, or achieved by, the department.

In respect of any governance flaws in the scheme design, the committee notes that after the commencement of the inquiry, the Minister applied additional appointment conditions related to COEX's existing governance structures on 15 April. While the committee earlier noted its disappointment that neither COEX nor the department alerted the committee to the fact of this event when it happened, the circumstances which precipitated these new appointment conditions are discussed in the next chapter of this report.

3. Governance practices

During the Inquiry, the committee received submissions concerned about aspects of the scheme or COEX's governance practices relating to

- conflicts of interest for beverage manufacturers running container refund schemes in setting the scheme price and attaining the legislated recovery rate[215]
- prioritisation of COEX Member interests over the public interest through an unrepresentative or sufficiently independent Board, and COEX's commercial dealings with a for-profit company owned by the Members[216]
- COEX's compliance with not for profit and charities law[217]
- COEX's level of organisational transparency whereby, although a company composed primarily of private commercial interests, it undertakes important public functions;[218] and
- inadequate monitoring or regulatory oversight of COEX's performance of its scheme administration role.[219]

Submitters initially highlighted an inherent conflict of interest in all container refund schemes where beverage manufacturers determine the price they pay to participate in a mandatory scheme. For Queensland and other 'fused' schemes specifically, beverage manufacturers' interest in keeping their costs low potentially gives rise to another conflict of interest because they are also tasked with the job of increasing return rates for a scheme that will charge them more, as more containers are returned. Submitters alleged that COEX retained earnings through a substantial and recurring cash reserve, for the predominant purposes of shielding beverage manufacturers from paying the true cost of container recovery in Queensland. Additionally, there were submissions that COEX intentionally maintains reduced scheme accessibility to keep recovery rates static, with little apparent regulatory consequence.

Evidence and submissions before the committee highlighted other conflicts of interest specific to COEX. Firstly, the dominant position of Coke and Lion on the COEX Board was suggested as causing various governance failures on COEX's part, including that COEX's Board was not sufficiently independent of Coke and Lion's influence, or even well representative of the whole beverage industry. Second, confidential submitters bought to the committee's attention COEX's ongoing services agreement with a for-profit entity owned by Coke and Lion.[220] This agreement has seen COEX pay a third-party provider, Circular Economy Systems (CES), for significant and critical scheme services, such as branding, IT systems and logistics services, in circumstances where CES is owned by

215 Submissions 8, 3, 53, 91, 66, 67, 83, 91, 98.
216 Submissions 3, 54, 67, 74, 83, 85.
217 Submission 119.
218 Submissions 3, 48, 66, 67, 76, 79, 80, 81, 86, 91, 104, 109.
219 Submissions 53, 74, 91.
220 Confidential submissions 54, 74.

Coke and Lion as a for-profit venture. Submitters pointed to both the CES arrangement, as well as COEX's retained earnings and cash reserve, as potentially breaching not-for-profit, charitable obligations, and, in the case of the CES arrangement, potentially corrupt conduct.

3.1. Fundamental conflicts of interest for beverage manufacturers

Table 2 in Chapter One sets out the various commercial entities that are involved in container refund schemes across Australia. The beverage owners of these entities are noted in Table 5. Coke and Lion (either directly or through subsidiary) are represented on all container refund schemes in Australia.

Table 5 Ownership of key entities across jurisdictions

Jurisdiction	*Scheme coordinator (or equivalent)*		*Network operator/s*
	Name	*Beverage owners*	
Queensland	COEX	Coke Lion	n/a
NSW	Exchange for Change	Coke Lion Carlton United Breweries Coopers Asahi	TOMRA Cleanaway
VIC	Vic-Return	Lion Coke Asahi	Return-It TOMRA Cleanaway Visy
WA	WA Return Recycle Renew	Coke Lion	n/a
SA	Statewide Recycling	Coke	Individual depots
	Marine Stores	Lion, Coopers	
TAS	TasRecycle	Lion Coke Asahi	Return-It
ACT	Exchange for Change	Coke Lion Carlton United Breweries Coopers Asahi	TOMRA Cleanaway
NT	Statewide Recycling	Coke	Individual depots
	Marine Stores	Lion	

COEX Chair Andrew Clark acknowledged the presence of beverage manufacturers on all Australian scheme Boards during a private hearing with the committee.[221] Mr Clark was asked his view on whether a conflict of interest existed for the COEX Board when considering things like increasing the recovery rate or an increased refund amount:

> *No, I do not…The beverage representatives who sit on the board are representing the beverage industry; they are not representing their own personal interests. Whether you believe me or not, it sort of does not matter in some ways, but the founding members of the board and those subsequent beverage representatives who have been part of the board and part of the organisation since inception have quite genuinely done nothing other than want the scheme to succeed. At no point in time—over at least my recollection and memory of a board meeting—has anyone had to go to a vote in order to make a decision; there is always a collective view of what we need to do. The beverage industry are always quick to say, 'What more do we need to spend in order to make the scheme successful?'* [222]

Certain concerns about a lack of diverse beverage industry representation and the independence of the Board from Coke and Lion's influence are considered in Section 3.2.1 of this report.

3.1.1. In setting the scheme price

The committee received submissions about the conflict of interest that exists where representatives of the beverage industry have the power to determine how much the beverage industry pays to participate in the scheme.[223] Submitters queried the difference between the price charged to beverage manufacturers and the true cost of recycling a container through the scheme. Submitters also disputed the common beverage industry claim that because it funds the scheme, it should manage the scheme (including its pricing). Submitters assert that consumers pay for the scheme through increased beverage prices passed on by beverage manufacturers.

When asked about the potential for conflicts of interest resulting from beverage manufacturer involvement in container refund schemes, Mr Clark submitted on behalf of COEX:

> *Whilst there may be a perceived conflict, the view of the beverage directors is that there is nothing to be gained commercially from being involved in price setting, and in all schemes around the country beverage manufacturers set pricing for their own industry. In many other schemes (such as NSW, Victoria, Tasmania, South Australia and Northern Territory), manufacturers have a significant majority of Board seats within the scheme coordinator yet are responsible for price setting.*[224]

Submissions about the way that COEX prices the Queensland scheme, including that COEX continues to accrue a significant and recurring cash reserve for the primary purpose

221 Private hearing transcript, Brisbane, 25 August 2025, p 7.
222 Private hearing transcript, Brisbane, 25 August 2025, p 9.
223 Submissions 53, 66, and 83.
224 COEX, private correspondence, 5 September 2025, p 34.

of offsetting scheme costs to beverage manufacturers, are addressed later in this chapter at section 3.2.4.

Mr Clark provided the following response to the committee's query whether the inherent conflict of interest for beverage manufacturers in setting the scheme price, was more or less under the 'fused' model.

> *All schemes operate in similar ways: the scheme coordinator (which is made up of beverage representation) sets the price, manages beverage billing, scheme payments and has oversight of operator performance – albeit that government contracts directly with the operator in the split responsibility model schemes. In South Australia and Northern Territory, it is different again, where supercollectors set their prices independently, and compete for beverage manufacturers' supply.*
>
> *In the NSW case, government contracted with a single, private sector operator, whereas in QLD the framework has created significant operator diversity (with over 90 return point operators) without a monopolisation of revenues and profits.*
>
> *Regardless of the scheme structure, the Boards of most schemes across Australia, who, review and approve the scheme pricing have a majority of directors who represent the beverage industry. These organisations set the scheme pricing - not the beverage companies.*
>
> *Regardless of the scheme structure, performance of the schemes drives the pricing that is charged. The formula for calculating scheme pricing takes into account total scheme costs, expected sales volumes and collection rates to determine the price.*
>
> *In any scheme, if the scheme pricing was set too low, the organisation would rapidly become insolvent as revenue would not match the ongoing costs of running the scheme. Separately, if the operational fees - handling, processing and logistics fees for network operators were set too low, these operators would fail to be viable and existing and new entrants would exit the scheme.*
>
> *Split responsibility scheme coordinators are advised of the scheme's costs by the government, who, manage the contracts with the operator/s (i.e. there is a set fee per container collected for network operations).*
>
> *In Queensland, pre-scheme commencement an extensive book build process was undertaken (in conjunction with government) to determine the fees payable in relation to handling, processing and logistics fees. These fees, which are subject to annual escalation, were all outlined in the relevant standard template agreements, and the final form was reviewed and approved by the Minister and the Director General of the Department as required under COEX's approval conditions. The Minister also reviews and approves COEX's annual budget which details all budgeted revenue and costs.*

> *The Network Operators in split responsibility schemes sub-contract out the operation of certain return points, such as depot and over-the-counter type sites to other operators. Anecdotally, COEX understands from several operators that operate in both Queensland and other jurisdictions such as NSW, Victoria and South Australia, that operators receive higher handling fees in Queensland in addition to the provision by COEX of substantial IT system infrastructure and marketing and branding support.*[225]

3.1.2. In reaching recovery rate target

Earlier in this report, it was noted that Tasmania was alive to the potential for a 'fused' scheme to concentrate responsibility in the hands of an industry run organisation whose primary objective was to minimise scheme costs, with little interest in maximising redemption rates.

In split schemes like NSW, the network operator must comply with various legal obligations directly to the State, such as, location, minimum number, and hours of operation, of CRPs. Apart from that, network operators are free to make operational decisions based on commercial and other considerations. Network operators also retain the full value of processed containers they sell to recyclers, creating an incentive to increase the number of containers they collect. [226]

In Queensland, COEX is obligated by a mandated recovery rate and minimum number of CRPs. Specific financial sanctions or other penalties do not apply, unlike in some other schemes. COEX owns all scheme materials collected through CRPs once a handling fee has been paid for them, and in respect of scheme materials through MRFs, processors are required to make their containers available for sale through the COEX facilitated auction portal in order to accrue revenue.

Submitters have claimed a lack of incentive on the part of beverage manufacturers to increase return rates, attributed to their commercial motive to keep the scheme price they pay low.[227] Gayle Sloan, CEO WMRRAA stated at a public hearing that "it is very difficult when you are operating as a cost centre of a beverage industry to hit 85 per cent because that is a cost to your main shareholders and stakeholders."[228] COEX's performance against the legislated recovery rate is considered further at Section 4.3 of this report.

COEX submitted that the 'fused' model was more appropriately geared towards attaining the legislated target than split schemes with separate network operators having exclusive collection zones.

> *Exclusivity invokes market behaviours by operators which undermine the drive for increased recovery rates in underperforming areas. This includes operators who are unwilling or unable to provide different refund point types to cater for customer preference, or those who become focused on establishing territory*

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225 COEX, private correspondence, 5 September 2025, pp 32-33.
226 Marsden Jacob Associates, A Model Framework for a Container Refund Scheme in Tasmania, Final report, April 2018, p 31.
227 Submissions 53 and 83.
228 Public hearing transcript, Brisbane, 30 April 2025, p 13.

> *without maximising opportunities to optimise the recovery in already established CRPs*[229]

COEX additionally submitted:

> *it is also important to note that the interests of an operator and the objects of the Act are not always aligned. The scheme is underpinned by objectives focused on customer access and convenience alongside a legislated recovery rate target of 85%, while commercial operators are often driven by operating margin and profit…*
>
> *With many existing operators already achieving strong commercial returns from areas underperforming on recovery rate, there is little impetus to invest in providing additional customer access. For this reason, the Act does not support a scheme operating model which allocates defined operator territory or regions.*[230]

3.2. COEX conflicts of interest

Aside from the fundamental conflicts of interests that may be present in beverage-managed container refund schemes, the committee received submissions during the Inquiry that current and former COEX directors may not have effectively mitigated conflicts of interest that arise in their roles as directors because of their employment or association with beverage manufacturers.[231] Submissions indicated this had led to conflicts of interest in COEX's management of the scheme related to:

- Prioritisation of COEX Members' interests over the public interest, and the interests of other beverage manufacturers
- Pricing of the scheme, including the way that scheme income and assets are used.

This next section of the report will deal with those matters. Chapter 4 will deal with COEX's administration of the scheme, including its failure to attain the legislated recovery rate, its performance of its complaints function, its organisational workforce, and its relationship with key scheme stakeholders.

Apart from general law directors' duties to manage conflicts of interest, the ACNC Act and Charity Governance Standards require COEX to have processes in place to manage conflicts of interests. COEX's governance framework (see earlier Chapter 2) provide various conflict of interest requirements that its directors must abide by.

Section 11.3 of the Board Charter provides:

> *To ensure that Directors are at all times acting in the interests of COEX, Directors must:*
>
> *(1) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties (including the Director) in carrying out the activities of COEX; and*

229 COEX, private correspondence, 14 August 2025, p 41.
230 COEX, private correspondence, 14 August 2025, p 37.
231 Submissions 3, 54, 74 and 83.

> *(2) take such necessary and reasonable steps to remove any conflict of interest if requested by the Board, within seven days or such further period as may be permitted by the Board.*

Ongoing conditions of appointment 23, recently applied to COEX by the Minister in April 2025, states:

> *COEX must ensure that its Constitution does not require any director with a conflict of interest or material personal interest (excluding any interests within the meaning of s191(2)(a)(ii), (vi) or (vii) of the Corporations Act 2001 (Cth)) in a matter being considered by the board to be present to form a quorum when the matter is being considered or voted on by the board.*

3.2.1. Member-dominated Board

Table 6 supplies the details of Coke and Lion's nominee directors from COEX's establishment until 19 June 2024 (the date of COEX's most recent AGM).

Table 6 Member nominee directors of COEX to June 2024

Nominee director	*Member company*	*Period of appointment*	
		Director	*Alternate Director*
Jeff Maguire	Coke	31 October 2017 to 6 May 2022	18 May 2022 to 8 May 2025
Keith Allan	Coke	31 October 2017 to 25 August 2021	
Richard Ballinger	Lion	31 October 2017 to 31 December 2023	
Mark Powell	Lion	31 October 2017 to 20 July 2020	
Johnathan Harrison	Lion		7 June 2019 to 20 July 2020
Edward Dowse	Lion	20 July 2020 – present	
Ashley Chaleyer	Coke	9 May 2022 - present	
Natalie Helm	Coke		25 August 2021 to 19 June 2024
Craig Marshall	Lion	31 December 2023 to 19 June 2024	8 September 2020 to 31 December 2023 19 June 2024 – present

Source: ASIC[232]

[232] ASIC, Container Exchange (Qld) Limited ACN 622 570 209 Current & Historical Company Extract, 29 September 2025.

Initial Member loan

Coke and Lion sought and were provided two COEX Board positions each as security for loans (totalling approximately $13 million) the companies made to COEX as seed funding for the scheme. Coke and Lion were not required to relinquish their respective additional seat on the COEX Board until the Member loan had been paid back in full. COEX's Constitution contemplated that, following the repayment of the Member loan and in line with COEX's commitments in its PRO application, beverage industry representation on the Board would be diversified and broadened. The effect would be that COEX through its Board would become an organisation that was more representative of the beverage industry, in line with producer responsibility principles.

COEX was running a cash surplus of approximately $75 million within 4 months of scheme commencement, and significant and increasing cash surpluses have endured since. COEX's liquidity enabled it to repay the $35 million State loan by 30 June 2020.[233] COEX Board minutes from 26 May 2021 recorded that in respect of the Member loan early repayment would reduce COEX's cash holdings and manage stakeholder expectations following complaints in 2020 about the interest rate being charged on the loan. Despite this, the Board decided in May 2021 not to repay the Member loan in full, noting that early repayment of the loan required the consent of the Members.[234] COEX advised the committee that consent was forthcoming by 29 June 2022, such that COEX made full and final repayment on the Member loan by 30 June 2022.[235] In doing so, under its Constitution COEX was released from the security obligation for additional director seats for Coke and Lion, from the date of the AGM immediately following the repayment of the loan.[236]

The former Minister wrote to COEX on 25 October 2022 about the requirement to replace the Member directors.[237] The correspondence provided guidance to COEX about requirements for the replacement directors, including a desire for increased Queensland representation on the Board; a desire to see the Board increase its skills in resource recovery, recycling, environmental management, behavioural science and/or skills in not-for-profits; and to ensure an appropriately diverse and culturally capable Board. The letter requested COEX to conduct an open, merit-based recruitment process prior to seeking the approval of the Minister to the appointment of the Chair (which was at that time in the process of being recruited). This correspondence was not a formal ministerial direction.

The first AGM following repayment of the Member Loan on 30 June 2022 was held nearly two year later, on 19 June 2024.[238]

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233 COEX, Container Exchange Annual Financial Report 2019-2020, p 3.
234 COEX, Board minutes 26 May 2021, provided to committee on 4 August 2025.
235 COEX, private correspondence, 5 September 2025, p 5.
236 COEX, Container Exchange Constitution, Rule 32(c), 22 December 2020.
237 DETSI, Letter from the Minister to COEX regarding director recruitment, 25 October 2022, provided to committee on 4 August 2025.
238 DETSI, Clayton Utz Advice Relating to Governance Arrangements of the Container Refund Scheme, November 2024, provided to committee on 4 August 2025, p 3.

Delay in replacing Member directors

This report has earlier made note of a governance review that the department commissioned Clayton Utz to undertake into COEX in March 2024. That review made various findings relevant to the repayment of the Member loan and the circumstances in which Coke and Lion continued to hold two director seats each until June 2024, some two years after the Member Loan was repaid.[239] The committee has resolved to publish this report on the inquiry website.

Findings of the governance review included:

- COEX Members and the Board were responsible for diversifying beverage industry representation to replace two of the Member directors after 30 June 2022, and it was within their power to do so by calling an AGM under Rule 17 of the Constitution
- COEX should have been preparing for the transition of the Board to broader diversity at the time it was contemplating repayment of the Member loan
- The department reasonably believed that an AGM would be required to be held and would in fact be held every year, given the Constitution refers to AGMs being held, combined with COEX's commitments in its PRO application for diverse Board beverage industry representation
- Not diversifying beverage industry Board representation failed to achieve the statutory objectives of operating the scheme as a product stewardship model
- The consequence of failing to hold an AGM resulted in Coke and Lion retaining a level of influence in COEX that was not contemplated at the time the scheme was established
- An implication of not calling an AGM was that the term of any directors appointed to a casual vacancy, or directors subject to retirement at the end of AGM held three years after their election, continued indefinitely without election or re-election
- Not holding an AGM meant that three of the four independent directors who had been appointed on a casual vacancy, were unable to retire and then submit themselves for election to a three-year term. This resulted in tenure uncertainty for those directors, which was exacerbated by the (perceived) ability of the Member directors to remove those casual directors at any time.[240]

The Clayton Utz review noted that despite being told by COEX that the issue of holding an AGM was discussed during closed sessions in Board meetings in 2023 and 2024, minutes of COEX Board meetings post 30 June 2022 first record discussions about

[239] DETSI, Clayton Utz Advice Relating to Governance Arrangements of the Container Refund Scheme, November 2024, provided to committee on 4 August 2025.

[240] DETSI, Clayton Utz Advice Relating to Governance Arrangements of the Container Refund Scheme, November 2024, provided to committee on 4 August 2025

holding an AGM on 20 March 2024, the day after COEX was formally advised by the department of its review on 19 March 2024.[241]

The review found the delay in calling an AGM was likely due to a combination of issues, including:

- that there were no obvious commercial imperatives for the Members to dilute their control and influence over COEX
- challenges in finding replacements for the Member directors with what the Board considered to be suitable skills which were in line with the department's guidance; and
- inadequate governance supports in place to ensure independent directors (other than the Chair) felt sufficiently empowered to call an AGM.[242]

The committee requested COEX to clarify the circumstances around the delay in appointing replacement directors for the extra Coke and Lion seats. COEX submitted that reasons for delay included:

> - *The Department was a key stakeholder in the process and the timing of instructions from the Department did not always match COEX's and other stakeholders' expectations*
> - *The Department changed their guidance on what skill sets were needed*
> - *There was a lack of willing industry representatives meeting COEX's and the Department's requirements, and*
> - *The Board was working through a number of other non-beverage renewals.*
>
> *The Chair and nominee Directors were working collaboratively and in good faith with the Department to ensure that the Board composition met the requirements of the Minister and the Department and that there was an orderly transition to new, highly skilled and appropriate directors in line with the intent of the legislation.*[243]

COEX additionally submitted that it undertook a recruitment process, commencing in March 2023, for replacement beverage industry directors in consultation with the department, which did not result in any interviews until November 2023 due to a lack of suitable candidates. That process only identified one replacement director, with the second not confirmed by the Board until June 2024, after which it moved to hold an AGM.[244]

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241 DETSI, Clayton Utz Advice Relating to Governance Arrangements of the Container Refund Scheme, November 2024, provided to committee on 4 August 2025, p 2.
242 DETSI, Clayton Utz Advice Relating to Governance Arrangements of the Container Refund Scheme, November 2024, provided to committee on 4 August 2025, p 5.
243 COEX, private correspondence, 5 September 2025, p 5.
244 COEX, private correspondence, 5 September 2025, p 5.

Impaired independence and diverse beverage representation

The apparent failure by the COEX Board to ensure the timely retirement of two of the Member directors was characteristic of governance weaknesses which Clayton Utz's review attributed to Coke and Lion's dominance of the COEX Board.[245] These weaknesses included:

- **Restricted company membership**: Coke and Lion remain the only members in COEX, and, as at November 2024, COEX had no intent before mid-2026 to admit any new members until it settled membership principles
- **'Board within a board' dynamic:** the Member directors and the Chair caucused privately about various governance issues prior to those matters being brought before the full Board for discussion
- **Consolidation of influence:** institutional knowledge and therefore influence reposed with the Member directors and the Chair, particularly once new non-beverage directors were appointed
- **Lack of Member directors' governance expertise:** as employees of Coke and Lion, nominee directors did not generally include experience in Board governance outside of roles they held as company executives of the Member companies
- **Lack of independent Chair's governance expertise:** new appointments over an 8-month period to all other independent director roles (as occurred between October 2023 and June 2024) consolidated significant knowledge and influence within the current COEX Chair Mr Andrew Clark, in circumstances where:
    - Mr Clark had served on the COEX Board for the entire duration of the scheme, after his appointment on 14 September 2018
    - Mr Clark had limited prior Board experience outside COEX
    - Mr Clark was appointed by the Members to the role of Chair in March 2023
    - This is Mr Clark's first role as Chair of an Australian company.[246]

The department's review additionally noted that any ex-gratia payments, gifts or benefits given to outgoing Member directors had the potential to undermine public confidence in the scheme.[247]

Recent Ministerial intervention

The department's review resulted in 12 new ongoing conditions of appointment being applied to COEX on 15 April 2025 (see section 2.2.2). These conditions seek to strengthen COEX's existing governance structures, by:

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245 DETSI, Clayton Utz Advice Relating to Governance Arrangements of the Container Refund Scheme, November 2024, provided to committee on 4 August 2025, p 6.

246 DETSI, Clayton Utz Advice Relating to Governance Arrangements of the Container Refund Scheme, November 2024, provided to committee on 4 August 2025.

247 DETSI, Clayton Utz Advice Relating to Governance Arrangements of the Container Refund Scheme, November 2024, provided to committee on 4 August 2025, p 24.

- requiring an AGM to be held each year
- mitigating conflicts of interest through a conflict-of-interest policy, recording all Board-disclosed conflicts of interest, and amending its Constitution to remove the requirement for conflicted directors to form a quorum for Board decisions
- requiring the Minister to approve a Board skills matrix, Director Nomination Policy, and any amendments to the COEX Constitution regarding membership or directors
- establishing new Board committees with majority independent director membership, responsible for nominating, recruiting, and remunerating directors, and complaints handling, and requiring COEX to advise if the Board votes against decisions by those new committees
- preventing payment of service fees to Members or sitting fees to Member directors without majority independent director approval, benchmarking directors' remuneration every 3 years, and instituting an ACNC compliant gifts and benefits policy; and
- biennial independent evaluation of the Board's performance.

COEX were provided notice of the Minister's intention to apply the additional conditions and given the opportunity to respond. When asked why the department had not notified the committee that it had issued new conditions of appointment to COEX on 15 April 2025, some seven weeks after the Inquiry's referral to the committee on 20 February 2025, the department responded:

> *At the time the Inquiry commenced, a process was still underway to amend COEX's conditions of appointment. Similarly, this process was not finalised at the time DETSI provided its initial briefing or attended the public hearing. DETSI could not pre-empt the Minister's decision on this matter before it was finalised.*
>
> *The updated conditions of appointment were subsequently provided to the Committee as part of their further information request in July 2025, despite that request being for documents only up until February 2025.*[248]

Regarding the additional ongoing conditions of appointment imposed, COEX has advised the committee that it:

> *is currently reviewing and amending its conflicts of interest policy and procedures to clarify and provide further guidance to Directors on how to identify, disclose and manage any actual, potential or perceived conflicts of interest while complying with the requirements in the Corporations Act 2001 (Cth), the relevant ACNC Governance Standards and No. 25 of COEX's ongoing condition of appointment.*[249]

248 COEX, private correspondence, 5 September 2025, p 11.
249 COEX, private correspondence, 14 August 2025, p 10.

Committee comment

Neither the department nor COEX proactively disclosed to the committee that 12 of COEX's 26 ongoing conditions of appointment had been applied after the inquiry was referred to the committee. This was very concerning, particularly given the governance theme of the inquiry terms of reference. The committee was prevented from being comprehensively informed in a timely manner about the findings of the Clayton Utz review, which affected the committee's ability to provide COEX with the opportunity to make thorough submissions about the apparent governance weaknesses the review identified, although the committee understands that COEX was given a draft of the review and had the opportunity to respond prior to it being finalised. In the interests of transparency, the committee has resolved to publish the Clayton Utz review on the inquiry webpage.

The Clayton Utz review attests to questionable governance practices undertaken by the COEX Board. From amending its Constitution to permit the payment of fees to Members in 2024, to the Board's abrogation of responsibility to ensure timely, diverse and broad representation of beverage manufacturers, the historical influence of Coke and Lion on Board decisions is evident.

The committee has no information to indicate whether COEX has breached its ACNC obligations not to distribute profits to its Members through payment of the service fee contemplated under the new rule it added to its Constitution in June 2024. The committee notes the requirement the Minister has now applied for a majority of independent directors to approve payment of fees to Coke and Lion and/ or service fees to their nominee directors.

Additionally, although the committee received no direct submissions regarding ex-gratia gifts and benefits to COEX Members or directors, the Clayton Utz review noted reports of such to outgoing Member directors. The committee observes an ongoing risk to public confidence in the scheme where the potential to make payments of any kind to 'big' beverage manufacturers remains. It also notes ACNC Governance Standard 5 which requires directors to act honestly and fairly in the best interests of the charity, and to ensure that the financial affairs of the charity are managed responsibly.

The department held the view prior to scheme commencement that the risk of Coke and Lion's dominance of the PRO Board was mitigated by ensuring balanced beverage manufacturer representation on the Board. Notwithstanding this, the WRR Act permitted the appointment of five beverage industry representatives and four independent directors, which, the department noted, might concern other stakeholders that the board was not independent. The committee notes here, for comparison, that Western Australia, as the only other jurisdiction to legislate minimum Board requirements for the scheme coordinator, require a majority of directors to be independent from the beverage industry.

COEX's PRO application represented that, once the Member loan was repaid, two of the four Member directors would retire and be replaced with directors nominated by the Board who represented other members of COEX or beverage industry bodies. There have been no other Members of COEX, and the extra Coke and Lion directors did not retire for a period of two years after they should have. The reasons that COEX have advanced for delaying this replacement are flimsy. The committee notes here that failing to fulfil plans stated in its application is a ground for suspending or cancelling the PRO's appointment under sections 102ZM(1)(a) and 102V(d) of the WRR Act.

While COEX did eventually move to replace the Member directors at its 19 June 2024 AGM, the committee is concerned that COEX has sought to attribute much of the blame for its delay in doing so, to the department and the apparent requirements of the Minister. COEX were under no formal ministerial direction regarding board composition outside the requirements of the WRR Act. Under its own Constitution, it was *always* open to *any* COEX director to call an AGM after the Member loan was repaid, so it is hard not to form the view that the Board was ultimately compelled to do so only after it was notified of the department's review on 19 March 2024. Even then, it took COEX three more months to hold the AGM, ostensibly because they were still attempting to find suitable director candidates to replace the Member directors.

The committee agrees with the finding of the Clayton Utz review that COEX should have been preparing for the transition of the two Member directors to broader board diversity at the time it was contemplating repayment of the Member loan in 2022. Not doing so appears to be a significant governance failure, possibly due to Board inexperience and lack of diffuse exposure to contemporary good governance practices, on the part of some COEX directors including the Member nominees and the Chair.

The failure to hold an AGM in a timely manner is also concerning in the context of COEX's charity obligations and Company Law requirements. The ACNC notes in its AGM Fact Sheet that, although it does not require charities to hold an AGM, some may have an obligation to another government agency to do so. It also notes that to be and remain registered as a charity, the ACNC Governance Standards must be met. Governance Standard 2 requires a charity to be accountable to its members, and notes that holding an AGM is a good way for a charity to demonstrate that it is meeting this standard.

It was reasonable for the department to have expected COEX to hold an AGM every year, based on the references to an AGM in COEX's Constitution, which formed part of its PRO Application. The committee can only speculate why this did not happen, because despite COEX indicating during the department's review that the Board had discussed the holding of an AGM several times during 2023 and 2024, Board minutes from that time do not record any such discussion. The committee is persuaded by the conclusion in the Clayton Utz review that there was a lack of any commercial imperative for Coke and Lion to relinquish those seats. This raises the larger issue of whether

COEX prioritised Member interests over the public interest, which is considered further in the next section of this chapter.

Additionally, the committee notes that, unlike other Australian schemes which impose a time limit to their scheme coordinator appointments, generally around the 7-year mark, the WRR Act provides no similar constraint, which creates the potential for a sense of incumbency in the minds of COEX's Members, inconsistent with good governance practice. The committee heard some evidence about concerning governance practices, including potential non-compliance with its own complaints management framework, which will be considered further in later sections of this report. The committee recommends that the Minister consider whether it would be appropriate to fix a term for the scheme coordinator's appointment.

Membership of COEX and beverage industry representation on the Board was not diversified and broadened to be representative of the beverage industry as a whole in a timely manner, thereby failing to achieve the statutory objective of operating the scheme as a true producer responsibility model. The committee notes here that contravening a provision of the WRR Act is a ground for suspending or cancelling the PRO's appointment under sections 4(1) and 102V(d) of the WRR Act.

The department identified that balanced Board representation provided one opportunity to mitigate the risk of dealing exclusively with Coke and Lion during PRO negotiations. Prior to the COEX AGM on 19 June 2024, this opportunity never materialised because COEX, in breach of commitments made in its PRO Application, did not act to replace the extra Coke and Lion directors in a timely manner when it absolutely had the power to do so, once repayment of the Member loan occurred on 30 June 2022. Stakeholder concerns about the Board's lack of independence from Coke and Lion, as 'big' beverage manufacturers, appear well-founded, and not just in relation to the above-described matters, as the next part of the report will show.

The committee finds that ongoing apparent governance failures by the COEX Board require stronger Ministerial direction in PRO Board appointments, to ensure both its representativeness across the beverage supply chain *and* its independence from 'big' beverage. See earlier Recommendation 1.

Recommendation 3

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to provide for a fixed term for the scheme coordinator's appointment, and include mechanisms for regular renewal of its Board.

3.2.2. Services agreement with Circular Economy Systems

COEX has a services agreement with Circular Economy Systems (CES) (formerly Container Exchange Services) ACN 623 565 471, an Australian private company first registered on 22 December 2017, which is jointly owned by Coke and Lion. CES generates income by supplying various services to container refund schemes, such as payment processing clearing house functionality and IT platforms. CES's website explains its corporate story.

> *CES was initially formed in 2017 to help tackle the mounting waste crisis. Initially Container Exchange Services, in 2024 we relaunched as Circular Economy Systems.*
>
> *Led by our Founder and CEO Chris Blayney, who has been involved in designing and setting up schemes for over a decade, we are specialists in software and services for Producer Responsibility Schemes. Our role is to enable successful recycling schemes, helping to build a genuine circular economy for single-use products.*
>
> *Since we started, we have grown rapidly, establishing our headquarters in North Sydney, Australia and driving continuous improvement in our software and services.*
>
> *We are proud to have partnered 4 major scheme launches in our first 7 years, serving a variety of scheme models. To date we have powered transactions for more than 11 billion containers, diverting valuable materials from landfill. Looking to the future, we're committed to accelerating the expansion and impact of recycling schemes, together with our partners, and new schemes around the world.*[250]

In respect of COEX's dealings with CES, confidential submitters raised concerns about unmitigated conflicts of interest and COEX's compliance with ACNC Governance Standards regarding not distributing scheme income to Members. The committee sought clarification from COEX about the circumstances of its services agreement with CES, in the context of these submitter concerns.

Part of PRO application

The committee commenced inquiries about this matter and learnt that COEX had indicated, in its PRO Application, its intention to enter into a services agreement with CES.

> *Container Exchange also proposes to enter into a Services Agreement (on arm's length terms) with Container Exchange Services (an entity fully owned by the Members) to provide select support services to Container Exchange (e.g. IT and payment processing, strategic logistics and marketing advice, auction services and call centre) to support the PRO's fulfilment of its obligations.*
>
> *This arrangement enables the Members to provide best-practice outcomes leveraging Coca-Cola Amatil's and Lion's existing knowledge and expertise. This includes leveraging extensive practical [container deposit scheme] operational experience from the Members' South Australian businesses, extensive IT systems implementation experience and market leading logistics planning expertise. The structure also creates the potential for Container*

[250] Circular Economy Systems, https://circulareconomysystems.com/about.

> *Exchange Services to become a services platform for Schemes across multiple jurisdictions to drive scale that will be to the benefit of the Queensland Scheme.*[251]

The PRO Application also noted that service fees payable to CES under the proposed services agreement represented two percent of the initial direct scheme costs.[252] The application also supplied a diagram of the proposed interaction between COEX and CES to deliver the scheme, see Figure 5 below.

Figure 5 Interaction between Container Exchange and Container Exchange Services to deliver the scheme

<table>
<tr><th colspan="6">Drive Container recovery and contribute to an overall reduction in litter volumes</th></tr>
<tr><th>Drive Scheme Awareness</th><th>Ensure Participation of Beverage Manufacturers</th><th>Ensure Scheme Accessibility</th><th>Ensure Material Recycling</th><th>Ensure Scheme Integrity</th><th>Ensure On-time Payments</th></tr>
<tr><td colspan="6">Scheme Governance</td></tr>
<tr><td>Stakeholder engagement and on the ground marketing</td><td rowspan="2">Engage and contract with Beverage Manufacturers</td><td>Contact with Refund Points to deliver accessibility</td><td>Contract with MRFOs, Processing Providers and recyclers</td><td rowspan="2">External and Internal Auditing</td><td>Oversight and approval of payments</td></tr>
<tr><td>Scheme branding and marketing strategy</td><td>Assist community sector to drive accessibility</td><td>Material auction platform</td><td>Facilitate Scheme payments</td></tr>
<tr><td colspan="6">Drive Scheme Efficiency</td></tr>
</table>

Legend:

- Scheme obligations and functions
- Container Exchange activities
- Container Exchange Services activities

Source: COEX[253]

The department supplied information indicating it was aware prior to COEX's conditional appointment that the services contract was not a usual "arms-length" agreement, and had sought advice towards reducing the contractual risk of that arrangement.[254]

251 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 12.
252 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 40.
253 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 13.
254 DETSI, internal documentation dated 29 November 2017, provided to committee on 4 August 2025.

Services supplied

COEX indicated the following scheme services are currently supplied by CES:

1. Payment Processing Services
2. Scheme Registry Services
3. Branding Services
4. Material Brokerage Auction Services
5. Consulting Services
6. Transition out Services
7. Point of Sale Services
8. Customer Payment Services
9. Data Platform Services
10. IT Delivery Services
11. Call Centre Services.

Logistics support services and marketing services, originally part of CES's scope at scheme commencement, have been removed by variation. COEX advised the committee:

> *Strategic logistics advice to be provided by CES was logistics performance management, fleet planning, optimisation and compliance of logistics providers to safety matters. At the time of application, it was envisaged that CES would use existing strategic logistics knowledge and expertise from the Member organisations. As COEX's management team's expertise grew, this was a function that was identified as being better able to be performed internally by COEX and the function was removed from the Services Agreement in August 2021.*[255]

In a private hearing with the committee, COEX CEO Natalie Roach stated:

> ***Ms Roach:*** *The contract that we hold with CES is the most substantial contract that COEX has and it is for the provision of services. Those services fall under two elements: what we call core and non-core. The core services are essentially all of the payment services that enable the operation to happen—so the payment of refunds, the payment of handling fees to operators, the payment of logistics providers et cetera. That is the kind of core services. Then the non-core services have been the provision of such things such as digital marketing historically, brand management, call centre services and the like. There are two elements to the contract.*
>
> ***CHAIR:*** *What is the current value of the contract?*
>
> ***Ms Roach:*** *It is roughly around $20 million a year.*
>
> ***CHAIR:*** *That manages all of the refunds and all of the processing?*
>
> ***Ms Roach****: It does.*[256]

Ms Roach further advised that CES currently manages most of COEX's financial data, but that a project is underway to move financial reporting back within COEX's direct control.[257]

255 COEX, private correspondence, 5 September 2025, p 37.
256 Private hearing transcript, Brisbane, 25 August 2025, p 7.
257 Private hearing transcript, Brisbane, 25 August 2025, p 7.

COEX advised the committee that the majority of its spend with CES relates to payment processing which:

> *includes the development and support of a Scheme Payment Technology Platform, accurate and timely processing of payments to Scheme Participants, accurate and timely invoicing and collection of payments from [beverage manufacturers] to fund the Scheme, internal controls and operating protocols to minimise and prevent fraud, security of confidential information and maintenance of information barriers, accurate financial monitoring and management in partnership with the PRO.*[258]

Because of this payment processing function, CES collects and manages personal information collected from scheme participants - such as individuals, charities, CRP operators, and other COEX suppliers and contractors –when they sign up to the scheme.

The committee asked COEX to explain the ownership arrangements for that data. COEX advised:

> *Scheme data that is captured through these services is sole and valuable property of COEX. Under the Service Agreement, CES must take all necessary steps to ensure that any and all scheme data it holds or controls in connection with this agreement is protected against misuse and loss, and from unauthorised access, modification and disclosure.*[259]

The services agreement between COEX and CES assigns the intellectual property rights of this scheme data to COEX. The agreement includes requirements for CES to provide COEX with access to the scheme data, and protect the data against misuse and loss, unauthorised access, modifications or disclosure, and protection.[260] It is unclear what fees are incurred when COEX seeks access to scheme data held by CES.

The committee asked COEX whether scheme participants, including the mums and dads and kids who return containers, were aware that their personal data including their bank accounts was housed by an external service provider. COEX responded:

> *When a member signs up to Containers for Change, they agree to the Member Portal Terms. Clause 10 of these terms stipulates that:*
>
> *"We may disclose that information to third parties that help us deliver our services (including information technology suppliers, communication suppliers and our business partners) or as required by law. If you do not provide this information, we may not be able to process payments to you in connection with the Scheme."*[261]

258 COEX, private correspondence, 14 August 2025, p 19.
259 COEX, private correspondence, 14 August 2025, p 21.
260 COEX, private correspondence, 14 August 2025, p 22.
261 COEX, private correspondence, 26 August 2025, p 9.

Services required

Regarding the rationale for the CES services agreement, COEX submitted that as part of the PRO application process, Coke and Lion had identified that:

> *the underpinning IT requirements to manage all aspects of the scheme would need to be developed from scratch as there was no suitable end to end systems in use in other schemes that could be licenced or utilised…In particular, no schemes had IT systems that provided the breadth of systems required for the Queensland scheme.*
>
> *The level of capital required to develop a bespoke system was substantial, and the members had already invested in the IT side of the NSW scheme (however this was a much more limited system due to the limited scope of the NSW scheme coordinator). The members also recognised that other schemes were in the process of being developed or could utilise such IT.*
>
> *In discussion with the State Government, the members proposed that they would invest and develop a system through a separate, standalone joint venture service business that could then provide similar services to other schemes such as the WA scheme, in order to reduce overall cost across all of the schemes (by investing once centrally rather than multiple times for multiple standalone systems) and to drive harmonisation in administrative tasks for the beverage industry in particular. The intention was for the centralised service business to make a profit that would cover the cost of capital, whilst driving lower costs for schemes due to scale and efficiency resulting from centralised, standardised systems/operations. To that end, the members formed a joint venture known as CES (formerly Container Exchange Services Pty Ltd, now Circular Economy Systems Pty Ltd).*
>
> *A similar approach was adopted with the scheme brand "Containers for Change". The members invested in research and development in order to develop the brand, which is then able to be licenced to multiple schemes (with the idea that there may be an opportunity for a single national brand in the future, which would provide benefits in terms of brand recognition nationally and the ability to share and collaborate on marketing and brand activities).*[262]

The committee subsequently asked COEX to clarify what was so different in the Queensland scheme that an entirely new and bespoke IT system was required to be developed from scratch. COEX Chair Andrew Clark submitted:

> *The Queensland Scheme required an IT system that would allow it to manage scheme coordination end to end including the following aspects:*
>
> - *Invoicing and payment processing engines that integrated with finance systems and met the requirements for the scheme structure and GST complexities that are unique to Australia*
> - *A point-of-sale system that would capture individual transactions data on a site-by-site basis, scheme wide, in real time (for reporting and chain of custody purposes) which also was free for all operators (ensuring no or little systems cost at their end) fair playing field*

[262] COEX, private correspondence, 14 August 2025, pp 14-15.

- *A weekly claims processing and payments process for container refund point operators based on the point-of-sale system data, allowing for an efficient and timely weekly claims process and swift payment to container refund point operators*
- *A scheme wide payment account allowing payment to any registered account holder from any refund point in the state, which would facilitate individual accounts but also charity accounts that could be shared with the wider population to support charity donations*
- *Chain of custody tracking that allowed for data to be analysed to verify material as it was collected, transported and then processed, and supporting claims and payments processes for processing and logistics*
- *An auction platform to auction materials to registered, approved recyclers; and*
    - *Integration with finance systems for processing, auction and commission processes (processors share in a portion of the sale of materials).*[263]

COEX has paid nearly $4.3 million to CES since scheme commencement to licence the "Containers for Change" brand logo. The committee noted COEX's explanation for why scheme branding has originally been developed by a third party, rather than in-house, in terms of national brand adoption, however it was also told by COEX that this had not eventuated, because only Queensland and Western Australia use CES's "Containers for Change" Logo, whereas Victoria and Tasmania have developed their own State branding. In a private hearing with the committee, COEX CEO Natalie Roach was asked whether branding could be delivered in-house.

> *The Containers for Change brand was owned and licensed by CES on the basis that I think the intent was for other schemes to ideally pick that up and use it. So, Containers for Change become, by intent, the continuous brand for schemes around the state. Other states, other than WA, have not opted to use that, so we find ourselves in a situation whereby we have a brand that we share with WA where the brand licence is owned by CES.*
>
> *There have been some initial conversations around how we can change that: is there a way to create a licence where, for example, ourselves and WARRRL, the West Australian operator, own the brand so that technically under the guise of the contract, CES should have greater involvement in our marketing activities, but actually that is very much controlled by us.*[264]

Conflicts of interest management

COEX refuted there had been ineffective mitigation of conflicts of interest within the CES arrangement, and submitted that all directors follow its conflicts of interest policy, and that it has a comprehensive process for managing conflicts of interest, including declaration of personal interests when consenting to act as a director; ongoing and transparent disclosure requirements, and since 2019, annual reporting of same at Board meetings; and dedicated time each Board meeting to conflict of interest discussion.[265] COEX further

263 COEX, private correspondence, 5 September 2025, p 36.
264 Private hearing transcript, Brisbane, 27 August 2025, p 19.
265 COEX, private correspondence, 14 August 2025, p 8.

submitted that it had reviewed its Board minutes to confirm that the Board "is not aware of any failure of Directors to comply with COEX's current Conflicts of Interest policies and procedures, disclose conflicts and manage material conflicts in accordance with section 191 of the *Corporations Act 2001."*[266]

COEX's conflict of interest policy and the Board Code of Conduct only commenced in February 2021. COEX was asked to supply information about its prior conflict of interest policies and procedures, and responded that:

> *Prior to February 2021 the control framework for conflicts of interest constituted COEX's Code of Conduct and Ethics Policy, Code of Conduct – Board and COEX Employee Essentials Handbook. As part of a policy review it was determined that a standalone Conflicts of Interest Policy be drafted which was approved by the Board in 2021.*[267]

COEX provided the committee with extensive details about how the CES contract was negotiated and formed between the parties. COEX repeatedly emphasised that the services agreement had been reviewed and approved by the department as part of the PRO appointment process and pointed to one of the conditions for final PRO approval being approval of the final services agreement by the Director-General of the department.[268] "The Minister's involvement with respect to the service agreement with CES and scheme pricing provides transparency in relation to the Board's decision-making process and thus, ensuring the integrity of the decisions being made."[269]

COEX also indicated that over and above the review and approval of the proposed services agreement by various legal and professional services firms to ensure its commerciality, COEX involved Board member Mr Alby Taylor, a representative of the Australian Beverages Council, in COEX's negotiations with CES. "As Mr Taylor represented significant non-member beverage interests, his focus was ensuring that the commercial terms of the agreement were balanced and provided value to non-member Beverage Manufacturers."[270] COEX Chair Andrew Clark then submitted:

> *It is difficult to understand how there could be accusations of "unmitigated" conflicts in relation to this agreement given the rigorous process outlined above in that it involved regular dialogue with and approval from the state government, was drafted, reviewed and amended by three top tier law firms, two Big 4 accounting firms, negotiation by a representative of the wider Beverage Manufacturers that pays for COEX's operations, all of which resulted in the formation of the Services Agreement.*[271]

However, Mr Clark also acknowledged that Member directors did not abstain from voting on the terms of the CES service agreement "on the basis that the member directors have

266 COEX, private correspondence, 14 August 2025, p 9.
267 COEX, private correspondence, 5 September 2025, p 4.
268 COEX, private correspondence, 14 August 2025, p 13.
269 COEX, private correspondence, 14 August 2025, p 13.
270 COEX, private correspondence, 14 August 2025, p 13.
271 COEX, private correspondence, 14 August 2025, p 13.

no personal interest in CES, [Coke] or Lion (other than as employees of [Coke] and Lion).[272]

Furthermore, COEX's Register of Director Declarations indicates that no former Lion or Coke nominee director, namely Craig Marshall, Johnathan Harrison, Mark Powell, Keith Allan, Richard Ballinger, Natalie Helm or Jeff Maguire, ever declared a conflict of interest relevant to their employer's joint ownership of CES while a director for COEX.[273] Current Member nominee directors Edward Dowse, Ashley Chelayer and Lisa Rippon Lee have declared this on their Registers, although the Register supplied by COEX does not record the date on which each made their declaration.[274]

Mr Clark was asked at a private hearing to explain why observers should not be concerned about the CES conflict of interest.

> *The only thing I would say to you is that there is a conflict—a perceived conflict, I guess. CES is a different organisation to the member entities themselves. The people who sit on our board, so the Coke and Lion representatives who sit on our board, have nothing to do with CES. CES is a separate company to Coke and Lion. It is a joint-venture arrangement. The management is completely separate. Does it have board representation from those entities? Of course it does because they are a JV.*
>
> *On the question around the unmitigated conflicts, I do not know what more the organisation or the members could have done at a point in time, when that relationship and that contract was set, to have created transparency on it, frankly. The fact that the department had legal advisers, the fact that the organisation had legal advisers, the fact that accountancy firms were benchmarking it against market and market standards—I do not know what more you could do. There was a significantly serious separation and review at that point.*
>
> *I think the other point that is worth recognising is that the benefit that all schemes in Australia—because we are not the only scheme in Australia that is using CES. The benefit that all schemes in Australia get is economy of scale. At a point in establishment, and I think we said this in the response too, the people who are establishing the scheme and who were involved in the establishment of the scheme actually toured the world to try to find systems that could be used and implemented in Australia to support these schemes as they rolled out. They looked at some ICT infrastructure out of Canada that was not fit for purpose so it had to be built from scratch…*
>
> *if you think that we have states in Australia operating with CES on a common platform, what would be the cost of replacing those platforms individually by every state and territory? It would be significant.*[275]

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272 COEX, private correspondence, 14 August 2025, p 10.

273 COEX, Conflicts of Interest Register - Current & Former Directors, provided to committee on 14 August 2025.

274 COEX, Conflicts of Interest Register - Current & Former Directors, provided to committee on 14 August 2025.

275 Private hearing transcript, Brisbane, 27 August 2025, p 13.

Variations

COEX advised the committee that seven variations to the CES services agreement have been executed since scheme commencement. The most substantial of these, Variation 4 in July 2021, removed logistics support services and marketing services, while adding new data platform services and IT delivery services to CES's scope.[276] Contemporaneous COEX Board minutes indicated Variation 4 addressed key "pain points" including IT project delivery and other items bringing new IT enhancements and aligning incentives.[277] The Board resolution to adopt Variation 4 noted the need for "ongoing economies of scale with additional schemes serviced by CES. Currently the split is based on the size of the schemes, and the proposed changes in the variation mirror the changes to the Western Australian scheme's variation agreement."[278]

A COEX letter to the Minister dated 26 August 2021 notifying of the variation mentioned the removal of marketing services and logistics from the CES contract but did not mention the addition of Data platform services and IT delivery services to CES's scope.[279] When asked by the committee why not, COEX responded "there is no further information available on file as to why the letter did not mention the addition of Data Platform Services and IT Delivery Services to the contract."[280]

Figures supplied by COEX indicate that since Variation 4, COEX has paid CES $1.97 million in fees for its data platform, and $5.79 million in fees for IT Delivery services (see Figure 6 below).

When asked whether COEX had given the Minister the opportunity to approve any scope variations (addition and removal) to the CES agreement since it was last reviewed prior to scheme commencement, COEX responded that "under condition of appointment 10 the PRO must give notice to the Minister of changes made to contracts. However, COEX is not required by legislation to seek approval."[281]

Expenditure

COEX was asked to clarify the total spend on the CES services contract since commencement. Regarding this expenditure, COEX Chair Andrew Clark submitted:

> *All expenditure with CES is classified as operational expenditure and included in COEX's statement of comprehensive income. It should be noted that fees paid to CES in FY25 only represent 3.8% of COEX's total operating expenditure….*
>
> *The majority of the fees paid to CES are for the provision of the Payments Processing Fee….*

276 COEX, private correspondence, 14 August 2025, attachment 11.
277 COEX, Board minutes 21 July 2021, provided to committee on 14 August 2025.
278 COEX, Board minutes 21 July 2021, provided to committee on 14 August 2025.
279 DETSI, Letter from COEX to Minister, 26 August 2021, provided to committee on 4 August 2025.
280 COEX, private correspondence, 5 September 2025, p 38.
281 COEX, private correspondence, 5 September 2025, p 7.

> *These services are a critical back-end scheme administration service that require a specialist provider of [scheme] technology services. The provision of these services through CES allow COEX to benefit from associated economies of scale and expertise…*
>
> *The core fee structure with CES is linked to transaction and financial volumes processed by the CES team on behalf of COEX for the scheme. Fees have been paid to CES over the term of the contract for services which have been provided in excess of core services.*[282]

COEX supplied the following graphic (Figure 6) with Table 1 in that Figure representing the total fees paid to CES per annum by expense category as represented in COEX financial statements, and Table 2 breaking down the administration support service fees line item from Table 1 by service.

[282] COEX, private correspondence, 14 Augus 2025, pp 19-21.

Figure 6 Payments from COEX to CES

Table 1: Total fees paid to CES per financial year by expense category

Expenditure by Audited Account Category	FY19	FY20	FY21	FY22	FY23	FY24	FY25*	Total
Administration Support Service Fees	$ 6,677,000	$ 10,825,702	$ 11,547,381	$ 13,929,465	$ 15,933,401	$17,521,518	$ 18,194,984	**$ 94,629,451**
Marketing and communication expenses	$ 54,530	-	-	$ 46,939	$ 317,446	$ 51,987	$ 5,427	**$ 476,329**
Professional services	$ 300	$ 67,449	-	$ 10,636	$ 10,045	-	$ 9,801	**$ 98,232**
Other expenses	$ 123,751	-	-	$ 406,363	$ 78,264	$ 73,249	$ 57,925	**$ 739,552**
Total	**$ 6,855,581**	**$ 10,893,151**	**$ 11,547,381**	**$ 14,393,404**	**$ 16,339,155**	**$17,646,754**	**$ 18,268,137**	**$ 95,943,564**

Table 2: Breakdown of Administration Support Service Fees

Administration Support Service Fee category	FY19	FY20	FY21	FY22	FY23	FY24	FY25*	Total
Payments Processing Fee	$ 1,933,740	$ 3,906,297	$ 4,353,258	$ 6,654,048	$ 6,786,171	$ 7,357,180	$ 7,841,875	$ 38,832,569
Scheme Registry Fee	$ 177,800	$ 131,354	$ 118,400	$ 136,673	$ 166,575	$ 390,578	$ 466,355	$ 1,587,735
Product Registry Fee	$ 30,000	$ 86,805	$ 84,366	$ 98,213	$ 112,111	$ 89,739	$ 137,080	$ 638,314
Branding Fee	$ 179,972	$ 349,407	$ 410,064	$ 758,067	$ 773,915	$ 905,699	$ 939,679	$ 4,316,802
Material Brokerage Auction Fee	$ 166,617	$ 419,930	$ 541,433	$ 843,888	$ 721,845	$ 927,449	$ 1,350,307	$ 4,971,470
Consultancy Fee	$ 265,478	$ -	$ 9,380	$ -	$ -	$ -	$ -	$ 274,858
Point of Sale Fee	$ 429,785	$ 987,466	$ 1,144,483	$ 1,373,089	$ 1,455,377	$ 1,623,730	$ 1,733,087	$ 8,747,017
Customer Payment Fee	$ 207,534	$ 312,122	$ 374,560	$ 628,900	$ 682,495	$ 785,678	$ 878,774	$ 3,870,062
Data Platform Fee	$ -	$ -	$ -	$ 346,352	$ 387,779	$ 611,532	$ 626,486	$ 1,972,150
IT Delivery	$ -	$ -	$ -	$ 315,863	$ 2,022,745	$ 2,165,422	$ 1,290,891	$ 5,794,921
Logistics Fee	$ 601,759	$ 1,568,056	$ 1,639,584	$ -	$ -	$ -	$ -	$ 3,809,400
Call Centre	$ 2,467,569	$ 2,791,094	$ 2,240,617	$ 2,434,916	$ 2,753,540	$ 2,472,511	$ 2,834,730	$ 17,994,978
Marketing Fee	$ 182,570	$ 274,172	$ 312,558	$ -	$ 192,000	$ 192,000	$ 27,334	$ 1,180,634
Additional Request/Adj/Accruals	$ 34,176	-$ 1,000	$ 318,677	$ 339,456	-$ 121,151	$ -	$ 68,385	$ 638,542
Total	**$ 6,677,000**	**$ 10,825,702**	**$ 11,547,381**	**$ 13,929,465**	**$ 15,933,401**	**$17,521,518**	**$ 18,194,984**	**$ 94,629,451**

*Please note that due to timing that FY25 figures provided are unaudited

Source: COEX

CES scheme earnings

By 30 June 2025, amounts payable under the CES services contract accounted for 3.8 per cent of overall scheme costs, or approximately $20 million per annum.[283] In its PRO Application, COEX indicated that the CES services agreement would represent about 2 per cent of the total scheme costs in its first year of operation, or about $6 million.[284] Ongoing condition of appointment 12, requires COEX to give notice to the Minister if it becomes aware that any information contained in its application for appointment as the PRO was materially false or in any way misleading.

COEX was asked whether it had advised the Minister of the increase in costs payable to CES over the life of the scheme, and responded:

> *The CES service fees are largely a formula and volume-based fee, with scheme volume as a variable. As volumes increase, so do the service fees which are calculated accordingly. Over the course of seven years, the volume of containers collected by the scheme, and therefore the service fee has increased.*
>
> *The cost of the CES service agreement is reflected in COEX's yearly consolidated budget, submitted annually to the Department and Minister for approval.*[285]

COEX Chair Andrew Clark was asked at a private hearing whether the CES service agreement was subject to regular market testing to ensure COEX was getting value for money. He responded

> *No, there is not regular market testing. There is a contract in place between the entities that set and determine the price for services. At points in time, the price of those services is renegotiated between management and the CES organisation, including varying the scope of the agreement.*[286]

When asked about its contemporary knowledge of the CES services agreement, the department submitted:

> *DETSI was notified in 2021 of a deed of variation to the agreement between COEX and CES as required by their ongoing conditions of appointment.*
>
> *Neither DETSI or the Minister has a statutory role under the Waste Reduction and Recycling Act 2011 in approving contractual agreements between COEX and its suppliers, including CES.*
>
> *DETSI welcomes any feedback from the Committee in relation to whether the services agreement with CES remains appropriate and/or whether a cap should be included as a condition of appointment to prevent increases in funds being provided to a 'for profit' organisation.*[287]

It is unclear whether COEX advised the department of the remaining six variations to the CES contract which it has executed since scheme commencement.

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283 COEX, private correspondence, 14 August 2025, p 19.
284 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 40.
285 COEX, private correspondence, 5 September 2025, p 7.
286 Private hearing transcript, Brisbane, 25 August 2025, p 12.
287 DETSI, correspondence, 5 September 2025, attachment 1, p 11.

Potential unlawful conduct

The committee considered the potential for COEX's ongoing services agreement with CES to constitute corrupt conduct, and/ or to have breached the ACNC Act and Governance Standards, on the basis that:

- COEX awarded a significant, multi-million dollar contract to CES, directing scheme funds to a for-profit company owned by Lion and Coke for services rendered which were not essential, or could have been supplied more economically in-house. This included provision of "non-core" services like digital marketing and call centre services, which COEX has acknowledged CES are not technical or subject matter experts in
- CES has received almost $96 million under the terms of this services agreement since FY19, with yearly expenses growing from $6.86 million in FY 19 to $18.27 million in FY25. While the initial services agreement was executed with government oversight, contract variations have been approved at Board level with limited substantive notice to the Minister
- Variations to the CES services agreement occurred without effective mitigation of conflicts of interest for Member directors, as evidenced by Coke and Lion directors not abstaining from votes on the basis they had no personal interest in the decision and/ or Coke and Lion directors failing to comply with COEX's conflicts of interest governance framework by making appropriate declarations
- COEX required scheme participants to use CES-owned IT systems to manage payments and other business information, potentially constraining operator innovation and customer engagement and growth. CES has capitalised on this operating system, which is also used in Western Australia and other schemes to generate revenue for CES (and therefore its owners, Coke and Lion)
- COEX does not subject the ongoing CES services agreement to regular market testing, and
- Permitting CES to collect personal data about scheme participants - which COEX then has to request access to - conflicts with the public purpose of the scheme, while making that data available to the owners of CES, Lion and Coke, outside of their PRO obligations around confidentiality of scheme information.

ACNC Governance Standard 5 requires charities to take reasonable steps to make sure that its Board and CEO act:

- with reasonable care and diligence
- honestly and fairly in the best interests of the charity and for its charitable purposes
- not to misuse their position or information they gain as a Responsible Person
- to disclose conflicts of interest, and
- to ensure that the financial affairs of the charity are managed responsibly.

The CC Act defines corrupt conduct as performance of a person's functions or the exercise of their powers which:

- is not honest or impartial,
- knowingly or recklessly breaches public trust
- involves the misuse of agency-related information or material
- impairs or could impair public confidence in public administration.

Examples of corrupt conduct include fraud, obtaining or offering a secret commission, nepotism, collusive tendering, or dishonestly obtaining, or helping someone to dishonestly obtain, a benefit from the payment or application of public funds or the disposition of State assets. Public officials have a statutory obligation to report suspected corrupt conduct to the CCC under section 38 of the CC Act.

Committee comment

The committee acknowledges the confidential submitters who first bought to the committee's attention the existence of this commercial relationship between COEX and a for-profit company incorporated by its Members immediately before its appointment as the PRO. The committee understands why this arrangement concerned submitters, given COEX's obligation not to profit from the scheme or distribute scheme income to its Members, and operate the scheme in a way which does not harm public trust or confidence.

The committee was initially heartened to learn that the former Minister was aware of COEX's intention to enter into the arrangement with CES, which gave the department the opportunity to conduct probity checks to satisfy itself about the arrangement, in circumstances where it was acknowledged the services agreement was not a "usual arms-length" arrangement. The former Minister required approval of the final CES services agreement as part of COEX's unconditional appointment, and subsequently applied an ongoing condition requiring COEX to notify of any changes made to the services agreement.

COEX Chair Andrew Clark outlined the ways in which COEX was assured that all conflicts of interest around the CES agreement had been mitigated, both at the time of formation, and since. While the committee agrees the probity arrangements around the negotiation of the agreement were indeed rigorous, the optics of the original contract execution and subsequent variations remain problematic for a number of reasons.

First, the committee strongly disagrees with Mr Clark's statement that COEX could have done nothing more at the time of forming the CES service agreement to mitigate Coke and Lion's conflict of interest. COEX could have run a commercial tender process for that scheme services agreement, plain and simple.

Second, Coke and Lion directors who had been involved in negotiating the agreement did not abstain from voting to execute the agreement. This appears to be related to

peculiarities in COEX's Constitution, as drafted by Coke and Lion, around quorum requirements for Member directors. Governance professionals might reasonably have considered how to best mitigate this conflict which arose at execution, noting contract execution is a separate legal event to contract formation. This further emphasises the point made in the previous chapter, that the COEX Board has been beset by an ongoing lack of governance experience in its Member directors. Former Member directors Jeff Maguire, Keith Allan, Richard Ballinger and Mark Powell all signed the CES services agreement on behalf of COEX.

Third, none of the former Lion or Coke nominee directors (including those mentioned above) ever noted a conflict of interest on their Declarations Register relating to their employer's ownership of CES. This indicates a breach of the governance framework for conflicts of interest which COEX asserts it has operated in various iterations since scheme commencement.

Fourth, Mr Clark asserts the former Minister's approval of the CES services agreement as part of the PRO's unconditional appointment, demonstrates ongoing transparency around it, and of the integrity of the Board decisions being made about it. The committee disagrees with Mr Clark in circumstances where the former Minister was not advised in 2021 of significant revisions to the CES contract which widened its scope and resulted in additional revenue to CES. The committee also notes the unsubstantiated explanation by Mr Clark that the increase in CES fees from two per cent to 3.8 per cent of total scheme costs can be attributed to CES being "largely a formula and volume-based fee, with scheme volume as a variable." While noting increases in scheme volume, particularly after the introduction of glass wine and spirit bottles in 2023, CES fees have nonetheless grown at a faster rate than the recovery rate over the life of the scheme. COEX's annual reports indicate that administrative support service fees increased from $11.5 million in FY2020-21 to $17.5 million in FY2023-24, However, the recovery rate between this period did not grow commensurately (FY2020-21 annual recovery rate of 61.6%; FY2023-24 annual recover yate of 67.4%).

Additionally, the committee is not persuaded by the justification supplied by Mr Clark for why Lion and Coke's directors did not abstain from voting to execute the agreement, namely that the Member directors had no personal interest in CES, Coke or Lion. It is exceedingly difficult to accept that wanting your employer to do well does not constitute a personal interest for an individual, particularly when that individual is only on the COEX Board by way of their employment with Coke or Lion.

Conflicts of interest that may not be actual but could be perceived by an outside party as a potential conflict, should be disclosed in the same way as an actual conflict of interest, particularly in the case of a charity charged with managing funds that are paid to COEX under statute for public benefit. Charity Governance Standard 5 requires COEX to have always had processes in place to manage conflicts of interests. Former Coke and Lion directors should have been well aware of their obligations under

Governance Standard 5 around acting with reasonable care and diligence, and honestly and fairly in the best interests of the charity.

In terms of the allegations that COEX's contract with CES may constitute corrupt conduct, the committee turns now to the rationale for the services agreement supplied by COEX in its PRO Application. Pre-commencement, Coke and Lion worked with the department to design a scheme model where the scheme and network operations were fused, against the wishes of other stakeholders, especially the waste and recycling industry that operated networks in other schemes. COEX then, as part of its PRO Application, advised the former Minister that to carry out strategic logistics for network operations under the fused scheme, it would require the services of a specialist commercial provider, that would be incorporated by COEX's Members. The scheme would also require the design of a very specific IT system to fuse the payment arrangements that in split schemes were separate between the scheme and network levels, and to facilitate the charitable objective of the scheme by allowing container refunds to be donated to charities through the mechanism of a scheme ID. This would require an IT system which collected personal information, including bank account details, about scheme participants.

It seems a quite convenient arrangement for Coke and Lion to emphasise how much the Queensland scheme, that they had been involved in designing, would require new and bespoke logistics and IT services, and then immediately offer a solution via a yet-to-be incorporated commercial entity. Coke and Lion themselves acknowledge in the PRO Application the potential for CES to become a services platform for schemes across multiple jurisdictions, ostensibly 'to drive scale that will be to the benefit of the Queensland scheme.' Yet, they did not offer to run a commercial tender for that service provider, and the former Minister did not require it.

There is no acknowledgement in the PRO Application that the government's support for COEX to establish CES as part of its PRO appointment, would deliver to Coke and Lion the exclusive opportunity to monetise novel aspects of the fused Queensland scheme, in the context of other schemes coming online. CES now successfully operates in Queensland, Western Australia, Victoria and Tasmania. The committee heard evidence that other entities had expressed interest in tendering for container refund scheme contracts which involved clearing-house functionality. That is ultimately what CES was offering, given it processes "all of the payment services that enable the operation to happen—so the payment of refunds, the payment of handling fees to operators, the payment of logistics providers" according to COEX CEO Natalie Roach.

The committee recognises that Coke and Lion rightly have a commercial imperative, through obligations to their shareholders. However, the question of whether their behaviour as Members of COEX sits compatibly with the not-for-profit requirement for the PRO is separate. It remains that Coke and Lion's appointment as PRO afforded those companies the opportunity to derive a profit from that appointment. It does not matter what corporate subsidiary arrangements were put in place to separate the

financial interests of Coke and Lion, and the activities of COEX from those of CES. Many different paths or methods can achieve the same result or destination. All roads lead to Rome.

In this regard, the circumstances of Variation 4 to the CES contract in July 2021 are instructive. That variation provided additional COEX funding to CES to develop data platform and IT delivery services, just as CES was looking to expand into the new Western Australian scheme. The committee understand that Variation 4 resulted in some form of cost-sharing agreement between COEX and the operator of the proposed WA scheme – an entity also controlled by Coke and Lion. Since Variation 4, COEX has paid CES $1.97 million in services fees for its data platform, and $5.79 million in fees for IT delivery.

COEX also agreed to pay for CES to develop and copyright the "Containers for Change" logo, ostensibly to drive the push to have the logo used across the nation in every scheme. This has not occurred. Only Queensland and WA pay licensing fees for that CES service. It is noteworthy that those two schemes are majority-managed by Coke and Lion. Victoria and Tasmania, by comparison, have Asahi also in the mix on their scheme Boards. Those two States has opted out of that CES service and do their own in-house branding.

The committee noted earlier the relevance of whether COEX's Member interests have been prioritised over the public interest during the scheme. In respect of the CES contract, the committee heard that the original CES contract contained significant scope for services, like strategic logistics, logistics support and marketing services, that COEX was later able to provide in-house. Presumably, if the government had not approved the CES arrangement, COEX would have needed to work out a way to provide these services in-house, prior to scheme commencement, within the not-for-profit requirements of the PRO. Additionally, the committee has heard that there are some services still within CES's remit, such branding, but also financial and volumetric data collection and reporting, that could be delivered more efficiently, securely and effectively in-house at COEX.

The question therefore arises whether COEX's execution of the CES contract, and its subsequent variations, have been in the public interest, or have breached public trust or harmed public confidence in the scheme.

It is reasonable for stakeholders to hold concerns about the motivation for the CES agreement, an entity incorporated by COEX's Members and recommended to the former Minister on the basis that the Queensland scheme required radically different services to other schemes, which Coke and Lion were well placed to provide, for profit, through CES.

It is also reasonable for the committee to dispute COEX's claim that the former Minister's eventual approval for the CES service agreement provides ongoing transparency of the "arms-length" arrangement, given that COEX has not explicitly bought to the Minister's

attention the significant uptick in overall scheme costs (from 2 to 3.8 percent over the last 6 years) that the CES contract represents. COEX omitted notification of CES scope expansion in its letter to the Minister about Variation 4 in July 2021. COEX's explanation why this happened is insufficient; a reasonable, public-interest focussed approach to compliance with its ongoing appointment conditions, would have required COEX to explicate any changes made to the services agreement to the Minister.

While the committee is not the appropriate body to determine allegations of corrupt conduct, being types of behaviour which can breach public trust or impair public confidence in the scheme, it is obligated to refer suspected corrupt conduct to the CCC under section 38 of the CC Act. The committee has therefore determined to refer the matter of COEX's services agreement with CES to the CCC.

In light of the above, the committee is not confident that COEX remains a 'suitable' organisation to continue its appointment as PRO. The circumstances of the CES agreement are beset by the same apparent governance failures the committee noted in its previous committee comment regarding Lion and Coke's influence on the COEX Board. Combined, these issues point to an organisation that, in its very recent history, including during its submissions to this inquiry, has demonstrated questionable governance practices including a sense of incumbency. When asked to justify its approach, COEX has sought to either apportion blame to the department or rely on dubious claims of transparency and integrity resulting from initial Ministerial oversight to immunise it from examination. This is not the standard of behaviour the public should accept from a company that is required to remain 'suitable' for appointment as the PRO. This is not the standard of behaviour the public should accept from a charity charged with managing funds that are paid to it under statute for public benefit.

The committee is not the appropriate body to determine whether the CES arrangement has resulted in any breach of COEX's charitable obligations. The committee notes that it appears COEX's conflicts of interest framework has not always been as rigorous as COEX now says it is, and therefore leaves it open to the Minister to make any additional referral to external agencies, after considering this report. In conclusion, the committee notes that under section 102W of the WRR Act, the Minister may immediately suspend COEX's PRO appointment if circumstances warrant it.

3.2.3. Scheme pricing

The 'average weighted scheme price' is the average price paid by beverage manufacturers, to COEX, for each container they sell in Queensland in a particular period. The scheme price does not necessarily reflect the actual cost of recycling each container. While Queensland's average weighted scheme price is 13.3 cents, the actual cost of recycling a container is higher, at approximately 20.5 cents. Table 3 in Chapter One of this report indicated that the price charged by Queensland and NSW for certain containers varied substantially. Queensland's scheme maintains a much flatter price structure than NSW, where the price varies more significantly between different types of containers. The

producer responsibility model adopted in the Queensland scheme requires industry to fund the scheme. COEX submitted that it "does not receive government funding, making it entirely industry-funded and self-sustaining."[288]

Submitters flagged various concerns about how COEX determines scheme pricing, separate to the inherent conflict of interest beverage-led scheme boards have when setting scheme prices.[289] Submitters:

- queried the difference between the average weighted scheme price and the true cost of recycling a container
- asserted that the scheme is publicly funded, not beverage-funded
- expressed concerns that COEX does not publish accurate data related to scheme pricing
- asserted that COEX uses its substantial cash holdings predominantly to offset increases in the scheme price to beverage manufacturers; and
- disagreed with the 'flat' price structure, submitting that smaller producers or producers of certain types of containers, shoulder a disproportionate burden under the 'flat' structure.

In respect of scheme pricing, COEX submitted:

> *Scheme pricing is discussed by the Board every six months as part of its price setting review processes, based on Management's analysis and recommendations and taking into account scheme costs, expected sales volumes, collection rates and material sales values. When the Board is reviewing the recommendations, the focus is on ensuring the liquidity of the scheme and meeting Director obligations and duties of acting in the best interests of COEX and the scheme. The pricing recommendation is undertaken by material type, benchmarked against other schemes and the Minister and Department are advised of any pricing announcements.*[290]

COEX Chair Andrew Clark acknowledged the scheme pricing conflict for beverage manufacturers on scheme boards, but noted it exists in all the schemes across Australia and is managed in a similar way.[291] Mr Clark further acknowledged that Coke and Lion directors did not abstain from voting about scheme pricing on the basis they had no personal interest other than as employees of Coke and Lion. Further, "in terms of scheme pricing, COEX notifies the Minister of the revised prices, and the Minister has the opportunity to comment on those prices."[292]

288 Submission 39, p 6.
289 Submissions 79, 80, 81 and 86.
290 COEX, private correspondence, 14 August 2025, pp 8-9.
291 COEX, private correspondence, 14 August 2025, p 10.
292 COEX, private correspondence, 14 August 2025, p 10.

How the price is set

At a private hearing with the committee COEX Chair Andrew Clark emphasised the following aspects of scheme pricing by the Board:

- that the Board does not construct the price, which is based on senior management recommendation following a cost-based analysis
- regarding scheme volumetrics, the Board has no insight as to company-based or competitor-based information in terms of making any decisions, such that the beverage industry do not know who is doing what at a competition layer and level, and
- because of their membership of scheme Boards across Australia, beverage manufacturer involvement provides valuable pricing and benchmarking information which gives COEX "direct insight into how we are performing. Ultimately, if all we did was set the price incorrectly, that is too low, then we would run out of money pretty quickly." [293]

Shortly after scheme commencement, the former Minister Hon Enoch initiated a review into scheme pricing in February 2019 by the Queensland Productivity Commission (QPC), which identified the following variables in scheme pricing:

- whether the approach is based on all containers (Queensland) or only returned containers (NSW). This is the basic difference between container *deposit* schemes which charge for all containers, and container *refund* schemes which only charge for returned containers)
- whether the approach is contract dependent, such as the 'super-collector' arrangements in South Australia and the Northern Territory
- whether beverage suppliers pay in advance (NSW, ACT) or arrears (Queensland, South Australia and Northern Territory
- variable pricing of different container types by different jurisdictions. In other words whether a 'flat' or 'targeted' scheme price is used
- how frequently scheme pricing changes, e.g. monthly in NSW and ACT; six-monthly in Queensland.[294]

The scheme price paid by beverage manufacturers includes:

1. a handling fee—paid to CRP operators for collecting the containers
2. logistics and processing expenses, which include the costs associated with transport and processing containers for recycling markets, and
3. the costs that COEX incurs to administer the scheme.

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293 Private hearing transcript, Brisbane, 25 August 2025, pp 7-8.

294 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 37.

COEX Chair Andrew Clark supplied additional details about the way that COEX prices the scheme at a private hearing with the committee:

> *The price that we set in the scheme basically follows a building block methodology [which]… sees us take all of the operating costs of the scheme and divide it by the anticipated or forecast volume of the scheme, and that comes up with the price we charge the beverage industry—so many cents per dollar. It is a combination of the 10 cents the consumer takes and the four to five cents made up of logistics costs, collection processing costs and other admin type costs. What we actually charge the beverage industry is circa 14 cents per every single container that goes out the door.*[295]

Scheme prices vary between the type of material a container is made of (see earlier section 1.3.2). These differences reflect the cost of handling and recycling that material type. Suppliers pay COEX an amount based on the number of eligible containers of each material type they have 'declared' that they have sold or imported in the previous month, multiplied by the relevant scheme price. In Queensland that amount is currently 13.3 cents plus GST for every beverage container sold into Queensland.

COEX advised that:

> *At this point in time, the actual scheme cost per container supplied has not reached the 13.3 cents per container that COEX has held prices at for the past three years and surpluses continue to be generated. At the point where the actual scheme price does exceed the price charged to beverage manufacturers, COEX anticipates utilising excess cash reserves accumulated via over-recovery in prior periods to employ a rate stabilisation approach. This approach ensures a controlled and transparent adjustment of the scheme price, mitigating volatility across the beverage industry value chain and protecting Queensland consumers from sudden price rises attributable to the scheme.*[296]

In June 2025 COEX commenced consultations towards a revised approach to scheme pricing because after seven years of the scheme "COEX has identified opportunities for enhancement and is undertaking a targeted stakeholder engagement process to gather beverage manufacturer feedback on a range of pricing options and other considerations designed to improve efficiency.[297]

Historical scheme pricing

The weighted average scheme price per eligible container was 10.2 cents between 1 November 2018 and 31 October 2019. The QPC was commissioned to monitor and report on price impacts arising from the scheme in its first 12 months and delivered its final report in January 2020. The report is discussed further in Section 4.1.

295 Private hearing transcript, Brisbane, 27 August 2025, p 3.
296 COEX, private correspondence, 14 August 2025, p 24.
297 COEX, private correspondence, 14 August 2025, p 28.

The QPC described COEX's initial approach to scheme pricing:

> *COEX uses a predicted recovery rate to estimate the amount that will need to be refunded. In the short term, while the scheme price is fixed, COEX builds up its reserves if the actual recovery rate is below forecast and draws on its reserves to fund refunds when it is above the forecast. COEX assesses twice each year whether the difference between the forecast and actual recovery rate is large enough to warrant a change in scheme prices to maintain sufficient liquidity to cover the costs of operating the Scheme. In the longer term, if the recovery rate trends upwards, COEX will need to increase the scheme price to fund the correspondingly higher cost of refunds.*[298]

The next section of this report engages with the cash reserve that has resulted from COEX's retention of beverage manufacturer payments made to the scheme for unrecovered containers. The cash reserve is relevant to scheme pricing because, according to COEX Chair Andrew Clark "in previous financial years, aggressive recovery rate forecasts led to higher-than-necessary scheme pricing, generating surplus funds due to unrealised recycling costs."[299] COEX provided additional historical detail:

> *In 2020, a surplus was generated due to the forecast recovery rate not being achieved, which also continued into 2021. Subsequently the scheme price was reduced in August 2021 to reduce significant surpluses resulting from the over-recovery in the previous periods.*
>
> *The Department and Minister were not supportive of this reduction and conveyed an expectation that the forecast must be set at an 85% recovery rate, which resulted in a scheme price increase to the current weighted average of 13.3 cents per container in August 2022. Actual recovery rates fell short in subsequent periods resulting in over-recovery of costs and a continuation of surplus generation each year.*
>
> *As a result, the scheme price has been held constant since April 2022 and the previously generated surpluses may be used to offset the financial impact of rising operational costs associated with increased container volumes.*[300]

True cost of the scheme

Two different things are intended by submissions when they refer to the cost of the scheme, either

(i) the scheme price charged to beverage manufacturers, which is 13.3 cents, plus GST (also known as the average weighted scheme price), or

(ii) the total cost for COEX to recycle an eligible container through the scheme (also known as the cost per container recovered or CPCR). COEX has supplied various figures of that CPCR, discussed below.

Each of these two amounts – scheme price and CPCR - depend on the recovery rate being achieved. As noted above, the higher the recovery rate, the higher the scheme price. For example, COEX's financial year 23-25 Strategic Plan forecast that a scheme

298 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 11.
299 COEX, private correspondence, 14 August 2025, p 24.
300 COEX, private correspondence, 14 August 2025, p 25.

price of approximately 17.4 cents would be required if the 85per cent recovery rate was to be achieved by 1 July 2024.[301] COEX Chair Andrew Clark confirmed this meant beverage manufacturers were not being charged an additional 4 cents per container (approximately) because of the lower recovery rate. He also noted that the price of 17.4 cents is not indicative of what the scheme price would be today at an 85% recovery rate but did not supply further details as to that figure. [302]

COEX CEO Natalie Roach advised the committee at a private hearing in respect of overall scheme cost:

> *The budgets that we build—we build off what we call a PRO budget which is the budget and the funds that it takes to run COEX as an organisation. We then have our scheme costs, which are all of the costs that are to do with logistics, refund amounts, processing et cetera, so they are proportioned separately. We also have a strategic initiatives budget which enables us to invest in asset investment or whatever else it might be. That is within the realm of us to set, so it has been set at around the $20 million mark for the last couple of years.*[303]

COEX is able to offset some of the costs of the scheme through revenue from the sale of recycled scheme materials (eligible containers once they have been collected and processed). COEX sells processed material from processors and MRFs through an online recycling material platform to approved recyclers. Material sales generated $33 million revenue for COEX in FY24.[304]

It should also be noted that beverage manufacturers incur additional costs in complying with the scheme, over and above the weighted average scheme price. These costs (and other impacts of the scheme on smaller beverage manufacturers) are discussed below and at section 5.3.1.

Cost per container recovered

The QPC pricing review noted:

> *The per-container cost is higher for COEX for containers returned at CRPs than for those collected by local government and passed to MRFs. This is because COEX pays CRPs both the 10 cent refund (that they pass on to people returning containers), a container handling fee (that they retain) and a logistics fee and a processing fee. COEX pays only the refundable amount for containers returned through a MRF. COEX may therefore need to increase scheme prices to recover growing container handling fees incurred if consumers shift from using kerbside recycling to returning containers at CRPs.*

301 DETSI, COEX FY 23-25 Strategic Plan, 28 March 2024, supplied to committee on 23 July 2025, p 32.
302 COEX, private correspondence, 5 September 2025, p 34.
303 Private hearing transcript, Brisbane, 25 August 2025, p 20.
304 Submission 39, p 13.

In COEX's original 28 March submission to the inquiry it advised the CPCR is 20.3 cents.[305] Then, in private correspondence to committee members that same day, COEX advised that the CPCR is 22.5 cents.[306] Upon request COEX supplied a costs breakdown for each figure and additional alternative figures as detailed in the below table.

Table 7 Key network cost elements

Key Network Cost Elements – excludes GST	*(A) CPCR – (PRP Network Only – excl. Commodity revenue)*	*(B) CPCR – (Total Scheme (CRP + MRF) – excl Commodity revenue)*	*(C) CPRC – (CRP Network Only – incl Commodity revenue)*	*(D) CPCR – (Total Scheme (CRP + MRF) – incl Commodity revenue)*
Refunds paid to consumers & MRFs (MRFs for (B) & (D) only)	$0.091	$0.091	$0.091	$0.091
Network Feed – CRP Handling, Logistics, Processors and Equipment	$0.103	$0.103	$0.103	$0.103
Offset Commodity Sales	$0.000	$0.000	-$0.022	-$0.022
PRO (COEX) costs and Strategic Initiative Investments	$0.031	$0.026	$0.031	$0.026
Total CPCR	$0.225	$0.205*	$0.203	$0.186

Source: COEX[307]

Column A represents the breakdown of the 22.5 cents figure. This figure relates to the CPCR for containers recovered through the CRP network only without offsetting revenue from commodity sales. This figure includes the 10-cent refund, which is paid to the consumer and the full cost of recycling the container.

Column B refers to the average cost for all containers recovered through the scheme, which includes both containers recovered through the CRP network and through the MRFs, where containers recovered through MRFs incur the 10-cent refund when the MRF sells the recovered containers to a recycler. "This lower cost of recovery through the MRFs

305 Submission 39, p 3.
306 COEX, private correspondence, 28 March 2025, p 4.
307 COEX, private correspondence, 14 August 2025, p 33.

reduces the overall average cost per container recovered from 22.5 to 20.5 cents per container. These figures include costs only and exclude the revenue generated from commodity sales."[308]

Column C represents the originally cited 20.3 cents figure of the CPCR for containers returned only through CRPs, not MRFs.

Column D represents the CPCR for all scheme materials, including MRF materials, offset by the revenue from auctioning off scheme containers to recyclers.

In supplying the below figures COEX noted:

> *The total cost per container in columns (B) and (D) do not add to the total of the line items. This is due to the network fees and commodity sales lines only applying to containers collected via the CRP network. To calculate an accurate total cost per container, these line items are weighted differently than line items which relate to total containers to produce the whole of scheme cost per container. The total cost per container calculation is total scheme costs divided by total containers collected.*

Contrary to its initial advice to the committee, COEX now asserts the Column D figure of 18.6 cents is what COEX should be permitted to declare as the true cost for every container it recycles. In clarifying why 18.6 cents, rather than 20.3 cents or 22.5 cents is the most appropriate figure to ascribe as their CPCR, COEX submitted:

> *Comparing costs across schemes is challenging due to the structural differences in schemes... COEX has always calculated the cost per container as total scheme costs, less material sales revenue, divided by total containers collected, regardless of channel, which is 18.6 cents per container…*
>
> *To be comparable to how other Australian schemes calculate their cost per container, column (D) should be utilised, noting that the Queensland scheme is operated by a not- for-profit organisation which contracts services to regional and remote areas which would not be considered commercially viable for a commercial operator. COEX also is utilising surpluses generated in prior periods to invest in strategic initiatives to drive growth in the recovery rate, which have delays in return on investment (i.e. investments made in the current period which increase the cost per container in the current period, result in increased collections in subsequent periods).*[309]

In response to concerns raised by the committee about the different way that COEX has responded to questions about scheme pricing, COEX stated:

> *The economics and operation of the network are complex and at times counter intuitive as such there is generally a lack of external understanding of the drivers, motivators and systems-based nature of its design.*[310]

308 COEX, private correspondence, 14 August 2025, p 33.
309 COEX, private correspondence, 14 August 2025, pp 31-33.
310 COEX, private correspondence, 14 August 2025, p 5.

The committee asked COEX to clarify why it should not be confused about the multiple competing figures that COEX had supplied as the true scheme price. COEX responded

> *COEX has endeavoured to provide the Committee with full transparency around the different methodologies for calculating the cost per container recovered. The four methodologies…are based on the following:*
>
> *1) CRP costs only exclusive of commodity revenue ($0.225c per container recovered)*
>
> *2) Total scheme costs (CRP + MRF) exclusive of commodity revenue ($0.205 per container recovered)*
>
> *3) CRP costs less commodity revenue ($0.203 per container recovered)*
>
> *4) Total scheme costs (CRP & MRF) less commodity revenue ($0.186 per container recovered).*
>
> *COEX has provided the Committee with the most relevant cost per container recovered number based on the issue it was addressing. Other schemes in Australia do not report on some of the metrics that make up the true cost per container figure, making blanket comparisons extremely difficult.*
>
> *COEX's provision to the Committee of all the factors contributing to the cost per container recovered is the embodiment of transparency and does not reflect any inherent problems. To the contrary it demonstrates deep understanding of the scheme's operating model and cost drivers.* [311]

Industry or consumer funded scheme

The issue of who truly pays for the scheme arose during the inquiry, with submissions that the consumer is the actual funder of the scheme, through increased beverage prices. Section 99J(2)(c) of the WRR Act requires COEX to ensure beverage manufacturers fund the scheme by requiring them to pay sufficient amounts under container recovery agreements. The product stewardship model of the scheme emphasises that it is an industry-funded scheme. Several submitters made the point that the imposition of this requirement had the effect of a tax, which beverage manufacturers passed onto consumers through increased prices for their products.[312] This was reinforced by submissions from various small beverage manufacturers who demonstrated the way in which the scheme fee is built into the pricing of their products.

The Independent Brewers Association supplied information (see Figure 7 about the impact of the scheme fee on craft beer consumers in Queensland. They illustrated that because a small producer pays the scheme fee at the front end of the supply chain, all other margins and taxes are paid on top of the cost to the manufacturer, resulting in the consumer paying an additional $6.13 per a 24-pack carton in the hope that they can earn back $2.40 from scheme refunds.[313]

311 COEX, private correspondence, 5 September 2025, p 29.
312 Submissions 48 and 92.
313 Submission 48, p 6.

Figure 7 Impact of scheme price on cost to consumer

***Table** below sets out an illustrative example of the true cost of the 13c per container producer fee. In this example:*

- *We have isolated just the CDS portion of the 'cost' of a 24 carton of 330 ml glass bottles.*
- *We have included a Gross Profit Margin of 30% - which we know is not representative of the true margins for many of our members - but it is a 'reasonable' target for a sustainable small business.*
- *We have included a 20% Gross Profit Margin for the retailers – this is representative of the major retailers.*

Table: CDS Cost on Carton of 24 x 330ml bottles

Amount in $$		***Assumptions***	
Container Refund Scheme Portion Only	3.12	0.13	per container
Brewer Margin	1.34	0.30	30 % target Gross Profit Margin
Brewer sell price	4.46		
Retailer buy price	4.46		
Retailer margin	1.11	0.20	20% target Gross Profit Margin (which is higher on 6 packs)
Retailer sell price	5.57		
Retailer sell price inc GST	6.13		
Consumer pays for the Container Refund Scheme	**6.13**	**per carton**	**to get $2.40 back**

Source: Independent Brewers Association[314]

The QPC review was undertaken to determine whether beverage manufacturers had passed on costs to consumers more than the scheme fee. The QPC found that the price of non-alcoholic beverages in eligible containers rose by an estimated 9.0 cents (5.1 per cent) on average since the scheme's introduction.[315] Prices of fruit juices, water and flavoured milk increased by less than average, while soft drink prices increased by slightly more, as depicted in Table 8, below.

314 Submission 48, p 6.
315 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 16.

Table 8 Estimated impact of the Scheme on prices of non-alcoholic beverages in its first year

	Soft drinks	Water	Flavoured milk (small container)	Fruit juices	Total
Estimated impact (cents per container)	10.3***	8.0***	8.9***	3.8***	9.0***
Standard error	0.59	0.81	1.43	1.35	0.47
Implied percentage change (%)	8.0	5.1	4.2	1.4	5.1

**** 1% significance.*
Source: QPC[316]

The QPC review found that beverage manufacturers had passed on less than the cost of the scheme to consumers, and that the scheme's impact on prices largely occurred when the scheme began, correlating the cause and the effect. When noting the additional costs of scheme compliance, the QPC found no evidence beverage price increases exceeded the scheme costs.

Mr Edward Dowse COEX Director for Lion, noted the increase to consumer prices caused by container refund schemes at a public hearing on 30 April 2025. "It is important to understand that [container refund schemes] have added significant additional costs to the business models of beverage companies like Lion and placed upward pressure on prices for consumers."[317]

Impacts of 'flat' scheme pricing

Beverage manufacturers incur additional costs to comply with the scheme which they do not pass onto consumers, according the QPC review. Beverage suppliers incur costs such as changing labelling or implementing new systems to enable them to report container volumes to COEX each month. The QPC report noted that, in respect of container refund schemes generally, beverage manufacturers must undertake the following additional tasks:

- registering eligible containers with the scheme before sale
- labelling containers to meet scheme requirements
- informing customers about the scheme
- training employees to use the reporting system
- reporting volumes each month, and
- updating prices when scheme prices change.

316 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 16.
317 Public hearing transcript, 30 April 2025, p 19.

The QPC report estimated that additional costs of scheme compliance in NSW were 1.5 to 2.3 cents per container plus GST in 2019 figures. The QPC noted that beverage manufacturer indirect costs could fluctuate depending on their ability to take advantage of economies of scale, before concluding that it was unable to determine a reliable estimate of the 2019 beverage manufacturer additional costs of complying with the Queensland scheme.

Some submitters to the inquiry supplied estimates of costs they incurred to comply with the scheme. Lisa Scott, Government Relations Director for Australian Grape & Wine stated at a public hearing that "the South Australian Wine Industry Association have done a survey of their members and it is approximately 25 cents per bottle" resulting in an additional 12 cent cost to comply with the additional scheme requirements.[318]

Small beverage manufacturer submitters to the inquiry expressed concern about the unfair impacts of Queensland's 'flat' pricing structure, which results in them paying the same weighted scheme price as 'big' beverage manufacturers who, through their larger market share, are able to better insulate themselves against scheme costs through economies of scale.[319] In calling for an exemption (or rebate) for small beverage that addresses the administrative and cost burden of scheme participation, the Independent Brewers Association quoted from a letter it had sent the department in 2016 flagging concerns about the disproportionate impacts of the proposed scheme on small beverage.

> *These small businesses are highly sensitive to increased operating costs so ensuring a container refund scheme is well planned, implemented and managed is essential. All efforts must be made to limit the financial and administrative burden placed on small independent brewers. Our members do not have the resources of the large brewers to be able to absorb these costs and there is a definite risk that a poorly conceived scheme could jeopardise the continued growth of our industry.*[320]

The viability of providing an exemption to smaller producers is discussed in section 5.3.1.

Lack of transparency

Submitters expressed concern that COEX's approach of levelling a weighted scheme price against every eligible container, provided less transparency about the cost of participating in the scheme for different types of beverage manufacturers. COEX's approach differs from other jurisdictions such as Western Australia and New South Wales which publish data about the respective costs of recycling different types of containers. Table 3 in section 1.3.2 of this report reflects the differences between scheme pricing in Queensland and NSW.

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318 Public hearing transcript, Brisbane, 30 April 2025, p 3.

319 Submissions 48, 51, 52, 60, 72, 75, 79, 80, 81 and 104.

320 Independent Brewers Association, Letter CBIA Submission to Implementing QLD's Container Refund Scheme. Available: https://independentbrewers.org.au/wp-content/uploads/2025/03/CBIA-submission-to-ImplementingQueenslands-Container-Refund-Scheme.pdf

COEX's ongoing failure to publish disaggregated data was concerning to many submitters, who queried whether non-publication allows 'big' beverage producers whose products are sold in glass or PET to benefit from paying the same scheme price as manufacturers who use different materials which are cheaper to recycle. In response to transparency concerns, COEX submitted:

> *While COEX fulfils its legislative obligations in data sharing, there are opportunities to share more detailed performance data publicly on its website. All schemes in Australia work on a material type basis, not at a product level. No product level data is shared with COEX or requested from manufacturers.*
>
> *Prior to scheme expansion, DETSI formally advised COEX there was no requirement to deviate from this approach to report volumes of wine and spirit bottles separately from other glass containers. Reporting these container types separately would have required significant change to the refund point network, scheme systems and reporting processes, and underlying agreements, and had the potential to impact the continued operation of the scheme.*
>
> *Recovery rates of all material types collected through the scheme are reported in COEX's annual report each year. COEX, however, has no visibility of beverage manufacturer sales data by material type for regions across Queensland as it is not possible to obtain this information with any degree of accuracy. In order for greater product differentiation, all containers would need to be scanned at collection. The costs of this would significantly outweigh the reporting benefit, noting the beverage industry would be required to pay for this. To date, wine and spirits producers have rejected the call for any change that would increase costs.*[321]

COEX CEO Natalie Roach was asked about the difference between COEX and the Western Australian scheme coordinator's approach to transparency about scheme pricing at a public hearing on 21 May.

> *Having had a look at what WA do and publish on their site, I think there are some opportunities for us to mirror what they do. They share, for example, the number of containers sold by material type each month and the number of containers returned by material type each month. We are really happy to do that.*[322]

The committee asked COEX on 17 July why it had not yet begun publishing the information that Ms Roach had committed to on 21 May, which responded "COEX commenced publication of this data on its website on Wednesday 23 July. To maximise transparency, information has been published by month for financial years FY23, FY24 and FY25."[323]

Transparency of scheme data was identified as a key issue by the QPC Review, particularly where "COEX has sole responsibility for administering the scheme and there is limited external scrutiny or pressure to constrain costs."[324]

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321 COEX, correspondence, 15 May 2025, p 3.
322 Public hearing transcript, Brisbane, 21 May 2025, p 128.
323 COEX, private correspondence, 14 August 2025, p 27.
324 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 41.

The QPC noted that increasing transparency about the costs of operating the scheme and about plans to develop the collection network or increase the recovery rate, would strengthen incentives to improve scheme performance in the least costly way.[325] It recommended that COEX should seek to improve its transparency to support public confidence in the scheme.

> *The community would also have a better sense of how well the Scheme is performing if COEX were to publish measures of its efficiency. One such measure is the Scheme's direct costs—the cost of container refund points, transport and logistics less the value of the materials collected—per returned container. Tracking this indicator over time would reveal whether the average cost of recovering returned containers is rising or falling. It would also provide an opportunity for COEX to set out its analysis of the reasons for changes in the indicator and to explain how they affect its strategy for improving the Scheme's efficiency.*
>
> *More transparency about these matters may also promote community engagement in what is a community-based Scheme, thereby helping to build support for the Scheme and participation in achieving its objectives, and would provide a source of new ideas and information about better ways to meet the Scheme's objectives.*[326]

Committee comment

COEX discharges a public benefit to Queensland using funds that originate in the pocket of consumers. It is therefore imperative that COEX ensures transparency in scheme pricing. The 2020 QPC review recognised this, yet the committee found, even now, that COEX's approach to scheme pricing remains unclear. Even recognising that scheme pricing is a complex matter, the committee was disappointed that COEX sought to assert it had only ever quoted the price of 18.6 cents for its CPCR, when the evidence is that COEX supplied, at various junctures, three different amounts which it maintained as the true overall cost to recycle a container through its scheme. There appears to be a certain degree of arcane magic in forecasting these figures, which for a public scheme is fundamentally inappropriate.

A common refrain from COEX around transparency of scheme data is that it publishes what it is legislatively required to do. This appears disingenuous to the committee, in the context of COEX administering a scheme for public benefit. For example, after a commitment in May this year by COEX CEO Natalie Roach to publish more data, COEX took two months to do so, and then only after being prompted by the committee. This approach resembles the situation reported in the last chapter when COEX only took steps to call an AGM once it had been alerted to the department's commencement of its governance review.

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325 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 41.

326 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 42.

Western Australia requires its scheme operator to publish certain categories of prescribed information relating to the scheme, which enables scheme operation to be as transparent as possible in terms of costs, payments and scheme coordinator performance.[327]

COEX has acknowledged the conflict that scheme price setting has for beverage manufacturers involved in scheme boards. COEX has indicated this conflict is a feature of all Australian schemes. COEX has submitted that stakeholders should not be concerned about this conflict because if the scheme price was deliberately set too low, to benefit beverage manufacturers, schemes would quickly become insolvent. The committee broadly agrees with that statement.

However the question remains whether COEX has effectively mitigated other conflicts that potentially emerge from its scheme pricing approach, including: whether 'big' beverage knowingly benefit, at the expense of smaller bottlers, from the 'flat' weighted average scheme price employed by COEX; whether COEX's scheme data is kept deliberately obscured to mask the differential impacts of the scheme on different size bottlers; and whether COEX uses its substantial cash holdings predominantly to offset the scheme price charged to beverage manufacturers, rather than apply it to the public benefit.

The scheme's liquidity has strongly factored into the Board's considerations about scheme pricing. Andrew Clark indicated one of the Board's purposes in maintaining the reserve is to keep scheme pricing low to beverage manufacturers. While the next section of this chapter will consider any evidence whether the predominant purpose of the cash reserve was an improper one, the committee notes for now that COEX appears quick to blame the extent of the existing reserve on the department's insistence that scheme pricing correspond to the mandated recovery rate, rather than acknowledge that COEX's own aggressive recovery rate forecasts in the first few years of the scheme was the causal factor. The committee heard evidence that a $75 million cash reserve was present by February 2019. Inaccurate or deliberately high scheme pricing would indicate a failure of the financial controls the organisation was applying to its liquidity from the earliest days of the scheme. It might also constitute unlawful conduct related to fraudulent falsification of records.

There is evidence that by 1 July 2024, beverage manufacturers were paying the scheme 4 cents per container less than they otherwise would, if the mandated recovery rate was being met. There were submissions that COEX has deliberately impaired scheme convenience and accessibility to ensure the return rate and therefore beverage manufacturer scheme fees, stay low. Evading a state tax has the potential to constitute corrupt conduct under the CC Act, however the committee is unable to make findings about this.

327 *Waste Avoidance and Resource Recovery Act 2007* (WA), s 47ZZD.

The committee notes that COEX was under, from even before scheme commencement, a ministerial direction to ensure sufficient container refund points were available. Also, there is evidence that access for regional and remote Queenslanders has been significantly boosted, particularly in recent times. Further improvements are necessary and will be considered in the last chapter of this report.

Stakeholder concerns about scheme pricing transparency have merit. Compared to NSW, the lack of variation in the prices COEX supplies for recycling different types of containers strongly suggest they do not reflect the actual cost of recycling different container types. In contrast, the NSW prices suggest a more genuine effort to come up with a number that accurately recovers costs. For example, the scheme price in NSW for liquid paper board is significantly lower than in Queensland. Recovery rates for liquid paper board are generally lower than other types, so a low scheme price is logical for that particular material, yet COEX charges it at the same price as every other material. While the committee cannot determine COEX's intention in applying the same weighted scheme price for every material, it lends weight to the sense of deliberate obscurity of scheme data.

The committee notes that COEX has been on notice since the 2020 QPC beverage pricing review of the requirement for transparency, which recommended that COEX "should adopt transparency as a core organisational value. As a minimum, it should publish information about its costs, strategies and procedures. For example, it should report indicators of the scheme's efficiency, its analysis of the reasons for changes in efficiency, and how these reasons affect its strategies."[328] COEX does not publish its business plan, unlike Western Australia which requires its scheme operator to provide for public inspection of the business plan and its publication on the internet. The WA scheme coordinator must have regard to the business plan during the relevant period in carrying out its functions, and not depart significantly from the plan unless approved by the Minister, which allows a high level of oversight of their scheme coordinator.

The committee also notes that COEX has had the long-standing capacity to report more granular data than it has been. This is evidenced by COEX's recent publication of monthly reports about scheme materials by material type, number of containers sold by beverage manufacturers, and number of containers returned, dating back to June 2023, in response to a prompt from the committee. Other schemes were publishing this data. COEX was on notice to be more transparent and should have been doing so.

Given its previous observations regarding the domination of 'big' beverage interests on the COEX Board, the committee can reasonably conclude that COEX's continued practice of aggregated scheme pricing, served to benefit the interests of 'big' beverage, at the expense of smaller beverage manufacturers and ultimately, consumer confidence in the scheme. More transparency will effectively mitigate this conflict. The committee

[328] Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 44.

therefore finds that COEX should be required to publish its strategic and operational plans, to remove obscurity around scheme data, and improve public confidence in the scheme.

Recommendation 4

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to require the scheme coordinator to publish its strategic and operational plans, immediately upon approval by the Minister.

3.2.4. Recurring and substantial cash reserve

The previous section of this report noted that because the scheme fee is applied to all eligible containers sold into Queensland, even those which are not recovered, COEX retains the scheme fee paid. Queensland's scheme therefore operates more like a container deposit scheme, rather than a container refund scheme, with the resultant effect that while 100 per cent of containers remain unrecycled, there will be additional fees collected by COEX which it then retains in a large cash reserve. The previous report section dealt with the genesis of this healthy liquidity position. This section of the report deals with submitter concerns that COEX is retaining scheme earnings in a way that allows for a profit to be made, which is then used to stabilise scheme pricing for the primary benefit of beverage manufacturers. COEX's management of this significant and recurring cash surplus in the context of its not-for-profit and charitable purposes has been observed by many submitters.[329]

Some submitters raised concerns about the difference between the scheme price charged to beverage manufacturers, and fees paid to CRP operators, processors and logistics providers and whether COEX has been making a profit at the expense of the success of the scheme. Allison Price from WRIQ submitted at a public hearing that:

> *Beverage companies have an innate common interest in keeping the cost of the scheme as low as possible rather than increasing the number of returns, because containers not returned allows the money already paid by Queensland consumers to be used to discount the cost of the scheme. The scheme's board and senior leadership need a more balanced approach to remove that conflict of interest and drive efficiencies.*[330]

In its response to submissions about the potential for beverage manufacturers to profit from the scheme, COEX stated:

> *COEX is a not-for-profit, which receives its funding from beverage manufacturers as required under legislation. No beverage manufacturer receives payments from COEX. In fact, they are required under the Act to pay*

329 Submissions 71, 81 and 97.
330 Public hearing transcript, Brisbane, 30 April 2025, p 26.

> *for every container sold into Queensland, which has funded the return of more than $1 billion in container refunds to Queenslanders.*
>
> *The scheme is fully funded by the payments the beverage industry pays COEX. COEX is a not-for-profit member-based company limited by guarantee established by Lion and [Coke]. COEX has no shareholders. COEX has two members and legislation prohibits those entities or any beverage manufacturer receiving any dividend or distribution from COEX.*
>
> *COEX has a cash surplus which it must maintain for liquidity and scheme price stabilisation. Monthly, COEX pays out more than $50m of deposit and operator payments.*[331]

In its supplementary submission to the inquiry on 17 April 2025, COEX justified to the committee its significant cash reserves, being $96.5 million in the 23/24 financial year, as required:

> *to offset increases in operating costs as collection volumes increase to mitigate against high price variability and deliver a steadier increase in the scheme price. This rate stabilisation method ensures large jumps in the scheme price are not required which would have flow on effects right through the beverage industry value chain and ultimately impact prices charged to Queenslanders.*[332]

COEX advised the committee on 26 August 2025 that its cash reserve on 30 June 2025 was $85.19 million, approximately $11 million less than last financial year.[333] COEX advised the department in its strategic plan that the reduction in cash reserve was due to the decision to maintain scheme pricing at the 13.3 cent weighted scheme price, and leveraging its use to fund increases in operating costs and investment in strategic initiatives which drive growth in the recovery rate.[334]

Notwithstanding the above, COEX's 24-25 Annual Report, published on 1 October 2025, indicates that COEX has cash or cash equivalent holdings of $95 million as at 30 June 2025.[335]

Board discretion

The committee asked COEX to clarify the predominant objective of retaining its large cash reserve, in the context of COEX's charitable, not for profit obligations. COEX responded that as a not for profit entity registered with the ACNC "COEX complies with its charitable purpose and governance obligations, ensuring that all financial practices serve the long-term delivery and sustainability of the scheme." COEX additionally submitted:

- It is appropriate and typical for charities to make a surplus
- COEX invests its surplus into activities which advance the objects of the scheme
- As a charity, COEX must decide the appropriate cash reserve to provide operational certainty

331 COEX, correspondence 15 May 2025, p 2.
332 COEX, correspondence 17 April 2025, p 6.
333 COEX, correspondence 26 August 2025, p 10.
334 DETSI, internal documentation, 20 January 2025, supplied to committee on 4 August 2025.
335 COEX, Container Exchange Annual Report 2024-2025, p 46.

- COEX will apply residual surpluses to scheme price rate stabilisation, and
- COEX does not have the benefit of ongoing government credit facilities to underpin scheme liquidity.[336]

COEX supplied the committee with a copy of its Treasury and Liquidity Policy, and in responding to questions about that policy at a private hearing with the committee, COEX Chair Andrew Clark submitted:

> *As a board we look at the cash reserve as, in economic terms, a rate stabilisation account. Which means that, as the volume of containers increases, we should in theory then start to increase the price. Because the cost has increased, and because the costs are driven by the volume that is being returned, we can actually hold the price the same for a while. So you can actually erode it, but the volume and the scale that is coming through the scheme means that in any one particular month we are paying out $60 million to $75 million. You only have to have a blip in either the recovery rate or your debtor's profile and you will start to erode that cash reserve very quickly.*[337]

In its response to submissions concerned about the size of COEX's cash reserve, the department stated:

> *It is understood some operating surpluses are maintained by COEX to assist with cash flow and that surpluses beyond this are generally contributed back into the Scheme (e.g. through expansion of collection points, increased education and awareness etc). Any future changes to the Scheme would need to carefully consider the financial and non-financial impacts on beverage manufacturers, businesses and Queenslanders.*[338]

Internal department documentation indicates the view that "COEX is a private not-for-profit company limited by guarantee, not a statutory authority or government entity."[339] The Minister has limited financial oversight of COEX, apart from approving COEX's strategic plan, operational plan and budget for the next financial year, and receiving an annual report and quarterly operational reports.

While the Minister can provide a ministerial direction to COEX about the performance of its functions or exercise of its powers, there is no provision in the WRR Act for the Minister to access COEX funds or direct how they should be used. This is different from the Western Australian scheme which requires the scheme operator to agree a governance plan with the Minister regarding the account where surplus scheme funds are held. Western Australian legislation requires its Minister to approve the proposed governance plan[340] and creates an offence if all scheme funds are not credited to the scheme account by the scheme coordinator.[341] The Minister can, by regulation, dealing with any matter

336 COEX, private correspondence, 14 August 2025, pp 23-24.
337 Private hearing transcript, Brisbane, 25 August 2025, p 4.
338 DETSI, correspondence, 17 April 2025, attachment 1, p 9.
339 DETSI, internal documentation, 20 January 2025, supplied to committee on 4 August 2025.
340 *Waste Avoidance and Resource Recovery Act 2007* (WA), s 47Z.
341 *Waste Avoidance and Resource Recovery Act 2007* (WA), s 47ZN.

relating to the scheme account or use of its monies, or proposed or approved governance plans.

In terms of actions taken by the Board to manage the cash reserve, COEX Chair Andrew Clark submitted:

> *Cash reserves accrue where the scheme price paid by beverage manufacturers exceeds the costs of recycling the containers recovered in a financial year, with recovery rate being the primary driver of these costs. Whilst COEX historically set the scheme price to fund a recovery rate of 85%, COEX is no longer doing this to avoid the accumulation of cash reserves as was presented in the FY24, FY25-FY27 and FY26-FY28 Strategic Plan documents provided to the Department. In recent years, the scheme price has not been increased from the historic level of that required to achieve 85%, but increases in containers collected and cost base increases attributable to CPI have eaten away at the delta between the historical scheme price calculation. The budgets for FY24, FY25 and FY26 years were set based on lower recovery rates of 70%, 70.68% and 72%. If the recovery rates budgeted are not achieved, a surplus will accrue as has occurred in FY24 and FY25 despite deficits to utilise reserves being budgeted.*[342]

Reinvestment of surplus funds

Regularly throughout the Inquiry, COEX submitted that it reinvests surpluses into the scheme, including in pursuit of charitable objectives such that community benefit is one of the key advantages of the Queensland scheme. On 14 August 2025 COEX submitted that its financial decisions demonstrate a strong commitment to its charitable mandate, ensuring surplus funds are deployed to reinforce operational resilience, expand public benefit and safeguard economic fairness.[343] This includes "enhancing access to refund points, investing in collection infrastructure, delivering awareness and education campaigns and supporting innovation in recycling and circular economy initiatives."

In response to the committee's request for COEX to supply the total spend towards each strategic initiative as a proportion of relevant surplus over the scheme's duration, COEX stated it had invested approximately $71.8 million into strategic initiatives to further the purpose of the scheme as depicted in Table 9**.**

342 COEX, private correspondence, 5 September 2025, p 24.
343 COEX, private correspondence, 14 August 2025, p 24.

Table 9 COEX investments in strategic initiatives

	FY19	FY21	FY20	FY22	FY23	FY24	FY25	TOTAL
Marketing, Education and Awareness	$3.34m	$4.58m	$3.11m	$11.00m	$10.89m	$10.71m	$8.64m	$52.29m
Strategic Initiative Spend	$0.74m	$4.20m	$1.92m	$0.88m	$0.25m	$1.56m	$3.60m	$13.16m
Asset Investment							$2.65m	$2.65m
Infrastructure Support				$0.02m	$0.67m	$1.32m	$1.67m	$3.69m
TOTAL	$4.08m	$8.78m	$5.04m	$11.91m	$11.82m	$13.60m	$16.56m	$71.79m

Source: COEX[344]

About these figures COEX stated:

> *COEX's investment into initiatives that further the purpose of the scheme is embedded across multiple program budgets, and as such these initiatives are not discretely accounted for as a "surplus initiative" or are not allocated against a particular surplus. Surpluses or deficits are consolidated into retained earnings each year and as a part of preparing the Strategic Plan, Operational Plan and Budget, COEX prepares a forecast for the business as usual operating costs and overlays investment in initiatives to further the purpose of the scheme.*[345]

COEX CEO Natalie Roach supplied additional details about its launch in 2024 of an Asset Investment Program:

> *We do an interest-free loan program. We have something called our asset investment program, which is deliberately targeted at small- to medium-sized operators or those small- to medium-sized that would like to become operators. That is a great example of where, for example, we would give charities or community groups a four-year interest-free loan of the purchase price of an RVM so that it enables them not to have to outlay that capital up-front and it gives them a genuine pathway in, because many of those organisations simply do not have the cash to be able to invest in even the small-volume RVMs.*[346]

COEX submitted that so far through the Asset Investment Program it had deployed and assigned 12 bag drops, five donation points and three RVMs, and that additional support through partnership initiatives and the network expansion program would build on that success.[347] Further, COEX stated it has "supplied a range of capital assets to operators. In the last 15 months this has amounted to more than $340,000."[348] Each year, COEX additionally "provides significant support to operators through operationally expensed items such as bins, bags, fencing and the like. In FY25 this expenditure amounted to $1.67m and in FY26 the budgeted spend is forecast to be $2.4m."[349]

344 COEX, private correspondence, 5 September 2025, p 27.
345 COEX, private correspondence, 5 September 2025, p 26.
346 Private hearing transcript, Brisbane, 25 August 2025, p 9.
347 COEX, private correspondence, 5 September 2025, p 14.
348 COEX, private correspondence, 5 September 2025, p 14.
349 COEX, private correspondence, 5 September 2025, p 16.

The committee asked COEX to explain why it did not divest some of its cash reserve to better offset scheme establishment or ongoing participation costs to smaller operators. COEX responded:

> *COEX needs to maintain a level of cash reserves to safeguard against unforeseen disruptions and provide operational continuity in ensuring ongoing obligations can be met as and when they fall due. Reserves in excess of this level are planned to be utilised to invest in strategic initiatives to further the purpose of the scheme and to offset increases in the scheme's cost base.*
>
> *COEX provides support to small and medium size operators, alongside charities and community-based organisations through its Asset Investment Program. This reduces financial barriers to entry with COEX funding up front the purchase of large assets such as reverse vending machines. Given the new application process introduced in July 2025, this program has seen heightened interest and COEX will continue to provide this funding opportunity further utilising its cash reserves.*
>
> *In COEX's Strategic Plans for the periods FY24, FY25-FY27 and FY26-FY28, cash reserves to the value of over $40m were planned to fund investment in strategic initiatives. Some of the key initiatives included in these strategic plans include initiatives to drive benefits for First Nations, social enterprise and community groups, run research and education campaigns and provide greater accessibility for customers.*[350]

Charitable purposes

Submissions were received that while COEX claims to work towards charitable objectives, it provides scant detail around specific amounts spent on these purposes, and that it characterises the refund paid to scheme participants who may choose to donate it to charities, as charitable spend by COEX itself.

Charity Governance Standard 5 requires a charity to ensure it has the resources it needs to carry out its work and fulfil its charitable purpose. A charity's Responsible People have an important role in gaining and maintaining charity funds, assets and other resources, as well as in ensuring these funds and resources are protected from abuse and used in an efficient and lawful way.[351] Charities are permitted to raise money through membership fees, and charging for services, and receiving funding from government.

The ACNC website advises:

> *Reserves play an important role in the financial stability and long-term sustainability of a charity. Managing reserves is an important aspect of the overall financial management of a charity, which is a crucial element of good charity governance.*
>
> *Responsible People (board or committee members, or trustees) should consider an appropriate level of reserves for their charity's circumstances and*

350 COEX, private correspondence, 5 September 2025, p 25.

351 ACNC, https://www.acnc.gov.au/tools/guides/managing-charity-money-guide-for-responsible-people.

> *develop a strategy for building up and spending reserves in a way that is consistent with their charity's purposes.*[352]

When considering charity reserves, the ACNC also emphasises that while a charity can make a profit, the profit, or surplus, must be used to further the charity's purposes.[353] Additionally, in respect of having too much money in reserve the ACNC states:

> *Charities cannot accumulate funds in reserve indefinitely.*
>
> *While reserves are important to have in case of an emergency or unexpected cost, in some cases a charity may be seen as having too much money in reserve.*
>
> *Because a charity must be pursuing a charitable purpose and must be operating as a not-for-profit, a charity that holds a large amount of money in reserve without a clear explanation and justification may draw attention from funders and regulators.*[354]

The committee requested COEX to supply disaggregated data around its spend over the last three financial years on (a) refunds to charity operators (separate to commercial handling fees), (b) refunds donated by scheme participants to charities, (c) donations and fundraising kits, (d) COEX purchased or subsidised infrastructure provided to charity operators and (e) container collection in remote and First Nations communities. In response COEX indicated that while it did not provide grants or low-interest loans to charities, over the last 3 financial years it had provided:

a) $9.985 million to charity operators over and above commercial handling fees, related to servicing bag drop facilities or processing scheme materials

b) Unquantified marketing support to charities

c) $246,461 in infrastructure to charity operators, which represented 5.68 percent of all infrastructure provided for free by COEX to operators, and

d) $49.154 million to service return points to remote and First Nations communities, representing 3.6 percent of scheme operating expenditure.

Over the last 3 years of the scheme, COEX has invested $60,283,754 towards charitable initiatives. Funds to improve scheme access for remote and First Nations communities equates to 81% of all charitable initiative spend during that time.

Separately, COEX has facilitated the donation of $10.904 million from other scheme participants to registered charities, which represented 2.2 per cent of all refunds.

Over that same period, COEX has reported surplus funds of $32,413,456 (FY22), $46,813,676 (FY23) and $23,711,499 (FY24), totalling $102.9 million.[355]

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352 ACNC, https://www.acnc.gov.au/tools/guides/charity-reserves-financial-stability-and-sustainability.

353 ACNC, https://www.acnc.gov.au/tools/guides/charity-reserves-financial-stability-and-sustainability.

354 ACNC, https://www.acnc.gov.au/tools/guides/charity-reserves-financial-stability-and-sustainability.

355 COEX, Container Exchange Annual Reports 2022-2023, 2023-2024, 2024-2025.

COEX supplied no further financial accounting of the approximate $42 million difference between surplus funds directed to charitable purposes and other surplus funds for the previous three financial years. COEX submitted that surpluses or deficits are consolidated into retained earnings each year. [356]

COEX's 24-25 annual report notes its surplus for the year ended 30 June 2025 was $36 million "a 53.7% increase from FY 24. This was achieved without changing the scheme price."[357]

At a private hearing with the committee, COEX CEO Natalie Roach provided additional detail about the way COEX differentiated between its own charitable spend and the redirection of refunds of scheme participants towards charities.

> *COEX itself does not make donations to charities. When we report donations, it is the donations that members of the public or community groups have given to charities that are registered with us. We have thousands of charities registered. When you go to return your containers you can opt to give your refund to that charity. We have seen an increase in the last 12 months as we have really focused on growing commercial returns. A lot of our commercial partners choose to donate their refunds to charities and community groups because it helps them with their own ESG goals. That is what we refer to when we talk about charity donations.*
>
> *We then also support the involvement and engagement of charity groups and social enterprises in the scheme as operators or as subcontractors to operators. One of the things we have been doing recently—and we have a new network expansion approach which was published 1 July—is create pathways so that charity groups and community groups can actually enter the scheme in an easier fashion.*[358]

Committee comment

The committee has asked and COEX has responded about the size of its cash reserve. As a registered charity COEX is required to maintain a reserves policy. Various COEX annual financial reports indicate that the reserve, when invested by COEX, has accrued extensive interest income, sometimes in excess of $10 million annually. That income reduces the operating costs of the scheme, which the Board considers when determining the scheme price to charge beverage manufacturers. The accrual of such a large reserve capable of generating significant profits from interest concerned some submitters in the context of COEX's charitable obligations.

The committee found it difficult, from COEX's submissions, to understand the relationship between the economics of the scheme and its cash flow. The committee notes COEX's very high amount of liquidity against not many liabilities. A very clear explanation of the impact that scheme pricing has on COEX's operational costs and the recovery rate, and that relationship to its cash management and cash flow was not provided to the committee. On that basis, it is not appropriate for the committee to

356 COEX, private correspondence, 5 September 2025, p 26.
357 COEX, Container Exchange Annual Report 2024-2025, p 46.
358 Private hearing transcript, Brisbane, 25 August 2025, p 8.

determine the appropriateness of COEX's cash reserves in the context of COEX's not-for-profit basis, and it notes the Minister's discretion to make any necessary referral to the ACNC after considering this report.

On the issue of retained earnings, COEX has provided reporting for how it reinvests surpluses into various strategic initiatives and charitable objectives. For a charity which oversees more than $500 million annually in scheme funds, with reported surpluses for the last three financial years of $102 million, a spend of some $60 million towards charitable purposes over that time might give stakeholders cause for concern, particularly where over 80 percent of that spend was on improving scheme access to remote and First Nations communities (broadly one of the scheme objectives but also one which COEX has been previously subject to ministerial direction about). The committee welcomes improvement in accessibility for all Queenslanders, but queries why only $11 million out of a $102 million surplus has been spent towards all other forms of community benefit, while COEX's cash position for those same years was $130 million (FY23), $173 million (FY24) and $145 million (FY25).

In addition, the fact that COEX has recently reported a surplus 53.7 per cent larger than last financial year, seems curious considering its submissions about its resolute commitment to using that surplus to improve the charitable outcomes of the scheme.

Separately, the committee notes submitter concerns that COEX claims the refunds donated by scheme participants to charities registered with the scheme, as its own charitable spend. However, without significant, additional forensic accounting capability, the committee is unable to make that finding, so merely reported it as separate to spend against other charitable line items reported by COEX.

The more concerning issue for the committee is, who owns COEX's large cash reserve? Put aside for a moment that COEX has reported two different figures for its cash on hand for the last financial year - $85 million to this committee, and $95 million in its annual report. Whatever that sum may in fact be, it is consumer-contributed funds, collected by COEX under legislative warrant. Yet, the Minister has no input into how those funds are used. The committee reasonably inferred that the risk of a similar quantum of public money sitting in the hands of a company composed primarily of private commercial interests, motivated Western Australia to apply additional safeguards around their scheme's funds, by setting up a co-management arrangement with their scheme coordinator, which can be easily adjusted by regulation depending on the economic circumstances of the scheme.

Given the concerns about COEX's limited transparency, and ineffective mitigation of conflicts of interest which the committee has reported in this chapter, and which result in potential damage to public confidence in the scheme, stronger Ministerial powers around scheme funds are urgently required.

This concludes the committee's consideration of scheme governance matters. There is some obvious overlap between governance practice and scheme administration, as the

next chapter will show. This report now turns towards COEX's administration of the scheme, in particular, COEX's performance around its benchmarks – the legislated recovery rate and number of CRP points. This encapsulates various matters and relies on evidence about COEX's performance over the last seven years. The chapter starts with an overview of available evidence, and considers the amount of regulatory oversight of COEX by the department over the life of the scheme and whether problems detected in reviews of the scheme, have been subject to sufficient regulatory action.

Recommendation 5

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to require the Minister to approve, subject to any conditions, a governance plan for investment and allocation of surplus and retained scheme funds.

4. COEX's performance

Submitters were concerned about COEX's obligations to perform its functions in an accountable manner in circumstances where:

- stakeholders were bounced back and forth between COEX and the department to resolve complaints
- issues with low scheme transparency were detected soon after scheme commencement and are still evident; and
- the department was not sufficiently empowered to, or otherwise did not engage in, sustained and consequential oversight of COEX's performance.

This chapter ranges across several aspects of COEX's performance as scheme administrator, using the two legislated benchmarks for its performance – recovery rate and number of CRP points – as delimiters. The requirement for a 'roots and branch' review of the scheme meant that the committee needed to obtain evidence about COEX's performance since commencement, however initial submissions from the public, the department and COEX did not provide sufficient historical detail. The committee sought additional details from the department and COEX about reviews of the scheme they had conducted.

Submissions about COEX's ongoing failure to meet the legislated recovery rate will be considered, noting the earlier discussion in this report about the inherent conflict of interest that is present when beverage-dominated scheme coordinators are tasked with the job of increasing container recovery rates, with the consequence of increasing scheme costs for beverage manufacturers.

COEX's performance of its complaints resolution function will also be discussed, in the context of the significant number of complaints that the committee received about COEX

during this inquiry, and the report's earlier discussion about that lack of oversight built into this aspect of the PRO's functions by the WRR Act.

Earlier chapters of this report have considered the composition and the performance of the COEX Board. This chapter will consider the appropriateness of the organisational structure of COEX, including relevant expenditure, that has been deployed against COEX's legislative performance benchmarks.

Finally, this chapter will address one aspect of COEX's performance of its legislative requirements around container refund points, namely, its relationship with CRP operators. This discussion takes place in the context of the report's earlier consideration of evidence about the fractious relationship between COEX and the waste and recycling industry, to which all CRP and MRF operators belong. Chapter 5 of this report will consider other aspects of those two legislative benchmarks, particularly scheme accessibility, the role of MRFs in the scheme, and the final processing and utilisation of scheme materials.

4.1. Reviews of the scheme

Submissions to the inquiry expressed concerns about a lack of transparency not just on the part of COEX, but also the department about its regulatory activity related to the scheme.[359] Some submissions criticised the department and COEX for not releasing various reports and assessments of COEX's performance over the years, stating this has hindered scheme accountability.

In its response to submissions, the department stated:

> *Several submissions expressed opposition about the Scheme and COEX's administration, citing concerns with a lack of accountability, operator consultation, transparency, governance, inadequate complaint resolution management, and some requested an independent review of COEX. To the extent that the comments address a need for more transparency, governance and accountability, the department notes these concerns, and should the inquiry make findings or recommendations about specific issues, these will be considered as part of the Government's Response and the Minister's role in exercising the requirements in the legislation.*[360]

Section 1.3.1 and Table 4 of this report sets out the main oversight features of the Queensland scheme in comparison to other Australian schemes. Chapter Two set out the provisions in the WRR Act which serve as the governance and reporting framework for COEX, including supply of the strategic plan, operational plan and budget to the Minister by 31 March each year, which can have no effect until they are approved. COEX must immediately inform the Minister about any matter that it considers may prevent achievements or significantly impact it meeting the objectives of its strategic and operational plan or statutory obligations, or the performance of its functions, financial position, or public confidence in the integrity of the container refund scheme.[361]

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359 Submissions 38, 48, 53, 60, 78, 79, 80, 81, 82 and 91..
360 DETSI, correspondence, 17 April 2025, attachment 1, p 8.
361 WRRA, s 102ZK.

Section 102ZL of the WRR Act empowers the Minister to require COEX to provide information for the purpose of monitoring, assessing or reporting on the performance of its functions. New condition of appointment 19, which was applied to COEX in April 2025, requires COEX to ensure that an external, independent evaluation of the Board's performance is conducted at least every two years, with input from COEX senior executives/management and to notify the results to the Minister.

Regarding this level of oversight and its connection to transparency, COEX Chair Andrew Clark stated at a private hearing:

> *I think the way the scheme in Queensland has been established, as I said right at the start, represents best in class. If you look at the legislation, that has been copied in other schemes as they have been established such as WA, New South Wales and Victoria. The ability of government to be involved in but hold an entity at arm's length to operate the scheme is a successful model. Government has an ability to have an oversight of appointment of board members, the strategic plan, the pricing arrangements, all of the contracts with all of the operators et cetera. Their level of involvement is phenomenal. There is a level of transparency—and I said it in my opening remarks—that does not exist in any scheme in the country. Quite genuinely, the level of transparency in the Queensland scheme is yards in front of any other scheme.*[362]

Submissions initially informed the committee that there had been a review of the scheme shortly after commencement, the 'PwC health check', in addition to the QPC pricing review, mentioned earlier in section 3.2.3. One submitter, Total Environment Centre, supplied the committee with a copy of its own review of the scheme in April 2020.[363]

The committee made inquiries with both COEX and the department regarding external reviews each had commissioned since scheme commencement and were supplied with copies of various documents. The next section details the findings of various reviews of the scheme and COEX, including:

- An ineffective complaints management framework
- Incomplete scheme participant 'relationship health checks' by COEX
- Lack of transparency about
    - CRP procurement process and MRF audits
    - scheme volumetrics and pricing
    - final use of recycled materials
- Lack of clarity around Board operations
- Lack of innovation towards community benefit and social enterprise improvement
- Failure to meet the mandated recovery rate, and

362 Private hearing transcript, Brisbane, 25 August 2025, p 9.
363 Submission 53.

- COEX competing with, rather than complementing, existing waste and recycling activities.

4.1.1. Department reviews

Chapter One of this report described the consultation process and review that preceded the introduction of glass wine and spirit containers to the scheme in October 2023. The department's 2024 governance review of COEX was discussed in the previous chapter. Litter monitoring reviews commissioned by the department in 2019 and 2023 have also been noted by the department in its submission and elsewhere in this report.[364]

In its response to the committee's request for production of relevant documents, the department supplied information indicating that it had completed or commissioned other reviews of the scheme, including:

- *Container Refund Scheme: Health Check, final report August 2019* by Price Waterhouse Coopers (PwC)[365]
- *Department of Environment and Science Queensland's Container Refund Scheme: current state assessment, June 2023* by FTI Consulting[366]

Documents supplied by the department indicated its intention during the 2022-23 financial year to review the legislative basis for the scheme to identify areas of the legislation that required change to enhance the efficiency and effectiveness of the scheme.[367] That briefing note stated:

> *The scheme is now more than three and a half years old…*
>
> *There is no statutory review requirement, or due date, for a review*
>
> *The output of the review will be recommendations to the Minister for changes to the statutory and administrative arrangements for the scheme*
>
> *It is proposed the scope of the proposed review be narrow, and exclude consideration of the PRO framework, expansion of scope of the scheme to include non-beverage containers, and operational matters that are the responsibility of the PRO under the Act.*
>
> *Key issues to be considered by the review are likely to include:*
>
> - *Expansion of the scope of eligible beverage containers, including inclusion of wine and pure spirit glass bottles, and removal of upper volume thresholds*
> - *COEX's failure to achieve the 85% container recovery target for the 2021-22 financial year*
> - *Impact of increasing the refund amount from the current 10 cent*

364 DETSI, correspondence, 14 March 2025, p 9.
365 DETSI, PwC Container Refund Scheme: Health Check Final Report, August 2019, provided to committee on 23 July 2025.
366 DETSI, FTI Consulting Queensland's Container Refund Scheme Current State Assessment, June 2023, provided to committee on 4 August 2025.
367 DETSI, internal documentation R4-743, provided to committee on 4 August 2025.

- *Clarifying the role of the minister in approving appointment of board members, and expertise requirements for directors (eg local government, resource recovery, social enterprise)*
- *MRF recovery amount protocol*
- *Review of the statutory container recovery target*
- *Social entries and scheme participants by community organisations.*[368]

Subsequent documentation confirmed the department's intention to commence a review of the scheme in the second quarter of the 2022-23 financial year, with the intention of expanding the scope of container eligible for a refund under the scheme.[369] That same briefing note observed that:

> *The PwC health check report identified opportunities to improve the way the scheme is operated, including transparency around the operation and performance of the scheme, and the nature of the relationship between COEX and scheme participants and other stakeholders.*
>
> *COEX has had some success at implementing recommendations of the QPC and PwC reports, and a review of the scheme will allow for critical examination of progress in this regard.*[370]

The committee asked the department to clarify whether this review was conducted, and in response the department advised "this review was not progressed."[371]

2019 PwC Health Check

PwC was engaged by the department to conduct a high-level six-month health check of the scheme regarding scheme performance; participant engagement; accessibility and coverage; compliance and risk; governance; social enterprise; and innovation and technology. PwC interviewed COEX, peak bodies, beverage manufacturers, CRP operators, processors, MRF operators and local government.[372]

The review did not identify significant deficiencies with scheme performance or systemic or fundamental issues with COEX's management of the scheme. The review found:

- COEX had problematic relationships with many stakeholders, and should conduct 'relationship health checks'
- The scheme was insufficiently transparent around
  - Complaints handling
  - CRP procurement
  - Conduct of audits on MRF scheme materials, and

368 DETSI, internal documentation R4-743, provided to committee on 4 August 2025.
369 DETSI, internal documentation R4-014, provided to committee on 4 August 2025.
370 DETSI, internal documentation R4-014, provided to committee on 4 August 2025
371 DETSI, correspondence, 5 September 2025, attachment 1, p 7.
372 DETSI, PwC Container Refund Scheme: Health Check Final Report, August 2019, provided to committee on 23 July 2025.

    - COEX performance reporting
- COEX governance required stronger monitoring by the department including
    - COEX Board composition and conduct
    - Transitioning from 2 to 1 position each for Coke and Lion, and
    - New scheme performance framework including KPIs, targets and penalties for under-performance
- Various opportunities to fine tune the way the scheme operated, including
    - The limited market for scheme materials once collected, particularly liquid paperboard
    - Revenue sharing arrangement between local councils and MRF operators might not be sustainable
    - Improvements required to the book build process COEX used regarding handling fees, and
    - Low transparency of the auction process for recyclable materials

The report made considerations and suggestions for both the department and COEX to consider.[373]

The department did not make the report public. The department initially undertook to publish a summary of the health check report to its website by November 2020, but this did not occur. [374]

Recommendations for the department

The health check encouraged the department to consider:

- Ongoing monitoring of the performance of the scheme
- Ongoing monitoring of COEX governance structures
- Developing a robust and transparent performance and reporting framework
- How it could influence COEX to undertake actions on the review's findings.[375]

In response, internal documentation supplied by the department indicated the department undertook to convene and facilitate six-monthly meetings of a Stakeholder Reference Group to provide information to peak bodies on the performance of the scheme and to undertake sectoral view on and impacts from the scheme.[376]

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373 DETSI, PwC Container Refund Scheme: Health Check Final Report, August 2019, provided to committee on 23 July 2025.
374 DETSI, internal documentation R1-0342, provided to committee on 4 August 2025.
375 DETSI, PwC Container Refund Scheme: Health Check Final Report, August 2019, provided to committee on 23 July 2025.
376 DETSI, internal documentation R1-0342, provided to committee on 4 August 2025.

The department also undertook to prepare a term of reference for a review of the scheme in the first 6 months of 2020.[377] When asked by the committee whether that review has occurred, the department stated, "while a full review of the Scheme was not undertaken as per the recommendation of the Health Check, it is presumed that the QPC work may have largely fulfilled the intent of that review at the time."[378]

Recommendations for COEX

High level considerations for COEX included:

- Necessary improvements to transparency around scheme performance and governance information, scheme volume, and final endpoint of scheme materials
- Improvements to its complaints handling process
- Clarifying its process for identifying new CRP locations and operators, and
- Need to revisit its stakeholder engagement approach and undertake a relationship check with operators, MRFs, logistics and processing providers and non-Member beverage manufacturers.[379]

The review noted that from the time of scheme commencement to 31 March 2019, COEX had received 569 complaints which raised 911 unique issues. The most common issue was services provided by CRPs.

PWC considered that COEX should develop a strategy and reporting framework to collate complaint volumes from all scheme participants, local government and the department, and should provide quarterly detailed reporting to the department about complaint issues, including strategies and actions adopted to address identified issues.[380]

The health check also identified issues around the criteria used by COEX to assess CRP applications and the lack of feedback provided by COEX regarding outcomes. The co-location of CRPs was identified as a key stakeholder concern.[381]

The department noted its recommendation to COEX to develop a strategy and reporting framework to collate complaint volumes and, moving forward, to provide quarterly reports to the department. It also noted that COEX was to provide greater transparency in selection, decision-making and contracted processes for new CRP sites and operators.[382]

COEX provided initial feedback to the former Minister about the PwC Report on 12 August 2019.[383] It noted concerns that the views of the waste industry had been treated equally

377 DETSI, internal documentation R1-0342, provided to committee on 4 August 2025.
378 DETSI, correspondence 5 September 2025, p 7.
379 DETSI, PwC Container Refund Scheme: Health Check Final Report, August 2019, provided to committee on 23 July 2025.
380 DETSI, PwC Container Refund Scheme: Health Check Final Report, August 2019, provided to committee on 23 July 2025.
381 DETSI, PwC Container Refund Scheme: Health Check Final Report, August 2019, provided to committee on 23 July 2025.
382 DETSI, internal documentation R1-0471, provided to committee on 4 August 2025.
383 DETSI, Letter from COEX to the Minister re PwC Health Check, 12 August 2019, provided to committee on 4 August 2025.

to other scheme stakeholders such as Queensland consumers and residents. "By contrast, the waste industry are suppliers and service providers with vested interest to profit commercially from the scheme."[384] COEX further indicated that in response to the report it would review and refine its complaints handling system, and commission a probity report on the procurement process it used for new CRP sites.

Former Minister the Honourable Megan Scanlon MP wrote again to COEX on 30 March 2020 seeking an update about the identified areas of improvement.[385] A response from COEX dated 15 April 2020 committed to ensuring all stakeholders received scheme information that was accurate, reliable and transparent.[386] COEX also committed to expanding the range of information available on its website, including an overview of its strategic plan, scheme price information and scheme data and statistics.

2020 QPC Pricing Review

The department provided the following information about this review, mentioned earlier at Section 3.2.3 of the report.

> *The QPC's scope was limited to an examination of the impact on prices of beverages sold in Queensland in eligible containers; the impact on competition for beverages and the performance and conduct of beverage manufacturers and retailers; and other specific market impacts on consumers that arose from the commencement of the Scheme.*
>
> *In summary, the review found:*
>
> - *retail price increases are consistent with reasonable pricing behaviour given the costs imposed by the Scheme*
> - *no evidence that the Scheme has had a material impact on market competition, and*
> - *no evidence of poor performance or poor conduct of beverage manufacturers and retailers in relation to the Scheme, including in potentially captive markets.*[387]

The department noted that the QPC made recommendations relating to:

- *COEX publishing its strategy for developing the network*
- *COEX publishing estimates of the incremental costs and benefits of further increases in the eligible container recovery rate from its present level, and its strategy for achieving the 85 per cent target*
- *the Queensland Government informing decisions about expanding the types of eligible containers through a thorough evaluation of costs and benefits*

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384 DETSI, Letter from COEX to the Minister re PwC Health Check, 12 August 2019, provided to committee on 4 August 2025.

385 DETSI, Letter from Minister to COEX re PwC Health Check, 30 March 2020, provided to committee on 4 August 2025.

386 DETSI, Letter from COEX to the Minister re PwC Health Check, 15 April 2020, provided to committee on 4 August 2025.

387 DETSI, correspondence, 5 September 2025, attachment 1, p 6.

- *the Queensland Government assessing proposals for harmonisation with other jurisdictions against criteria such as the extent to which the proposals contribute to the effectiveness of the Scheme in achieving its objectives, and*
- *COEX reviewing its complaints-handling process, including a wide and transparent consultation with Scheme participants – COEX should publish its results.*[388]

The QPC found that COEX should adopt transparency as a core organisational value – at a minimum, it should publish information about its costs, strategies and procedures.[389]

The QPC also emphasised the important information that could be gleaned from complaints and suggested COEX should collate and analyse complaints, note proposed actions, and provide information on complaints and actions taken to address them to the department in quarterly reports and to the public in its annual reports.[390] It then recommended that

> *COEX should review its complaints-handling process, to ensure that it is making good use of customer feedback and to build confidence in the Scheme. This review should involve wide and transparent consultation with scheme participants and COEX should publish its results.* [391]

2023 FTI Consulting Scheme Current State Assessment

As part of its Regulatory Impact Statement (RIS) process towards expanding the scheme to include additional containers in 2023, the department engaged FTI Consulting in January 2023 to undertake a current state assessment of the scheme. According to the draft report sighted by the committee, FTI Consulting was not scoped to provide recommendations but to identify problems. FTI Consulting workshopped its findings with the department during March and April 2023.[392]

The executive summary of the FTI report stated:

> *Notwithstanding its not-for-profit status, the scheme design has granted its operator, COEX, the power to direct market outcomes. This power needs to balance scheme outcomes and impacts on consumers – especially scheme costs, which are ultimately borne by consumers. As the scheme further matures, and the trade-off between outcomes and costs become more acute, scheme efficiency will require a higher degree of transparency regarding operating decisions than currently exists. This was presaged in earlier reports, which examined aspects of the scheme soon after it began.*[393]

388 DETSI, correspondence, 5 September 2025, attachment 1, p 6.
389 DETSI, correspondence, 5 September 2025, attachment 1, p 6.
390 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 42.
391 Queensland Productivity Commission, Queensland Treasury, Final Report CRS Pricing, January 2020, p 42.
392 DETSI, FTI Consulting Queensland's Container Refund Scheme Current State Assessment, June 2023, provided to committee on 4 August 2025, p 5.
393 DETSI, FTI Consulting Queensland's Container Refund Scheme Current State Assessment, June 2023, provided to committee on 4 August 2025, p 2.

Measurement of progress since PwC Health Check

The FTI Report commenced by measuring progress against the recommendations of the PwC Health Check and found outstanding action items included:

- Lack of formal consultation processes between the department and the waste and recycling industry
- Lack of a complaints reporting framework
- Incomplete 'relationship health checks' by COEX
- Insufficient transparency of CRP procurement processes and MRF audits
- Lack of formal review of the COEX Board and its composition by the department
- Lack of clarification by COEX around Board operations and reduction in Member director seats
- Performance reporting framework still in development, and
- Lack of publicly reported data by COEX about community benefit and social enterprise metrics.[394]

The report then measured progress against all scheme objectives, and noted that:

- COEX had never met the mandated recovery rate
- Better metrics were required to demonstrate opportunities being provided for community benefit and social enterprise, and
- COEX activities risked "competing with" rather than "complementing" existing waste and recycling activities.[395]

Scheme pressure points

The report identified a pressure point around transparent program delivery and reporting, observing:

- Stakeholders identified inadequate transparency and accountability in COEX's processes, such as not publishing details about its strategic investments and initiatives
- A power asymmetry between COEX and participants in the scheme, where COEX is a monopoly on the container refund market and suggesting that COEX should be required to achieve a higher level of transparency and accountability than competitive firms, and

394 DETSI, FTI Consulting Queensland's Container Refund Scheme Current State Assessment, June 2023, provided to committee on 4 August 2025, p 19.

395 DETSI, FTI Consulting Queensland's Container Refund Scheme Current State Assessment, June 2023, provided to committee on 4 August 2025, p 5.

- This power imbalance can make it difficult for other stakeholders to understand, contribute to and influence the scheme for wider public benefit.[396]

The second pressure point identified by the FTI Report was how to best achieve scheme objectives and reduce costs to consumers, in circumstances where there did not appear to be agreement between COEX and the department about how best to evaluate proposals to increase the recovery rate. The report indicated that the PwC recommendation to establish a customer reference group had not ever been implemented.[397]

The final pressure point the FTI Report identified was around opportunities for charities and social enterprise. The report found social enterprise was measured by COEX as the number of social enterprise CRPs operating, but there were a range of other social benefits that the scheme should be promoting. The report criticised the methodology COEX used to report net community benefit because "it excluded the impact of the increase in beverage prices from the scheme costs."[398]

Other regulatory activity

Departmental documentation supplied to the committee indicates regular interactions through meetings and via written correspondence to COEX over the life of the scheme. One example of its regulatory activity was around an Advisory note COEX had issued to CRP operators in November 2018 relating to the acceptance of baled, previously baled or crushed containers.[399] The Advisory stated that COEX would refuse to accept such containers as it was likely that these containers had already been through the scheme and had a refund paid on them. COEX had not advised the department before it issued the Advisory.[400]

COEX held the view that acceptance of compressed blocks of containers inro the scheme posed a genuine risk of systemic scheme fraud, and a real and material risk to the scheme's financial viability, and public confidence in the integrity of the scheme.[401]

The department noted the flow-on effects of the Advisory had significantly impacted the ability for scrap metal dealers to participate in the scheme, and caused anger for people returning containers for refund.[402] The department noted it was standard waste industry practice to crush, compact or bale containers. The department was concerned the Advisory had affected performance of the scheme and public confidence in the scheme, and was potentially inconsistent with the scheme objective to complement existing

396 DETSI, FTI Consulting Queensland's Container Refund Scheme Current State Assessment, June 2023, provided to committee on 4 August 2025, p 21.
397 DETSI, FTI Consulting Queensland's Container Refund Scheme Current State Assessment, June 2023, provided to committee on 4 August 2025, p 22.
398 DETSI, FTI Consulting Queensland's Container Refund Scheme Current State Assessment, June 2023, provided to committee on 4 August 2025, p 23.
399 DETSI, internal documentation dated 27 May 2019, provided to committee on 4 August 2025.
400 DETSI, internal documentation dated 27 May 2019, provided to committee on 4 August 2025.
401 DETSI, internal documentation dated 24 April 2019, provided to committee on 4 August 2025.
402 DETSI, internal documentation dated 27 May 2019, provided to committee on 4 August 2025.

recycling services.[403] The department met with COEX on 24 April 2019 to request it to withdraw the Advisory.[404] The committee asked the department to confirm whether this issue had been resolved, and was advised "DETSI understands that the matter was resolved between COEX, industry and CRP operators."[405]

4.1.2. COEX Reviews

COEX advised the committee it had engaged in various reviews of its organisation and the performance of the scheme. These reviews included:

- An audit of COEX's compliance with the PRO ongoing conditions of appointment completed by KPMG in April 2025
- An audit of COEX's Business Development EOI process, by KPMG in June 2022
- A Board effectiveness and skills matrix review in 2021 (with another presently underway at the time of reporting).[406]

The department also supplied the committee with a copy of COEX's March 2021 ACNC self-audit report of governance.

Additionally, COEX's FY2018-2019 annual report noted that KPMG, its internal audit partner, was recruited in April 2019 to conduct a review of COEX's complaints handling procedure.[407] This report, or advice about changes to its processes COEX applied consequent to obtaining this advice, have not been supplied to the committee.

2021 Board effectiveness report

The report was prepared in support of a Board skills and competencies matrix for COEX. The consultant interviewed all directors, an alternate director and the company secretary on seat in early 2021.[408] The report made various findings including that:

- *Members of the Board [were] desirous of maintaining a skills-based Board and where possible influencing the composition of the Board so that it can meet its ambitious strategic targets*
- *the Board could be bolstered by the following:*

  (a) Waste/recycling expertise/stakeholders including those groups who may be interested in creating genuine change in the waste/recycling supply chain

  (b) Environmental stakeholders such as those involved in closed loop recycling and re-purposing

  (c) Marketing communications particularly from a digital perspective

403 DETSI, internal documentation dated 27 May 2019, provided to committee on 4 August 2025.
404 DETSI, internal documentation dated 24 April 2019, provided to committee on 4 August 2025.
405 DETSI, correspondence, 5 September 2025, attachment 1, p 8.
406 COEX, private correspondence, 14 August 2025, p 11.
407 COEX, Container Exchange Annual Report 2024-2025, p 23.
408 COEX, Board Competencies Assessment Report, 12 April 2021, supplied to committee on 5 September 2025.

> *(d) Government relations particularly those who know the rules of the [political] game, but aren't on the playing field (this was taking into account the political environment in which COEX and key industry players who have an interest in COEX being successful – or failing- operate); and*
>
> *(e) Community (in the context that community is broad group and not easily represented by one individual.)*[409]

The report noted that while many of the above skills were already present on the Board "there was an observation by a few interviewees that there could be an opportunity to strategically target/identify skills/expertise, particularly for some of the mandated roles, for any future board vacancies."[410]

The report additionally noted:

> *Some of the insights, observations and reflections drawn from the survey responses and one-on-one discussions showed some themes in relation to the board dynamics and the intra-board working relationship, however these matters fall outside of the scope of this skills matrix exercise.*[411]

2022 KPMG Internal Audit Report

COEX sought a review of the procurement process it used to identify, assess and appoint CRP providers. The audit did not identify any significant financial risks or high priority deficiencies in management controls COEX were applying to the procurement process.[412] The report identified various low risk findings related to the CRP procurement process including:

- Better definition of the role of the probity officer in the procurement process
- Conflict of interest process could be strengthened
- There was no documented complaints management process, and
- Pre-assessment meetings could be introduced to ensure consistent application of evaluation criteria, rather than post-assessment moderation meetings.[413]

409 COEX, Board Competencies Assessment Report, 12 April 2021, supplied to committee on 5 September 2025.
410 COEX, Board Competencies Assessment Report, 12 April 2021, supplied to committee on 5 September 2025.
411 COEX, Board Competencies Assessment Report, 12 April 2021, supplied to committee on 5 September 2025.
412 COEX, KPMG EOI Internal Audit Report, June 2022, supplied to committee on 14 August 2025.
413 COEX, KPMG EOI Internal Audit Report, June 2022, supplied to committee on 14 August 2025.

The report also examined the COEX Enterprise Risk Framework, which in 2022 applied the following ratings to key strategic risks:[414]

High			
Harm to employees, contractors and community	Fraud or unethical activity	Materials not being (or not being ethically) recycled	Failure to ensure fair and transparent appointment process for all new contractors
Medium			
Poor performance of contractors	Failure to maintain stakeholder and community confidence and participation	Capability and capacity of talent does not support COEX's business requirements	Core business systems and data management do not support effective decision making
Low			
Changing government, regulatory and stakeholder priorities do not align to COEX's objectives	PRO Appointment may be withdrawn or cancelled	Inability to respond to business disruption event	

PRO ongoing conditions of appointment Audit April 2025

COEX supplied the committee with a copy of an April 2025 audit by KPMG against its compliance with the 14 ongoing PRO conditions of appointment.[415] COEX identified 43 obligations connected to those conditions. The audit found that COEX met all 43 obligations. Findings of the KPMG ongoing appointment conditions (AC) audit in respect of the above-listed matters included:

- Appointment condition 1 requires COEX to comply with the WRR Act and any Regulation, and the audit found that COEX met all obligations identified regarding that condition[416]
- Appointment condition 5 requires COEX to achieve the mandated container recovery rate by specified dates, and the audit found that COEX had effectively 'documented the associated growth and strategy programs' and initiated 'action plans for the scoping period as understood from stakeholder

414 COEX, KPMG EOI Internal Audit Report, June 2022, supplied to committee on 14 August 2025.
415 COEX, KPMG Agreed Upon Procedures (AUP) – Product Responsibility Organisation (PRO) Obligations FY24 Report of Factual Findings, April 2025, supplied to committee on 14 August 2025.
416 COEX, KPMG Agreed Upon Procedures (AUP) – Product Responsibility Organisation (PRO) Obligations FY24 Report of Factual Findings, April 2025, supplied to committee on 14 August 2025.

discussions and review of relevant reporting'.[417] The audit did not note that COEX has not ever attained the mandated recovery rate.

- Appointment condition 12 requires COEX to immediately notify the Minister if information provided in its PRO application was materially false or in any way misleading, KPMG advised that COEX's Legal, Risk and Governance Manager confirmed on 19 March 2025 that COEX met this obligation at the inception of the scheme "with no awareness of any information contained in that application being materially false or in any way misleading since that time."[418]

Other COEX reporting

COEX supplied the committee with a summary of its most recent customer research.[419] In respect of that, COEX submitted it

> *is proud to note that in its most recent customer research (January 2025), 'trust in the scheme' increased to 82% (up six percentage points from 76% in July 2024). This is a significant score when compared to benchmarks available through the 2025 Edelman Trust Barometer (Australia) with NGOs scoring 56%, general businesses 54% and government 47%.*[420]

When asked by the committee what was COEX's response to concerns about transparency emanating from the 2019 PwC report, COEX Chair Andrew Clark submitted

> *Since scheme commencement COEX has endeavoured to be transparent in making information available to stakeholders and welcomes their feedback if material shared to date has not met their needs. Through the Inquiry process, COEX has identified opportunities for improvement in this area, however it is important to note that it has always met its legislative obligations in the provision of information.*[421]

When asked whether, as a demonstration of its transparent approach, COEX would commit to publishing previous year strategic plans, in line with a commitment it gave to the committee to publish its current year strategic plan, COEX Chair Andrew Clark responded "COEX has committed to publishing the FY26-28 Strategic Plan once approved by the Minister."[422]

The committee notes that in its FY24-25 annual report, published on 1 October 2025, COEX has included substantial reporting about its performance against its strategic plan objectives for the first time.[423]

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417 COEX, KPMG Agreed Upon Procedures (AUP) – Product Responsibility Organisation (PRO) Obligations FY24 Report of Factual Findings, April 2025, supplied to committee on 14 August 2025.

418 COEX, KPMG Agreed Upon Procedures (AUP) – Product Responsibility Organisation (PRO) Obligations FY24 Report of Factual Findings, April 2025, supplied to committee on 14 August 2025.

419 COEX, Brand tracking January 2025, supplied to committee on 15 May 2025.

420 COEX, private correspondence, 5 September 2025, p 28.

421 COEX, private correspondence, 5 September 2025, p 30.

422 COEX, private correspondence, 5 September 2025, p 31.

423 COEX, Container Exchange Annual Report 2024-2025, pp 21-31.

4.1.3. Summary of findings

Various external reports have found that COEX's performance has not delivered a functional complaints management framework; effective stakeholder relationship management; transparency about various scheme elements, including Board operations; community benefit and social enterprise innovation; the targeted recovery rate; or a complementary approach to existing waste and recycling activities.

Records indicate that the department was set various actions to progress, in particular by the PwC report, around ongoing monitoring of scheme performance and COEX governance, development of a robust and transparent performance and reporting framework, and mechanisms by which it could influence COEX to mitigate issues and improve its performance.

In terms of clarity around Board operations, Section 3.2.1 of this report has addressed the delay taken by COEX when replacing its additional Member directors, and the Clayton Utz review of COEX Board governance and its subsequent compliance findings that led to the imposition of additional conditions of PRO Appointment in April 2025. Section 3.2.4 has addressed the relatively high-level reporting about charitable spend and community benefit by COEX. The remaining findings will be considered in this chapter.

Committee comment

The breadth and volume of reviews that have been conducted into the scheme since its inception gives some sense of the enormity of the task that has faced the committee during this inquiry - one which has been made more difficult by the lack of timely and proactive disclosure by the department and COEX of these reviews.

These reviews have only come to light after targeted inquiries from the committee based on submitter evidence. The scheme reviews suggest the same themes – repeatedly observed by external reviewers - which the committee have grappled with during the inquiry. This then begs the question that, if the department (and COEX) have been aware of these issues, since as far back as April 2019 when the PwC Health Check occurred, why do they still endure today? One conclusion reasonably open to the committee is a lack of appetite, resources, or inclination on the part of either or both the department and COEX towards genuine issue resolution. Connected to that is this report's earlier observation of fundamental flaws in the scheme's design which have restricted its effective oversight.

The committee considers COEX's approach to this inquiry has demonstrated an overwhelming imperative to protect its commercial interests which, as identified earlier, conflicts with the public nature of the scheme they are running. To that end it is no surprise that COEX's own self-audit recently found it was meeting all the conditions of its PRO appointment. In a similar vein, the committee also was not surprised that COEX initially chose not to share with it the results of their own 2021 Board effectiveness review which revealed, even then, that their directors thought the Board would benefit from greater waste/ recycling/ environmental and community expertise and input. Earlier

findings about lack of independence of the COEX Board and its failure to pursue an authentic product stewardship approach to the scheme duly resonate.

The way COEX chose to rate its strategic risks in 2022 is noteworthy. The risk of fraud, unethical activity and lack of transparency was rated as HIGH. Yet failure to maintain stakeholder and community confidence was rated MEDIUM, and the risk of government, regulatory and stakeholder priorities not aligning to COEX's objectives, and possible withdrawal or cancellation of its PRO appointment were rated as LOW. There is a notable disjunct between the 2022 risk assessments, and the information about its areas for improvement available to COEX at the time. Whether this is the result of wanton disregard or an abiding sense of incumbency is unclear.

The next section of this report will consider COEX's effort to "maintain stakeholder and community confidence in the scheme" through performance of its complaints function.

External reviews of the scheme reveal unsustained regulatory compliance activity by the department, with little apparent consequence applied to COEX's ongoing failure to address identified problems. While the committee believes that the department ably assisted it throughout the Inquiry with prompt responses to most requests for information, and in its public briefing and response to submissions, the committee didn't know what it didn't know, about the existence of department-commissioned reviews, which has impacted its capacity for the "roots and branch" review of the scheme requested by the Minister. For example, numerous submitters spoke of there being little regulatory consequence for COEX failing to meet the mandated recovery rate. The department was alive to this, and likely should have been taking stronger regulatory action that these reviews suggest was the case.

The committee believes that the recommendations that it has made so far in this report will go a significant way to redressing some of the lack of transparency and disjointed regulatory activity the committee has observed in evidence. The Minister must ensure robust processes exist within the department to review information it receives from the scheme operator, measure it against recommendations for improvements, and hold the scheme operator accountable where it fails to take steps to implement recommendations, whether from internal consulting reports or publicly available ones.

Public money spent on performance reviews is wasted unless identified problems and addressed and recommendations are implemented.

In that respect, considering the significant amount of resources the committee has expended to bring to light both positive and negative aspects of Queensland's scheme, the committee recommends the Minister share this report with other Australian Environment Ministers to assist greater, contemporary national awareness of the benefits and pitfalls of various scheme models. This may be particularly helpful to South Australia, which the committee understands has recently completed a review of its scheme and is considering moving towards a 'fused' model.

Recommendation 6

That the Minister for the Environment and Tourism and Minister for Science and Innovation notify the national Environmental Ministers Meeting (EMM) of the findings of this inquiry.

4.2. Complaints function

In respect of its dispute resolution framework, COEX submitted:

> *As per section 99J(2) of the WRR Act, COEX has the following mechanisms in place for members of the public and entities participating in the scheme to raise complaints:*
>
> - *Call centre*
> - *Speak Up Policy and Speak Up platform*
> - *Escalation for complaints raised under either mechanism follows the agreed escalation process in the policy or process.* [424]

The committee asked COEX about its formal documented framework for handling complaints. COEX responded:

> *Whilst not historically documented in one framework, both formal and informal complaint management channels existed since scheme commencement.*
>
> *Customer complaints have been managed through the Containers for Change call centre or via direct engagement between the customer and operator.*
>
> *Operator complaints have been managed through direct escalation to the COEX team or through COEX's whistleblower program, which was introduced in December 2019.*
>
> *Grievances and HR matters have been managed through COEX's policy framework, which includes policies covering:*
>
> - *Grievance, and*
> - *Bullying, harassment and discrimination*
> - *Code of conduct.* [425]

4.2.1. Whistleblowers

COEX implemented a whistleblower policy in 2019, in response to changes to the Corporations Act. [426] The policy was renamed as the 'Speak Up' policy in August 2022 and is regularly reviewed by COEX to ensure compliance with legislative requirements.[427] The committee was provided with a copy of the policy, which indicates it applies to employees and scheme participants. The policy only applies to protected disclosures under federal laws (for example, suspected misconduct or potential legislative breaches), made to

424 COEX, private correspondence, 14 August 2025, p 59.
425 COEX, private correspondence, 5 September 2025, p 20.
426 COEX, response to questions taken on notice, public hearing, Brisbane, 21 May 2025, p 3.
427 COEX, response to questions taken on notice, public hearing, Brisbane, 21 May 2025, Attachment 2, p 14.

federal oversight bodies, such as the Australian Securities and Investment Commission (ASIC). The policy does not apply to general grievances between COEX and employees or contractors. Furthermore, the policy does not address the possibility of other avenues that complainants might be able to use. See earlier sections 2.2.5 to 2.2.7 of this report.

During the inquiry, the committee asked COEX to clarify certain aspects of its complaints management framework, including how it had managed whistleblower complaints. COEX initially objected to responding to the committee's request.

> *The Committee requested…a copy of all meeting minutes, since the scheme commencement, for the COEX board or committee responsible for handing and management of any complaint, including whistleblower complaints and issue raised via COEX's Speak Up policy that involved a CRP operator. To encourage people to 'speak up' if they become aware of potential misconduct, the whistleblower provisions in the Corporations Act 2001 (Cth) (Corporations Act) provides certain protections to them - such as confidentiality and protection from detriment. Based on these protections, COEX is prohibited from disclosing identifying details of reporters. While COEX is keen to be open and transparent in relation to its processes, it is extremely concerned that such disclosure would potentially breach the Corporations Act (which imposes obligations at both a corporate and individual level). Consideration needs to be given to the ramifications for the directors in potentially breaching the Corporations Act, and for the individuals who relied on the protections in COEX's Speak Up Policy and the Corporations Act when they made their disclosure.*
>
> *We ask that the Committee please consider whether they still require COEX to respond…and if the Committee does still require the requested information, what protections are afforded to COEX, and the individuals including directors who have obligations under the Corporations Acts. COEX would propose, if this information is required, to provide information on a redacted and de-identified basis to ensure that it meets its obligations.*[428]

The committee provided the following response to COEX on 31 July regarding its request for documentation relevant to COEX's statutory function under section 99J(2)(g) of the WRR Act.

> *The committee reminds COEX that the committee's proceedings are protected by parliamentary privilege and cannot be questioned or impeached in any court (see sections 8 and 9 of the Parliament of Queensland Act 2001). This privilege exists, in part, to ensure that the committee can effectively conduct its business without interference. In other words, COEX cannot be sued or prosecuted for giving evidence to the committee.*

4.2.2. Other policies

COEX provided the committee with copies of its Bullying, Harassment and Discrimination Prevention Policy and Grievance Policy. The stated purpose of the former, is to create a working environment free from unlawful discrimination, harassment, sexual harassment, bullying, vilification, and / or victimisation and where all workplace participants are treated

[428] COEX, private correspondence, 25 July 2025, p 2.

with dignity, courtesy and respect.[429] The Bullying, Harassment and Discrimination Policy applies to COEX employees, scheme participants including operators, and other workplace participants.

The purpose of the Grievance Policy is to provide a mechanism for the resolution of work-related grievances, which includes workplace conflict or a feeling of unfair treatment, discrimination, harassment, vilification and / or bullying or other improper workplace conduct.[430] That policy only applies to COEX employees and directors.

These policies, along with the Board Code of Conduct, provide the standards of behaviour for COEX employees and directors, and the process for resolving grievances. They do not apply to contractual disputes with scheme participants, nor to customer complaints.

4.2.3. Complaints data

In respect of COEX's complaints management function, while COEX's 2018-19 annual report noted some details about complaints, subsequent reporting about complaints decreased in the 2019-20 and 2020-21 annual reports. In its 2018-19 annual report, COEX noted it had established a contact centre to assist customers to access and participate in the scheme.[431] For the period of 1 November 2018 to 30 June 2019, the contact centre received 79,000 queries, of which 840 were complaints.[432] There was no discussion in that year's annual report about the nature of these 840 complaints.

While COEX continued to report in a limited way about complaints in their next two annual reports, more recent reports do not address the nature or volume of complaints received or corrective action taken in response to such complaints.

The committee asked the department to supply information about complaints it had received since scheme commencement. The department provided data which indicated it had fielded hundreds of complaints since the scheme's inception.[433] These complaints addressed matters about site operation and cleanliness, raised concerns about refund amounts and method of refund, and included serious complaints about allegedly unfair tendering processes utilised by COEX, complaints concerning how CRPs were being rolled out and potential issues around co-location of CRPs, and the imposition of unfair obligations on CRP operators.

While most of the departmental records supplied to the committee provide limited details, it appears most complaints from members of the public generally related to depots and access to CRPs etc. However, while some serious matters related to network operators were reported to the department, internal departmental documentation asserts its lack of capacity, to become involved, particularly with respect to CRP operators' complaints about

429 COEX, Bullying Harassment and Discrimination Prevention Policy, 21 November 2021, supplied to committee on 14 August 2025.
430 COEX, Grievance Policy, 21 November 2021, supplied to committee on 14 August 2025.
431 COEX, Container Exchange Annual Report 2024-2025, p 23.
432 COEX, Container Exchange Annual Report 2024-2025, p 23.
433 DETSI, private correspondence, 23 July 2025, attachment 1.

commercial matters.[434] It is unclear to the committee whether the complaints escalation framework agreed between COEX and the department after scheme commencement, and noted earlier in this report at Section 2.1.3, remains in place.

4.2.4. Reporting of complaints

The sample of quarterly reports provided by the department, which COEX submits to the department as part of its ongoing PRO obligations, did not reference complaints.[435]

PRO ongoing condition of appointment 17 requires COEX to establish and maintain a Board committee for complaints handling and management, including whistleblower complaints. The committee asked COEX to supply a copy of all meeting minutes, since scheme commencement, for the COEX Board or committee responsible for handling and management of any complaint, including whistleblower complaints and issues raised via COEX's Speak Up policy that involved a CRP operator, as required by CA 17, and section 99J(2)(g) of the WRR Act. COEX replied that "No. 17 of the PRO Ongoing Conditions of Appointment is a new condition which only came into effect in April 2025. Monthly reporting of all complaints commenced in July 2025."[436]

COEX provided excerpts of their board meeting minutes to support the assertion that they have dealt with complaints from operators appropriately.[437] They also provided the committee with confidential briefing notes pertaining to its management of five significant operator complaints since the commencement of the scheme complaints that had been investigated.[438] Operator complaints will be further addressed in Section 4.4.

In its response to submissions, the department noted that various submitters "expressed negative views of COEX, some going so far as to suggest fraudulent behaviour" and noted submitter concerns about transparency, governance and inadequate complaint resolution management.[439] The department further submitted

> *COEX would be best placed to comment on any specific operational matters or individual complaints. One of the functions of the PRO under the WRR Act is to receive and deal with complaints relating to the Scheme from members of the public and entities participating in the Scheme.* [440]

In respect of operator complaints, the department submitted:

> *DETSI welcomes any feedback from the Committee in relation to whether the complaints process remains appropriate, especially given the potential for power imbalance between COEX and CRP operators in relation to CCAs.*[441]

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434 DETSI, internal documentation R3-207, R3-208, provided to committee on 4 August 2025.
435 DETSI, COEX Quarterly reports for period ending 31 March 2019, 30 June 2022, and 30 September 2024, provided to committee on 23 July 2025.
436 COEX, private correspondence, 14 August 2025, p 59.
437 COEX, private correspondence, 14 August 2025, Attachment 12.
438 COEX, private correspondence, 14 August 2025, Briefs 1-5.
439 DETSI, correspondence, 17 April 2025, attachment 1, p 8.
440 DETSI, correspondence, 17 April 2025, attachment 1, p 8.
441 DETSI, correspondence, 5 September 2025, attachment 1, p 9.

4.2.5. Potential unlawful conduct

The committee received submissions from various scheme stakeholders that COEX had not followed its own complaints management framework when dealing with complaints from both employees and operators, as well as other scheme participants.[442] These submissions are based on alleged breaches of COEX's Bullying, Harassment and Discrimination Prevention Policy, Grievance Policy, and Board Code of Conduct.

Confidential evidence before the committee alleged a pattern of bullying and intimidatory behaviour by various individuals obligated under COEX's complaints management framework. The CC Act defines corrupt conduct as exercise of powers by a public officer which is not honest or impartial, or knowingly or recklessly breaches public trust.

Section 102ZK of the WRR Act requires COEX to immediately inform the Minister about any matter that it considers may prevent it meeting its statutory obligations, or the performance of its functions, financial position, or public confidence in the integrity of the container refund scheme. Fraudulently receiving or retaining a public appointment is defined by the CC Act as corrupt conduct under section 15(2) of the CC Act.

Committee comment

In respect of complaints handling, the committee finds evidence that COEX has repeatedly failed to meet its obligations under the WRR Act to receive and address complaints satisfactorily. COEX was aware of concerns about its performance, yet its processes and policies do not appear to have adequately ensured the comprehensive handling of complaints, nor that appropriate actions were taken in response to complaints, whether individual or systemic. The 2022 KPMG internal audit noted the complete absence of a documented complaints management framework, despite COEX's statutory obligations for complaints management and the 2019 review by KPMG of its complaints framework that it commissioned. There was inadequate reporting by COEX to the department about complaints volume, lessons from complaints, and actions COEX was to take to address complaints.

COEX was on constructive notice by June 2022 that the mitigations it had in place to deal with concerns about its complaints handling, as reported in the 2019 PwC health check and the 2020 QPC pricing review, were not working. It knew that it was not performing one of its functions under the WRR Act effectively. The committee has formed a view that COEX's failure to notify the Minister about this situation may potentially not comply with Section 102ZK of the WRR Act. While the committee is not the appropriate body to determine allegations of corrupt conduct, including the fraudulent retention of a public appointment, it is obligated to refer suspected corrupt conduct to the CCC under the CC Act. The committee has therefore determined to refer the matter of COEX's obligations under section 99J of the WRR Act to deal with scheme complaints to the CCC. The committee has also determined to refer allegations about bullying and harassment by individuals obligated under COEX complaints management

[442] Submissions 83, 96, 117, 118 and 119.

framework to the CCC, given the potential for such conduct to constitute exercise of powers by a public officer which is not honest or impartial, or which knowingly or recklessly breaches public trust.

The committee ultimately recommends that an independent, external complaints body is provided for in the WRR Act to mitigate the potential for unlawful and unethical conduct at any level of the scheme.

This report now turns towards measurement of COEX's performance against its legislative benchmarks.

Recommendation 7

That the Minister for the Environment and Tourism and Minister for Science and Innovation ensure that the scheme coordinator is subject to an independent, external complaints body to mitigate the potential for unlawful and unethical conduct in the scheme.

4.3. Achieving mandated recovery rate

COEX's ability to meet the 85 per cent target was subject to several submissions during the Inquiry. Section 3.1.2 of this report earlier addressed submissions about the fundamental conflict of interest for beverage manufacturers to increase return rates, because of desires to keep scheme costs low.

In its PRO Application, COEX acknowledged its understanding that

> *the State intends to require the PRO to achieve a container recovery rate of 85% for Year 4 of the Scheme (Recovery Target). Furthermore, the Minister intends to impose the achievement of the Recovery Target as a condition of a successful applicant's appointment as the PRO.*
>
> *Container Exchange is required to set a target for each of the first three years of the scheme and provide these non-binding targets to the State.*
>
> *Container Exchange proposes to work collaboratively with the State to set and agree appropriate Recovery Targets as the scheme ramps-up and matures. It is envisioned that this will occur by 1 May 2018 at the latest once the mobilisation of Refund Point is known.*[443]

The recovery rate that COEX has achieved for the financial year ending 30 June 2025 is 67.1 per cent.[444] This represents a slight decrease to its recovery rate of 67.4 per cent on 30 June 2024.[445] Section 5.1 of this report will consider ways to improve the recovery rate, while this section will consider COEX's performance against that legislated benchmark.

443 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 52.
444 COEX, Container Exchange Annual Report 2024-2025, p 18.
445 COEX, private correspondence, 5 September 2025, p 22.

Is the 85 per cent target achievable?

The department advised the committee that the 85 per cent recovery target was designed as 'stretch target', deliberately set slightly above the rate being achieved in South Australia at the time. As such, the target has always been 'ambitious but achievable'. In the department's view, this is justified by the fact that COEX has achieved an 85 per cent recovery rate in some months.[446]

The recovery rates achieved in some regional areas – such as North and Central Queensland – may also provide evidence that the 85 per cent recovery rate may be achievable. However, achieving that target will, as the department admitted, 'certainly require further action'.[447]

COEX has been relatively successful in improving recovery rates in regional areas. As shown in Table 10, COEXs emphasises this success in the context of the logistical and geographical challenges of operating the scheme in the more remote parts of state.

Table 10 Container recovery by region, January to December 2024

Region	*Volume*	*Percentage of scheme collections*	*Recovery rate*
Far North Queensland	150 million	6.8%	81.1%
North Queensland	246 million	11.1%	87.4%
Central Queensland	292 million	13.2%	84.0%
South-West Queensland	287 million	12.9%	73.2%
Brisbane North	497 million	22.4%	54.0%
Brisbane South	332 million	14.9%	62.6%
Gold Coast	417 million	18.8%	67.5%

Source: COEX, submission 39, p 19.

COEX attributed the strong performance of the scheme in regional areas to a variety of factors. In particular, it noted that community engagement was typically much higher in regional areas than in major cities. COEX Chair Andrew Clark, emphasised this when he gave evidence to the committee.

446 Claire Andersen, Executive Director, Office of Circular Economy, Environment and Heritage Policy and Programs, DETSI, public briefing transcript, Brisbane, 2 April 2025, p 3.

447 Claire Andersen, Executive Director, Office of Circular Economy, Environment and Heritage Policy and Programs, DETSI, public briefing transcript, Brisbane, 2 April 2025, p 3.

> *"…most of the regional areas are hitting 80 to 90 per cent of containers being returned into the scheme. The scheme operators are very successful and embedded in their communities, and a great example is Blackall…*
>
> *Another great example which resonates with the question is in Winton where the operator in Winton, of his own volition with our support, has put a green bin with a white lid dedicated container collection bin throughout town at all of the businesses and all of the hotels and accommodations and even encouraged the pub, the Tattersall's pub, to get involved and their collection rate is circa 80 per cent. It is that sort of engagement we just simply cannot get in South-East Queensland.*
>
> ***Andrew Clark, Chairperson, COEX Board***
> *27 August 2025*[448]

In contrast, some of the barriers to improving recovery rates are more prevalent in metropolitan areas. COEX's original submission to the Inquiry identified the following challenges to meeting the 85 per cent target:

- No other Australian scheme has yet achieved 85 per cent
- Scheme participation by businesses, consumers, and public sectors is via goodwill, not guarantee
- Participation gaps from government sites, workplaces, and hospitality venues
- Regulatory and planning restrictions, and
- Legislative barriers, inadequate return infrastructure and few incentives to close the gap.[449]

COEX identified challenges in container recovery from multi-unit dwellings (MUDs) to explain why the recovery rates delivered by the scheme in areas such as Brisbane and the Gold Coast have lagged behind regional areas. COEX submitted that its efforts to recover containers from MUDs were hampered because

- Each building – through its body corporate – acts individually. This makes engagement by COEX time and resource intensive
- It is difficult to change resident behaviour. Many are used to existing arrangements, such as garbage chutes, and may be reluctant to dispose of containers through a separate channel, and
- There is often high turn-over in residents, which creates a need for continued education and engagement to maintain or lift recovery rates.[450]

448 Private hearing transcript, Brisbane, 27 August 2025, p 4.
449 Submission 39, p 20.
450 COEX, Deloitte Assessment of recovery uplift opportunities for Queensland's Container Refund Scheme – Summary of findings, 18 March 2025, supplied to committee on 5 September 2025.

4.3.1. Performance against target

COEX's initial submission to the inquiry did not acknowledge that it has never met the target during its administration of the scheme. Instead, it referred to the year-on-year growth in its recovery rate as representing "one of the steepest growth trajectories of any Australian container refund scheme" which it said was "notable given the geographic challenges unique to Queensland.[451]

Its subsequent response to public submissions also did not engage with submissions which observed the unobtained target, apart from canvassing improvements COEX recommended to support that achievement.[452] At a public hearing on 21 May, COEX CEO Natalie Roach stated

> *I also acknowledge that we have more work to do and welcome the opportunity this inquiry presents to enhance our nation-leading container refund scheme. No state or territory has reached a recovery rate of 85 per cent. Even South Australia's 48-year-old scheme sits only at 75 per cent. There are two major challenges preventing Queensland from reaching the legislated recovery target: planning regulations and capturing those containers that are consumed out of home. Despite COEX's continued focus on network expansion, we are constrained from rolling out accessible reverse vending machines in densely populated urban areas which have some of the lowest recovery rates in the state.[453]*

A review of COEX's strategic plans submitted to government from August 2021 indicates that COEX undertook on 30 March 2021 to achieve the 85 per cent return rate by 30 June 2022 via its FY22 Strategic Plan.[454] By FY23, COEX's Strategic Plan was setting out a pathway to achieve 85 per cent but was no longer guaranteeing it.[455] Former Minister Hon Scanlon wrote to COEX on 20 August 2021 to advise that, in respect of the annual plan it had submitted for approval in line with legislative requirements, she would not approve the plan until COEX set out a clear plan for how it intended to meet the 85% return rate.[456] COEX subsequently presented an operational plan "FY22 Strive to 85%" to the Minister on 30 August 2021.[457]

In a 14 August letter to the committee, COEX characterised previous recovery rate forecasts as 'aggressive'.[458] When later asked by the committee to clarify that comment, Andrew Clark COEX CEO stated

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451 Submission 39, p 17.
452 COEX, correspondence 17 April 2025.
453 Public hearing transcript, Brisbane, 21 May 2025, p 2.
454 DETSI, COEX FY22 Strategic plan Operation plan FY22 Budget, 30 March 2020, supplied to committee on 23 July 2025.
455 DETSI, COEX FY23 Strategic plan Operation plan FY22 Budget, 30 March 2021, supplied to committee on 23 July 2025.
456 DETSI, Letter from Minister to COEX re non-approval of strategic plan and budget, 20 August 2021, supplied to committee on 23 July 2025
457 DETSI, COEX Strive for 85 Operational Plan, 30 August 2021, supplied to committee on 23 July 2025.
458 COEX, private correspondence, 14 August 2025, p 23.

> *The comment is in relation to how price was set i.e. Government wished COEX to price using forecast volumes at 85% containers returned. The strategic plans over that period are evolutionary and reflective of learnings and achievement of initiatives and activities in order to attempt to achieve a rate set by Government.*
>
> *The FY22 'Strive to 85%' Operational Plan focused on increasing the recovery rate from 62% to 85% through targeted growth initiatives. This plan outlined several initiatives, along with the support from government required to deliver against the 85% recovery rate plan. These initiatives included the mobilisation of 150 RVM sites in return-to-retail environments which specifically requested support from government to reinstate the 12-month zoning exemption to enable rapid expansion of the network. This 'Strive to 85%' plan then continued into the FY23 Strategic Plan, providing a path from 69% to 85%.*
>
> *COEX has had continuing conversations with the Government regarding the challenges of achieving the prescribed recovery rate.*
>
> *Through the development of both the FY24 and FY25 Strategic Plans, COEX engaged the Department and Minister's office on the draft strategy and forecast recovery rates.*
>
> *In FY24 the Minister approved Strategic Plan forecast a recovery rate of 70.0%.*
>
> *The FY25 Strategic Plan forecast a recovery rate of 70.68% however COEX was specifically instructed by the Department to omit the recovery rate number from the final document and to focus on the volume growth.*[459]

4.3.2. Efforts to meet target

The committee asked COEX to clarify ways in which it actively worked to improve its recovery rate. COEX stated that the recovery rate was a key criterion when deciding new CRP locations, and it used localised beverage container sales data to inform recovery rate calculations for different regions.[460] COEX also described how it uses its cash surplus to invest in strategic initiative to drive growth in the recovery rate.

COEX made submissions to the committee that its strategy of increasing the number of CRP locations it sought to procure was motivated by an intent to reach the legislated target. The committee asked COEX to supply evidence that opening additional sites increased the return rate, after receiving evidence from submitters that the practice did not achieve this, but rather redistributed existing volume across additional operators, resulting in their financial hardship.[461]

> *Independent industry analysis and research (including from Reloop, Deloitte and direct scheme research) consistently demonstrates that a key driver to increasing recovery rate is the access and convenience of return points. Across various research and reports, salient points include:*

459 COEX, private correspondence, 5 September 2025, p 24.
460 COEX, private correspondence, 14 August 2025, p 30.
461 Submissions 101 111.

> *• High CRP density positively correlates to high recovery rates. A review conducted by Reloop of international schemes with some of the highest return rates (>90%) including Finland, Germany, Estonia, Norway, Denmark and Lithuania, revealed that these schemes have less than 2000 people per collection point.*
>
> *• Increasing CRP density in Queensland has historically correlated with higher returns. Historical data shows a positive correlation between CRP density and recovery rate, with density increasing from one CRP per 18,515 to one CRP per 14,100 resulting in recovery rates increasing by 5.4% between FY21 and FY23.*
>
> *Research clearly demonstrates that to maximise the impact on recovery rate through increasing CRP density, both the number of CRPs available proportionate to population (availability) and the percentage of the population within a five-kilometre radius of a CRP (accessibility) should be considered.*[462]

At a public hearing on 30 April, Jeff Maguire from Coke, told the committee that COEX was actually surpassing its mandated target of 85 per cent, at least in respect of residential collection, by collecting approximately 90 per cent for eligible containers consumed residentially.[463] When asked by the committee to clarify Mr Maguire's comments, COEX responded:

> *Mr Maguire at the public hearing was representing [Coke] and not COEX though had been a Director of COEX from 2017 through May 2022 and an alternate Director from May 2022 to May 2025. His comments will be based on his experience in the beverage industry for more than 35 years. For the last 20 years he has been [Coke] representative and lead for the successful establishment of container refund schemes across Australasia. We understand his analysis is based on industry analysis and rule of thumb consumption patterns in Australia and more broadly.*
>
> *The vast majority of containers sold through retail outlets are consumed at home and the industry analysis suggest that around 80% of that sold is consumed at home. As such if 80% of containers sold are consumed at home and the scheme is collecting 67% of all containers sold approximately 84% (67/80) (Mr Maguire had indicated 90%) of containers consumed at home are being collected.*
>
> *The logic being that the scheme was ostensibly set up as residential collection scheme with the majority of the container refund points, reverse vending machines, bag drops etc being to facilitate "individual consumer" participation and returns.*
>
> *The government made no real provision for out of home participation, unlike schemes in Europe.*
>
> *This is one of the reasons COEX has recommended that the Committee seriously consider recommending that government mandate scheme participation by licenced facilities (cafés, restaurants, pubs and clubs), government-owned facilities, licenced events and change planning laws for new office towers, multi-unit developments etc to either participate and/or provision for COEX infrastructure. This will of course be strongly objected to*

462 COEX, private correspondence, 14 August 2025, p 35.
463 Public hearing transcript, Brisbane, 30 April 2025, p 18.

> *by waste industry operators who would rather profit from the material streams coming through MRF collections.*[464]

The committee then asked COEX to clarify the current residential collection rate it was achieving. COEX responded

> *It is not possible to provide accurate residential collection rates as there are critical limitations to reporting recovery rate against specific segments:*
>
> *• Retail Sales - COEX does not have data or visibility into beverage retail sales by location or customer. Sales are recorded at a state-based level and COEX uses population data to calculate assumed consumption rates*
>
> *• Consumption Data – COEX does not have data or visibility into the consumption location of the specific retail sale. A sale at one location can be consumed at an entirely different location (or by a different customer segment)*
>
> *• Point of Waste – COEX does not have data or visibility into the point of waste. A sale at one location can be consumed at an entirely different location and furthermore can become waste at a different location (or by a different customer segment)*
>
> *• Customer Data – Approximately 77% (or 1.5b containers p.a.) is transacted through customers visiting CRPs and opting for a cash payment. Unless the customer transacts through a Member ID (which is optional), COEX has no visibility as to the segment or demographics of that customer. In the absence of these data points, COEX relies on extensive customer and market research to build assumption-based models on data, such as recovery rate by a specific segment.*
>
> *Through consumption-based research, COEX believes 70-80% of containers are consumed in an in-home environment. Of the active registered member IDs, 96.6% are classified as a consumer (i.e. individual person), with 83.2% of all volume transacted through a member ID attributed to the consumer category.*[465]

The department holds a contradictory view about the out of home consumption intent of the scheme. It advised the committee that 'the collection of containers consumed out-of-the-home is and has always been an important element of the Scheme'.[466] It observed that the mechanisms for achieving this are 'an operational matter for the PRO' and "the fact that mechanisms for collection of containers consumed out-of-home are included in COEX's Strategic and Operational plans also indicates that COEX believe it is an important element of the Scheme.[467]

464 COEX, private correspondence, 14 August 2025 pp 33-34.
465 COEX, private correspondence, 14 August 2025, p 34.
466 DETSI, correspondence, 5 September 2025, attachment 1, p 12.
467 DETSI, correspondence, 5 September 2025, attachment 1, p 12.

Submitters to the inquiry expressed concerns that COEX might be moving away from bag-drops as one form of refund point.[468] COEX indicated these concerns were unfounded.

> *COEX continues to support Bag Drops as a key return channel in the network. Alongside Depots, RVMs, Shopfronts, Mobile Runs and Collection Programs, Bag Drops form an important part of a customer-centric network that enables channel of choice, which is a critical driver of participation in the scheme.*
>
> *Bag Drops form a part of the P&C Queensland program where a Bag Drop will be deployed at schools across the state as a 'donation point. Five assets have already been deployed to the network this financial year. These 'donation points', provided free-of-charge by COEX, will direct 100% of the 10-cent refund from returned containers to the school's P&C.*[469]

4.3.3. Alternative mechanisms to incentivise performance

As earlier discussed in section 1.3.4, Australian jurisdictions have adopted different mechanisms for incentivising performance within their scheme. Some, such as NSW, have relied primarily on contractual mechanisms. Others, such as Queensland and Western Australia, have used legislative performance targets, including mandated recovery rates. Western Australia's recovery rate target differs from Queensland's in one key respect: failure to achieve it is subject to a civil penalty of $25,000. While it is unclear whether this penalty has ever been enforced, Western Australia's scheme has consistently failed to achieve its target recovery rate of 85 per cent.[470]

Information about the precise nature of the contractual performance mechanisms employed in other jurisdictions with 'split' schemes, is not in the public domain. This is because the contracts in which they are embedded are commercial agreements between the relevant EPA and scheme coordinators and network operators.

Committee comment

It is clear to the committee that the recovery rate of 85 per cent was always going to be difficult to achieve. This does not, however, mean that reaching this target is impossible. The fact that some regional areas of Queensland have already done so, is both indicative and notable. Credit here is due both to COEX and to the regional and remote communities that have embraced the scheme and worked so hard to make it successful in their areas.

There is nothing wrong with setting an aspirational target. Doing so provides a clear indication of what the scheme is intended to achieve. What is less clear to the committee is whether it is advisable to set an aspirational target in legislation, or rely on such a target as a means of managing the performance of the scheme coordinator. It is difficult to genuinely hold an entity to account for failing to meet an aspirational

468 Submission 119.
469 COEX, private correspondence, 5 September 2025, p 22.
470 WARRRL, Annual Reports 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024, https://www.warrrl.com.au/reporting-agreements.

target, particularly when the relevant legislation provides no explicit consequence for failing to do so.

Ultimately, what matters most about the current target is that it has failed to adequately drive performance towards it. COEX is, undeniably, quite a way off achieving that target and – perhaps most worryingly – appears to be resigned to the fact that it will not meet it. Whether that resignation has contributed to the slight drop in COEX's recovery rate this year remains unclear - the way that COEX talks about the target has changed significantly over time. Initially presented in COEX's annual reports as something that it might achieve in the near future, the recovery rate target is now more notable for its omission, and even COEX's own recent audit report chose not to acknowledge the fact.

The committee has found no compelling evidence that a mandated target is effective in improving the recovery rate. The committee believes that a more nuanced, graduated performance target is likely to be more realistic, and more enforceable. However, given the limited evidence available about alternative mechanisms for incentivising performance, the committee cannot determine how, exactly, this should be done. In respect of the recovery rate, the committee is of the view that any new target should be set by reference to the gains that are achievable at the relevant point in time and should clearly identify the consequences of failing to deliver them.

Recommendation 8

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider the issue of an effective mechanism for improving the scheme container recovery rate, and whether a regulatory target is appropriate.

4.4. COEX Organisational structure

Chapter 3 of this report considered the composition and competency of the COEX Board in discharging the scheme's governance requirements. This section of the report will address COEX's broader organisational structure and how it has supported COEX's performance against its legislative benchmarks. This requires consideration of what COEX intended for its structure – as submitted as part of its PRO application – and its current arrangement.

In its PRO application, COEX stated that it:

> *…proposes to directly employ approximately 17 full time staff to deliver the Scheme; and on an ongoing basis manage the contractual relationships between the Scheme Participants, manage the network of Refund Points, processing centres and logical providers, undertake marketing and public relations and undertake a significant audit program across all activities of the scheme.*[471]

In addition, COEX proposed to enter a services agreement with CES, discussed earlier at section 0, to provide various scheme services including IT, payment processing, strategic logistics and marketing advice, and call centre.[472]

4.4.1. Reported headcount and employee expenses

COEX does not explicitly report employee headcount in their annual reports. However, trends in employee costs as part of overall operational costs can still be discerned. The table below considers employee expenses, but also 'administration support service fees' (which relate to CES expenses) and professional expenses.

Table 11. COEX reported organisational expenses

Annual report	Employee benefits expenses	Administration support service fees	Professional services
2017-2018	161,983	-	5,502,232
2018-2019	2,415,240	6,677,107	5,062,545
2019-2020	4,730,502	10,825,702	6,819,369
2020-2021	6,830,236	11,547,381	6,866,430
2021-2022	10,418,572	13,929,465	4,385,190
2022-2023	11,285,818	15,933,401	4,121,263
2023-2024	12,180,072	17,521,518	3,311,800

This data demonstrates that from financial year 2018-2019 (being the first full year of operations) to 2023-2024, employee expenses increased over 400%. Fees payable to CES as administration support service fees, over the same period, almost tripled. For comparison, these costs can be compared to changes in scheme revenue over the same period, which increased by approximately 150% to $487 million for 2023-2024.[473]

Evidence of a significant increase in staffing levels is also found in documentation COEX lodged with ACNC. For example, COEX's headcount increased from 58.8 FTE to 76.7

471 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 12.
472 DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 12.
473 COEX, Container Exchange Annual Reports 2020-2021, 2023-2024.

FTE in the 2024 financial year.[474] The current budget provides for 89 FTE, with an additional 12 FTE budgeted for strategic projects until 30 June 2026.[475]

4.4.2. Submitter concerns

The committee received submissions about organisational waste, with specific concerns regarding how staffing had been managed within COEX.[476] This included concerns about potential 'bloating' within the current organisational structure, including at the executive level, high staff turnover, and the loss of experienced people who were replaced by people without operational expertise.

The committee also heard concerns about executive and staff performance bonuses being granted despite missing the target recovery rate of 85 per cent.[477] In November 2024, staff at COEX received a bonus of $1000 if they had been there for less than three months, or $2000 if longer. A COEX spokesman linked the bonus to its best-ever year.

> *'Like most organisations Container Exchange has reward and recognition frameworks designed to incentivise, reward and celebrate good performance.'*[478]

4.4.3. COEX response

The committee asked COEX CEO Natalie Roach about organisational resourcing at a private hearing. Ms Roach told the committee that since she commenced in the role in January 2023, she had undertaken an assessment of skills and capabilities which has contributed to 'reshaping' the organisational structure. She advised there had been a lack of clarity around roles and responsibilities, which she had rectified under her leadership to ensure there was accountability.[479]

In response to the submission that COEX had become 'top heavy', Ms Roach told the committee:

> *We have been through a significant restructure. One of the challenges that we face is bringing capability in. We have a reasonably strong structure. We have brought in some pretty hefty senior capability, but we have needed to so we can address the challenges we face. We are working on bringing in some more junior level employees…because we are aware of the pressures in certain points of the business where the workload is quite excessive, particularly where we are trying to drive growth.*[480]

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474 ACNC, COEX Annual Information Statement 2024, https://www.acnc.gov.au/charity/charities/e617a8b3-3aaf-e811-a960-000d3ad24282/documents/54784e4a-2ca2-ef11-8a69-000d3ad1a317.
475 COEX, private correspondence, 26 August 2025, pp 3-4.
476 Submission 111; Private hearing transcript, Brisbane, 13 June 2025, p 12
477 The Courier Mail, "Recycling Staff's $2k Bonus Despite Missing Targets," 28 November 2024.
478 The Courier Mail, "Recycling Staff's $2k Bonus Despite Missing Targets," 28 November 2024
479 Private hearing transcript, Brisbane, 25 August 2025, pp 5-6.
480 Private hearing transcript, Brisbane, 25 August 2025, p 6.

When asked specific information about a current budgeted headcount of 89, Ms Roach stated:

> *We also have a small budget for strategic initiative-based resources that puts us in the mid-90s, but that growth has been very deliberate. Where we have identified capabilities that either we do not have in the organisation or we have historically outsourced, we have brought them into the organisation because it is more cost effective.*[481]

Ms Roach was also asked to explain a $339,000 reduction in the remuneration of key management personnel across the previous two financial years.[482]

> *The way we calculate our key management personnel is a little bit different from other organisations. The board consider key management personnel to be the board, the company secretary and me. There have been some changes to the construct of the board… it is probably a question for the board chair, because I am not privy to the conversations that have been had with board directors around salary, salary changes et cetera. There have been some changes such as the introduction of a service fee, so maybe items have been billed differently, if that makes sense. They have been billed through an invoice type process rather than salary…*
>
> *The chair, I believe, is paid $105,000. The board directors I think get around $70,000. It is not something I am party to other than through the payment of invoices and payroll.* [483]

COEX submitted to the committee that its organisational structure is built around three key principles: designing, implementing and enabling, and noted changes to the structure including

> *• the implementation of customer insights and digital/physical product design teams to provide tailored [business to customer] and [business to business] solutions that meet the accessibility and convenience needs of consumers, including those of lower performing customer segments*
>
> *• specialist expertise to uplift capability in regard to information management, data, technology and systems which had not scaled with the growth of the organisation*
>
> *• dedicated resoures to drive scheme participation and growth through the development of partnerships with businesses, schools, hospitals and health services, hospitality /events etc*
>
> *• a skilled, regionally based network team to support a shift to a network operator partnering model.* [484]

COEX supplied the committee with data comparing COEX's headcount between January 2023 and August 2025, see Table 12.

481 Private hearing transcript, Brisbane, 25 August 2025, p 6.
482 COEX, Container Exchange Annual Financial Reports 2022-2023, 2023-2024.
483 Private hearing transcript, Brisbane, 25 August 2025, pp 5, 16.
484 COEX, private correspondence, 26 August 2025, p 3.

Table 12 COEX staffing breakdown - January 2023 and August 2025

3 January 2023	Executive	Senior Manager	Team Member	Total
Strategy & Growth	1	6	14	21
Customer & Community	1	4	8	13
Operations	1	5	15	21
Corporate Services	1	4	15	20
People and Culture	0	1	1	2
Support/Administration	0	0	2	2
CEO	1	1	1	3
	5	21	56	82
31 July 2025	**Executive**	**Senior Manager**	**Team Member**	**Total**
Strategy, Design & Technology	1	4	11	16
Stakeholder and Communications	1	3	12	16
Network Delivery	1	6	21	28
Corporate Services	1	3	16	20
People and Culture	1	1	2	4
Support/Administration	0	0	3	3
CEO	1	0	1	2
	6	17	66	89

Source COEX

Thomas Juzwin, COEX Executive General Manager Network Delivery, provided additional detail at a private hearing about the intent of recently added headcount.

> *Many of our stakeholders—be they suppliers or our operator network—ask us for things like coaching, guidance and partnering across a whole host of different topics, which requires COEX team members to have a certain level of knowledge and capability. A lot of areas that we have invested in in terms of our people and our headcount relate to partnering directly with the likes of operators.*
>
> *A year ago we established a new role which is based in the region that helps and partners with operators, visits sites and ensures that operators have what they need from an equipment perspective. If they have a growth plan, they ensure they are meeting their contractual compliance requirements. That role partners very much hand in hand with operators.*
>
> *The same is true of logistics. The logistics team is centred around growth… we have recently brought in capability to help us in the property planning process. We cannot necessarily get that from junior employees. The way COEX is structured as a whole is that we enable and work through contracts with a whole host of different suppliers. It is necessary that they have a little bit more capability.*[485]

[485] COEX, private correspondence, 14 August 2025, p 6.

Committee comment

Looking at the numbers, the committee is concerned there is potential merit to submitter concerns about organisational 'bloat'. There have been rapid increases in employee expenses which has not contributed to a substantive increase in the return rate, and in fact has accompanied a slight decrease in the recovery rate this financial year. While the committee appreciates that an investment in organisational capability is a long-term one, COEX's does not appear to have delivered the return-on-investment since scheme commencement that may have been rightly expected given the over 400% increase in employee expenses.

That COEX has seen fit to pay bonuses to employees simply for working there is quite extraordinary, particularly where COEX is a unit of public administration and a charity. The committee believes COEX should think more carefully about the necessity of additional organisational costs to a scheme designed for public benefit.

It is not possible for the committee to determine the appropriateness of current staffing levels, which should, appropriately, be driven by operational and strategic planning as the scheme coordinator endeavours to meet its legislative benchmarks. It may be that the forecast staffing levels, provided in the PRO application, significantly underestimated (or potentially misrepresented) the staffing that would be required to implement the scheme, and this drove the need to rapidly increase staffing levels. The earlier recommendation about requiring the scheme operator to publish strategic and operational plans should provide ongoing accountability of the organisation in the future, such that it is fit for purpose and cost-efficient.

Recommendation 9

That the Minister for the Environment and Tourism and Minister for Science and Innovation direct the scheme coordinator to ensure its wage and remuneration policies are commensurate to those that apply to statutory authorities.

4.5. Relationship with operators

The inquiry terms of reference required the committee to consider how efficient and effective COEX has been as scheme administrator, in terms of the availability of CRPs. This meant that the PRO relationship between COEX and CRP operators was a focal point of examination. Section 1.1.2 of this report has described the process the committee applied to receiving evidence, including application of parliamentary privilege and concerns from potential submitters about confidentiality.

Earlier sections of this report have considered evidence of the difficult relationship between COEX, as a beverage-dominated PRO, and the waste and recycling industry, to which CRP operators belong, pre-dating scheme commencement. Sections 2.1.3 and 4.2 of the report have also considered how fundamental design flaws in the PRO model - which requires COEX to act as its own complaints body, and creates power disparity in

the traditionally competitive relationship between waste and beverage in container recycling schemes - has offered little resolution to the ongoing tension in evidence between these industries.

The power differential and lack of an appropriate complaints resolution framework has informed various submissions to the inquiry which made, in some cases, very serious allegations against COEX.

Committee comment

Before the committee commences its discussion of those submissions, it wishes to reiterate some points already made in this report.

19 submitters (from a total 119 submissions accepted by the committee, including 10 name-withheld) sought confidentiality based on allegations they make against COEX regarding alleged corruption, workplace harassment and bullying, unconscionable conduct, unfair contracts and false and misleading behaviour. Such submitters are associated with more than 40 per cent of COEX's network sites.

Most of these confidential submissions were from operators, who submitted that their inability to get disputes heard and appropriately resolved by COEX or the department, left them seeing this inquiry as their option of last resort. The committee earlier commented how Queensland, in 'fusing' the scheme operator and network operator roles which had hitherto been separate in other Australian schemes, set the commercial interests of beverage and waste on a likely collision course, by requiring these traditional competitors to operate under a PRO model which gave the beverage-dominated COEX the exclusive power to determine market conditions in the scheme 'marketplace'

The committee explicitly acknowledges that flaws in the PRO model have not been fatal to the scheme. There have been many, many submissions about the benefits that the scheme provides to the community, the environment, and social enterprise through litter reduction and increasing community awareness of circular economy principles. Some very positive submissions from operators themselves were received, such as Substation 33.

The vast majority of confidential submitters sought privacy based on concerns about retribution from COEX. Whether well-founded or not, submitter requests for confidentiality were respected, and their submissions handled with sensitivity. The task of reporting these submissions was a difficult one, which required the committee to determine whether it was the appropriate body to deal with the allegations they make.

Recognising the governance framework within which the PRO operates, the committee identified that external avenues for referral of complaints exist to the CCC, the ACNC and the Office of Fair Trading and/ or the ACCC.

Once the committee became aware of the overlapping themes of some of the confidential submissions, it resolved under Standing Order 211 to conduct private hearings with witnesses to obtain further information to assist the committee make

decisions about how to deal with the submissions.[486] On 8 May 2025, 21 May 2025 and 13 June 2025, the committee conducted in-camera hearings.

During those private hearings, witnesses were made aware of the potential for onward referral of their allegations to external agencies. At the conclusion of those private hearings, the committee subsequently resolved, under Standing Order 211 and Schedule 3 of the Standing Rules and Orders of the Legislative Assembly, to seek a written response from COEX regarding certain matters.[487] On 17 July, the committee wrote to COEX, outlining the allegations at a de-identified level to seek COEX's response and provide procedural fairness. On 25 July COEX responded that as a matter of procedural fairness, COEX should be permitted to address the allegations on an incident-by-incident basis and requested the committee to provide further details about the timing, location, circumstances and COEX actions relating to each allegation. On 31 July the committee declined that request, but encouraged the COEX response to include information about any instances it may be aware of, arising from its interactions with scheme participants, that may correspond or align with the type of matters that the committee had put to COEX.

The committee appreciates the extensive response which COEX duly supplied to the committee on 14 August, albeit accompanied by a request for the committee to withhold it from publication. COEX representatives who appeared before the committee at private hearings on 25 and 27 August were made aware of the potential for onward referral of the allegations to external agencies, and further questions were taken on notice by them in respect of some of the matters. Further correspondence from COEX was received by the committee on 26 August and 5 September. COEX requested that all its correspondence regarding the allegations be treated confidentially by the committee because of commercial considerations. The committee considered the request but has chosen to disclose substantive parts of COEX's response to provide procedural fairness to COEX through proportionate reporting of the matters. This section of the report will describe the allegations in the same aggregated manner in which they were communicated to COEX.

4.5.1. Submitter concerns

Confidential submissions were received from former and current CRP operators, processors and logistics suppliers, who alleged various forms of conduct by COEX in the negotiation, performance and recontracting of scheme agreements over the duration of the scheme. A high-level summary of the allegations was provided to COEX, which related to:

[486] Standing Order 211 provides that the proceedings of a parliamentary committee that is not open to the public or authorised to be published, remains strictly confidential to the committee until the committee has reported those proceedings to the House or otherwise published the proceedings. Further parliamentary committee may resolve that some or all of its proceedings relating to an inquiry or report remain confidential to the committee, its members and officers until the committee has reported those proceedings to the House or otherwise published the proceedings.

[487] Schedule 3 of the Standing Orders supplies general instructions to parliamentary committees regarding witnesses.

- insufficiency of network planning in terms of transparency, consideration of operator financial viability, and unconscionable, false or misleading behaviour
- unconscionable, false or misleading conduct and/ unfair contract terms during contract negotiations and recontracting processes, and
- unconscionable, false or misleading conduct during usual course of business.

4.5.2. Relevant legislative frameworks

Sections 2.2.5 to 2.2.7 of this report have already discussed the role of the CC Act, Australian Company Law and Not-for-Profit and Charities Law in COEX's governance framework. Earlier sections of this report have discussed relevant aspects of COEX's ACNC compliance, which will not be discussed further, apart from ongoing acknowledgment of COEX's general obligation to act honestly and fairly in the best interests of the charity and for its charitable purposes.

CC Act

The CCC investigates complaints about potentially corrupt conduct, including

- conduct that affects, or could affect, a public officer so that the performance of their functions or the exercise of their powers is not honest or impartial, or knowingly or recklessly breaches public trust, or involves the misuse of agency-related information or material.[488] Common examples of this type of corrupt conduct include fraud and theft, extortion, unauthorised release of information, obtaining or offering a secret commission and nepotism.
- conduct that impairs, or could impair, public confidence in public administration.[489] This covers fraudulent applications for statutory licenses, permits or other authorities, collusive tendering, obtaining public funds by deception or evading a State tax.

Earlier sections of this report have considered instances where the committee has determined to refer certain matters to the CCC, including potential collusive tendering practices, in terms of COEX's services agreement with CES in circumstances where both companies are owned by Coke and Lion, and bullying and harassment complaints about individuals associated with COEX which may be not honest or impartial exercise of powers by public official, or which breaches public trust.

This section of the report will consider various allegations made by confidential submitters that might also constitute potentially corrupt conduct by COEX.

Australian Consumer Law

Section 2.5.7 of report has already discussed the role of Australian Consumer Law (ACL) within COEXs governance framework. ACL makes certain types of conduct unlawful.

488 CC Act, s 15(1)(a).
489 CC Act s 15(1)(c).

Misleading or deceptive conduct

Sections 18-19 of the ACL make it unlawful for a business to make statements in trade or commerce that are misleading or deceptive or are likely to mislead or deceive.

Failing to disclose relevant information, promises, opinions and predictions can also be misleading or deceptive. When deciding if conduct is misleading or deceptive, or likely to mislead or deceive, the most important question to ask is whether the overall impression created by the conduct is false or inaccurate. Business conduct is likely to be unlawful if it creates a misleading overall impression among the audience about (for example) the price, value or quality of consumer goods or services.

Unconscionable conduct

Part 2.2 of the ACL deals with unlawful unconscionable conduct. Unconscionable conduct is conduct that defies good conscience. For conduct to be unconscionable, it needs to be more than merely unfair or unreasonable, it must be particularly harsh or oppressive. It may also be unconscionable where one party knowingly exploits the special disadvantage of another. Such conduct needs to be more than just hard commercial bargaining; it must be against conscience, as judged against the norms of society.

There are several factors to consider when assessing whether conduct is unconscionable. These include:

- The relative bargaining strength of the parties
- Whether any conditions were imposed on the weaker party that were not reasonably necessary to protect the legitimate interests of the stronger party
- Whether the weaker party could understand the documentation used
- The use of undue influence, pressure or unfair tactics by the stronger party
- The price, or other circumstances, under which the weaker party would be able to buy or sell equivalent goods or services
- The requirements of applicable industry codes
- The willingness of the stronger party to negotiate
- Whether the stronger party has the right to unilaterally change contract terms
- The extent to which the parties acted in good faith toward each other, and/ or
- Any other factor indicating that the stronger party acted with little or no regard to conscience.

The ACL prohibits businesses from engaging in unconscionable conduct in its dealings with other businesses. In determining whether conduct is unconscionable, significant power imbalances between the parties is a relevant factor.

Unfair contract terms

Part 2.3 of the ACL deals with unfair contract terms provisions which apply to standard form consumer contracts or small business contracts.

A standard form contract will typically be one prepared by one party to the contract and not negotiated between the parties—it is offered on a 'take it or leave it' basis. The ACL

defines a small business contract as contracts for the supply of goods or services, where at the time of entering into the contract, at least one party:

- Employs fewer than 100 full-time equivalent employees, or
- Has an annual turnover of less than $10 million.

COEX has provided its standard form contract to the committee. Many CRP operators, at the time of contracting with COEX, fit the definition of a small business.

A term in a contract will be deemed 'unfair' if it:

- Causes a significant imbalance in the parties' rights and obligations
- Is not reasonably necessary to protect the legitimate interests of the party advantaged by the term, and
- Would cause detriment (financial or otherwise) if relied upon.

In assessing whether any terms satisfy these elements, specific regard should be shown to:

- The contract as a whole (the combined effect of the term being considered together with other terms in the contract), and
- The transparency of the term.

Regulators and the courts have identified some categories of 'high risk' terms. These include terms which:

- Limit or exclude the liability of one party
- Provide for wide indemnities or automatic rollovers, or
- Give one party the right to unilaterally vary or terminate the contract without reasonable cause.

In some cases, the ACL regulators (including the Office of Fair Trading) may investigate complaints and take action against businesses that have engaged in breaches of the ACL.

4.5.3. Scheme contracts

COEX's PRO application outlined how COEX would ensure 'fair treatment of scheme participants', such as CRP and MRF operators, with commitments to not discriminate and to 'provide clear information about how to raise complaints and resolve disputes'.[490] However, unlike the Western Australian legislation, which provides that the scheme coordinator should not act unfairly or unreasonably discriminate against or in favour of any person in relation scheme agreements, the WRR Act carries no comparable provision.[491]

Types of scheme contracts

Scheme participants have contractual relationship with COEX through:

- Container Recovery Agreements, between COEX and beverage manufacturers

[490] DETSI, COEX PRO Application 23 November 2017, supplied to committee on 23 July 2025, p 66.
[491] *Waste Avoidance and Resource Recovery Act 2007* (WA), s 47ZC.

- Container Collection Agreements (CCA) between COEX and CRP operators that set out payment of handling fees and other conditions. COEX currently has 84 operators who hold one or more CCA[492]
- Processor Supply Agreements (PSA) between COEX and parties that 'process' containers ready for transportation to purchasers of scheme materials. COEX currently has 10 operators who hold one or more PSA[493]
- Logistics Supply Agreements (LSA) between COEX and parties that transport scheme materials to their purchasers. COEX currently has 10 operators who hold one or more LSA[494]
- Material Recovery Agreements (MRA) between COEX and operators of MRF's. There is also a MRF protocol which covers contractual arrangements between the MRF operator (usually commercial entities) and local councils whose 'yellow top' bins provide the material that are processed at MRFs

The committee did not receive specific submissions regarding MRAs; however, submitters did raise concerns about the quality of scheme materials which are processed through MRFs, and these are discussed at Section 5.3.2 of this report. The committee sought clarification from COEX regarding the status of relationships between MRF operators and local councils. COEX Executive General Manager Network Delivery Thomas Juzwin clarified who receives the refund for scheme materials from council 'yellow top' bins.

> *That is a commercial arrangement between the council and in many respects a large commercial operator of their material recovery facility, or MRF. We only ask for evidence that there is an agreement in place. In many instances, it defaults to a fifty-fifty split of the revenue proceeds of the material recovery facility, a big part of which is provided by us. We provide the refund amount, the 9.09 cents—excluding GST, of course—to the material recovery facility and then that should be shared. We do have open challenges whereby we get comments from councils that they have not been paid for some time by commercial operators. There are a couple of instances where that is the case currently. We know that a large council…has real issues with its MRF operator, suggesting it has not been paid for years. We have some challenges underway there and they do not always operate with all of the scruples you would hope.*[495]

Dispute resolution provisions

All these standard form contracts are developed by COEX and include dispute resolution provisions, as required by the WRR Act. This suggests that it was expected that disputes would primarily be resolved through processes provided under contract.[496]

The committee was provided with a copy of the standard form CCA, last updated in 2023. It is 108 pages in length, uses technical language, and might be difficult to follow for those without a legal background. The template CCA is available for viewing at the inquiry

492 COEX, private correspondence, 14 August 2025, p 41.
493 COEX, private correspondence, 14 August 2025, p 38.
494 COEX, private correspondence, 14 August 2025, p 38.
495 Private hearing transcript, Brisbane, 25 August 2025, p 15.
496 WRRA, ss 99Q(4)(c), 99ZA(1)(f), 99ZF(1)(e).

webpage.[497] The template CCA contains provisions regarding unfair contract terms (UCT) at clause 18.

The dispute resolution process is provided for at clause 23 of the CCA, which covers almost three pages.[498] Where a scheme operator does not have a current contract, COEX indicated that certain provisions, in respect of the CCAs used at scheme commencement, survive contract expiry.[499]

> *The 2018 CCA contained contract dispute resolution procedures under cl.22. Those procedures had to be followed by the parties before legal proceedings were able to be commenced (excluding urgent injunctions).*
>
> *If COEX received a valid Notice of Dispute, there were two alternate pathways for the dispute resolution to progress depending on the nature of the dispute and the party's elections and relevant decision points in the procedure.*
>
> *Firstly, if COEX determined the Notice of Dispute involved a 'Common Dispute', COEX could require the dispute to be resolved under the 'Common Dispute Procedure'. Otherwise, the dispute should have progressed to a meeting of the nominated executive negotiators within 14 days (or longer, if agreed) to undertake genuine good faith negotiations with a view to resolution.*
>
> *If the dispute was not resolved (in whole or part), the parties may commence legal proceedings after 80 days of the Notice of Dispute or refer the matter to expert determination after 30 business days, if the dispute was about payments or termination (or proposed termination) of the CCA. Unless the expert determination was about payments under the CCA, then the dispute may still progress to legal proceedings if the determination is not accepted by the parties.*[500]

Reviewable decisions by COEX

The WRR Act recognises that a scheme participant dispute may also arise where a person seeks to enter a contractual arrangement with COEX to provide services but where that application is refused. Where a person has asked to enter a CCA to operate a CRP, and COEX decides to not enter a CCA with that person, COEX is required to provide an information notice.[501] The information notice is required to outline the decision, reasons for the decision, and review details.

COEX are also required to provide information notices in three other situations:

- if it decides a collection amount claimed by a CRP operator is not payable under the CCA[502]

497 COEX, correspondence, 30 May 2025, Attachment 1 https://documents.parliament.qld.gov.au/com/HEIC-AF26/IIQCRS-F8B7/Questions%20-%20Taken%20on%20Notice%20and%20responses,%20Container%20Exchange%20.pdf.
498 COEX, correspondence, 30 May 2025, Attachment 1 https://documents.parliament.qld.gov.au/com/HEIC-AF26/IIQCRS-F8B7/Questions%20-%20Taken%20on%20Notice%20and%20responses,%20Container%20Exchange%20.pdf.
499 COEX, private correspondence, 5 September 2025, p 39.
500 COEX, private correspondence, 5 September 2025, p 39.
501 WRRA, ss 99ZA(4)-(5).
502 WRRA, s 99ZB(4).

- if it declines to enter a MRA with a MRF applicant[503]
- if it decides payments amount under a MRA are not payable as claimed.[504]

Where an information notice is required, the decision may be reviewed in accordance with the procedure detailed in Chapter 9 of the WRR Act, which provides for internal review (conducted by COEX)[505] and external review (conducted by QCAT).[506] An internal review of the decision is required before an external review.[507] The internal review process should be conducted within 20 days of receiving the application, by a more senior decision maker, and notice given within 10 days of making a decision.

In respect of the dispute resolution processes open to operators in their disputes with COEX, the following exchange occurred at a private hearing on 27 August between Deputy Chair Joe Kelly MP and COEX CEO Andrew Clark.

> ***Mr J KELLY:*** *Fundamentally, these are organisations that you have a contractual arrangement with; is that correct?*
> *Mr Clark: Correct.*
> ***Mr J KELLY:*** *Presumably the dispute resolution mechanism for any disputes that arise between COEX and an entity that you are contracted to will be contained in the contracts.*
> ***Mr Clark****: Correct.*
> ***Mr J KELLY:*** *Presumably all parties sign on to those contracts understanding how disputes that arise will be handled and resolved.*
> ***Mr Clark:*** *Yes, 100 per cent.*
> ***Mr J KELLY:*** *Do you feel confident that, from COEX's point of view, the dispute resolution process in the contracts is satisfactory?*
> ***Mr Clark:*** *Yes, I believe so. Absolutely. As I think we said, it would be a useful exercise—and we are certainly open to this if other states and territories are—to look at what contracts other states and territories have with operators. I would be surprised if they were grossly different.*[508]

503 WRRA, s 99ZF(4).
504 WRRA, s 99ZI(4).
505 WRRA, s 175.
506 WRRA, s 180.
507 WRRA, s 174.
508 Private hearing transcript, Brisbane, 27 August 2025, p 17.

Committee comment

Scheme contracts underpin network operations. They are business to business contracts, and address substantively complex matters. It is inevitable that disputes will arise, so the WRR Act rightly contains review provisions about decisions that COEX, as scheme administrator, makes. In usual public sector circumstances this would be appropriate, however, as the report has earlier demonstrated, COEX is not a 'usual' public sector actor, and evidence indicates that getting a complaint reviewed and resolved by COEX is difficult. The committee notes its earlier recommendation that for these reasons, the complaints resolution function should be repatriated from the scheme coordinator. Including reviewable decision provisions within the WRR Act reflects that COEX, while an incorporated, not-for-profit company, is essentially a pseudo-statutory body making decisions under legislation.

The statutory requirements for internal and external scrutiny of COEX's decisions are analogous to provisions in other legislation which allow for review of administrative decisions. Administrative decisions are those made by government agencies, officers, regulatory authorities and other authorities in official capacities, under legislation. Such decisions are subject to administrative law which ensures decisions are made in accordance with legislative obligations and employ fair processes. For example, QCAT, when reviewing decisions, will conduct a merits review which considers the substance of the complaint and is not limited to simply examining the process of decision making.

However, there are only limited decisions by COEX which are subject to external scrutiny by QCAT, with most contractual disputes generally subject to confidential dispute resolution processes determined under contract (and drafted by COEX in its template scheme agreements). Whether this has been fair and appropriate or not is at the crux of the allegations the committee will discuss in this section. An analogous comparison for making that assessment is to compare the contractual dispute resolution process that is made available to COEX if it wishes to dispute a decision made by the Minister in respect of its appointment as PRO. In that respect, the Minister determines the way that COEX participates in the scheme, in much the same way as COEX determines how operators participate in the scheme. The WRR Act provides that COEX is entitled to provision of an information notice, internal review (by the department) and external review (by QCAT).[509] It appears that COEX benefits from a more robust, transparent and arguably fairer dispute resolution process than the one its template agreements provide for and which, the committee has heard, has left various scheme participants significantly impacted by historical or ongoing disputes with COEX.

[509] WRRA, ss 102M, 102N, 102S, 102T, 102W, 102Y.

4.5.4. Allegations received

The committee received allegations corresponding to three temporal phases of COEX contractual relations with scheme operators: network planning, contract negotiations or recontracting, and contract performance. These allegations were duly supplied to COEX, and its initial response to the allegations on 14 August stated:

> *A number of the questions raised by the Committee are anonymous and general in nature which makes it difficult to answer with specificity. We set out some overarching comments to place COEX's responses in context.*
>
> *In the Request, the Committee notes that a large proportion of the confidential or name withheld submitters indicated their primary motivation for requesting privacy was a concern about potential retribution from COEX. A similar sentiment was echoed by the groups which represent the commercial interests of the waste industry at the Inquiry's public hearing on 30 April 2025. We acknowledge the Committee's respect for confidentiality and its commitment to natural justice – including COEX's opportunity to respond to these allegations.*
>
> *COEX takes its role as the State-appointed Product Responsibility Organisation (PRO) very seriously and holds operators to a set of leading minimum operating standards which ensure the Scheme is run safely, efficiently and to maximum environmental benefit. Given many Queenslanders including children are attending container refund points (CRPs) across the state, COEX does not resile from holding operators to these standards and relevant legal requirements to mitigate a serious injury occurring, even if some businesses find compliance inconvenient or frustrating. We submit that our refusal to compromise the scheme's health, safety and environmental standards has aggrieved some operators, prompting them to use the Inquiry as a forum to retaliate. There is a strong possibility that these complainants are relying on spurious claims of likely retaliation to shield their claims from being fairly examined or subject to a reasonable standard of proof. We urge the Committee to consider providing further information to afford COEX an equal opportunity to respond to the allegations.*
>
> *While the lack of detail regarding the allegations included in the information request places COEX at a substantial disadvantage, we have endeavoured to respond as fully as possible.*
>
> *Against this background, we make the following observations:*
>
> *1. As a matter of principle and practice, COEX does not treat operators in a retaliatory way or mandate a contractual "master - servant" relationship. As demonstrated by this Inquiry process, COEX operates under a high level of scrutiny by the Queensland Government, the community, the waste and beverage industries, the Board, and the Member companies. Like many organisations, COEX is forced to navigate differences of view, commercial realities and a complex stakeholder environment. However, our aim is to work in a collaborative way to ensure operators conduct business safely, deliver great service and are commercially successful. Put simply, it is not in COEX's interests for its operators to fail or suffer unreasonable hardship – their viability is essential to our success. To illustrate this, we have many operator stories shared through our regular operator forums which are very complimentary toward the scheme. We also submit that there would be value in benchmarking COEX's CRP contracts (reviewed and approved by the Queensland Government) with equivalent contracts in New South Wales and Victoria. This*

would provide an objective comparison of the commercial basis on which COEX partners with its operators.

2. The Committee may also find it useful to explore the terms and conditions some operators apply when contracting with their subcontracted CRP providers. For example, in Queensland, a waste association reported to the Inquiry that Return-It reduced its sites from 110 to 55 due to COEX's conduct. However, this reduction was not due to COEX's conduct, but rather because many sites operated by charities partners like the Salvation Army, closed. These closures occurred partly because the charities involved received only two cents of the 6.25cent handling fee (at scheme commencement) that Return-It earned per returned container. The terms which Return-It subcontracted to the Salvation Army made operating these sites unviable, not COEX's conduct.

In a similar vein, many stakeholders have used the Inquiry process as a platform to advance their commercial interests. While it may be their prerogative to do so, we are concerned that they have not necessarily been transparent in their motives, at the expense of a balanced view of COEX's strengths and history. With this in mind, we make the following comments:

COEX recognises that some operators and associations - driven by transparent commercial interests - have seized the opportunity to criticise both the scheme and COEX's role in it. A small, coordinated group has deliberately spread factual inaccuracies in an attempt to gain direct control over significant revenue streams...[510]

COEX then responded to a variety of questions regarding its relationship, both historical and current, with CRP operators. The main points COEX's initial response made about its relationship with operators included:

- Network planning prioritises scheme objectives (accessibility, convenience and container recovery rate) above all else
- Operators have significant opportunities to make more money out of the scheme than just their handling fees
- The CCA is fair and COEX has never issued a variation to the template contract, but notes that it regularly amends by variation the schedule of individual CCAs
- in 2023 after the expiry of the initial 5-year CCA, COEX received criticism from operators which it said was largely unfounded, and
- COEX continues to improve its governance framework for operators and has recently published (on 1 July 2025) its CRP evaluation framework to increase transparency for operators around new opportunities in the scheme.[511]

The committee, in noting COEX's suggestion that a useful line of inquiry would be to compare COEX scheme contracts to those used in NSW and Victoria, asked COEX for a copy of those contracts and whether COEX had any reason to believe that those contracts were more or less favourable to operators than COEX's CRP contracts. COEX responded

510 COEX, private correspondence, 14 August 2025, p 2.
511 COEX, private correspondence, 14 August 2025.

that it "suggested that the Committee consider, as part of the Inquiry, benchmarking contracts against equivalent schemes. COEX does not have access to them."[512]

The following sections excerpt relevant sections of COEX's supplied response to committee questions regarding sufficiency of network planning, and conduct during contract negotiations, recontracting and usual business.

4.5.5. Sufficiency of network planning

Allegations of inadequate, unconscionable or misleading network planning by COEX received by the committee were made by submitters.[513] These included:

- communications to induce persons to enter into contracts, including that COEX would not establish new sites within certain geographical areas unless a minimum population size was met
- communications that new sites would be awarded through competitive tender processes but failing to do so, including through awarding new sites to current or former COEX employees in the absence of a competitive tender process
- failing to respect the exclusivity period initially guaranteed to some operators prior to scheme commencement, by COEX facilitating new sites to open, prior to the expiry of the 'honeymoon' period
- failing to provide a sufficiently transparent CRP procurement framework, and/ or
- failing to offer first right of refusal of new CRP locations to existing operators, resulting in cannibalisation of existing scheme volume by additional operators

The committee asked COEX if it had ever communicated verbally or electronically, prior to entering into contracts, sufficient to induce persons to enter into contracts, that COEX would not establish new sites within certain geographical areas unless certain conditions, such as a minimum population size, were met. COEX replied that it "does not conduct business in this manner and is not aware of any staff behaviour that would contradict the procurement and expansion processes or the contract." COEX did however note that it had an unresolved dispute with one former CRP operator who had made an allegation of this nature.[514]

COEX was asked whether it made statements that new sites would be awarded through competitive tender processes but failed to do so, and responded:

> *COEX operates a robust, competitive, tender process for the award of new sites. Applications for new sites are evaluated against COEX's evaluation framework... COEX asserts to ensure a fair and equitable process is run for the award of new sites. The new site award process has, and continues to, evolve based on learnings gained as the scheme grows.*[515]

512 COEX, private correspondence, 5 September 2025, p 11.
513 Confidential submissions 69, 74, 85, 101, 108, 119.
514 COEX, private correspondence, 14 August 2025, p 61.
515 COEX, private correspondence, 14 August 2025, p 62.

COEX was asked whether it had ever awarded sites to current or former COEX employees in the absence of a competitive tender process. COEX supplied details about two instances of a former COEX employee being associated with an organisation holding a CCA or PSA.[516] The committee asked COEX to confirm what management conditions it had applied to those contractual negotiations to ensure arms-length dealings. COEX submitted that the award of those contracts "were made under competitive tender processes and for new sites [were] assessed against the CRP evaluation criteria for all new applications."[517] COEX advised that it had received a complaint about one such award, for which "rectification actions were taken and the process revisited to ensure equity and fairness."[518] This complaint, received in November 2020, was an eligible disclosure under the whistleblower protection framework.[519] COEX further advised that it had implemented a formal related third-party transaction policy on 21 July 2021 and that a confidential information policy has been in place since 2 October 2018.[520]

When the committee asked COEX whether the above-described situation accorded with COEX's conflict of interest, related third party transaction, and treatment of confidential information policy frameworks, COEX stated that "the management and oversight of this matter is not consistent with COEX's current management practices."[521]

In response to allegations that COEX does not adhere to standard business practices usually present in the waste and recycling industries, where franchise systems and licensing arrangements typically include territorial protection or market analysis to ensure operator viability, COEX stated

> *COEX does adhere to waste and recycling industry standards, where it is suitable for the business model to do so. Namely, in critical logistics and processing functions, COEX offers contracts covering specific regions through competitive tender processes…*
>
> *Where regions are covered by the same Processing Services Agreement (PSA) and Logistics Services Agreement (LSA) provider, this is often necessitated by the remoteness of the location or the comparative strength of the provider. While unavoidable, this is not the preference for the scheme, owing to single supplier dependency risk and the challenges of material tracking.*
>
> *Areas without LSAs are often subject to infrequent services and are therefore arranged directly on an 'as needs' basis.*
>
> *As container refund points covered under the Container Collection Agreement (CCA) are not standard to the existing waste and recycling industries, their standard business practices do not apply. Container Refund Points (CRP) are customer-facing facilities that rely on the provision of strong customer service and a positive customer experience, with consumers in Queensland retaining*

516 COEX, private correspondence, 14 August 2025, pp 63-65.
517 COEX, private correspondence, 14 August 2025, pp 65.
518 COEX, private correspondence, 14 August 2025, p 65.
519 COEX, private correspondence, 5 September 2025, p 9.
520 COEX, private correspondence, 5 September 2025, p 8.
521 COEX, private correspondence, 5 September 2025, p 9.

> *the choice of which container refund point and operator they wish to transact with.*
>
> *This choice remains critical for Queenslanders and is quite unlike the waste industry, whereby customers (outside of a commercial setting), do not have the ability to select their provider.* [522]

The committee subsequently asked COEX what percentage of CRPs which opened at scheme commencement were operated by existing waste and recycling businesses and was advised "through analysis of scheme commencement documentation, of the 39 operators that were awarded CRPs, 29 (74%)… were connected to existing waste or recycling businesses."[523]

When asked about whether it had honoured any exclusivity provisions in scheme commencement CCAs, COEX replied:

> *The exclusivity provision referred to expired on 31 October 2019 and was only intended as a temporary measure to allow operators the opportunity to establish their CRPs at scheme commencement. As was included in original tender documentation, operators were informed that post this initial exclusivity period, that no exclusivity to operate CRPs in any locations will be provided under any circumstances….*
>
> *COEX considers exclusivity to regions untenable for container refund points, given the risk of undermining the objectives of the scheme as set out in the Act…. exclusivity around regional zones based on distance does not account for the complexities of urban areas and behaviours, including one of the main drivers to increased recovery, customer preference and convenience.*
>
> *Exclusivity invokes market behaviours by operators which undermine the drive for increased recovery rates in underperforming areas. This includes operators who are unwilling or unable to provide different refund point types to cater for customer preference, or those who become focused on establishing territory without maximising opportunities to optimise the recovery in already established CRPs.* [524]

COEX explained why it did not offer first right of refusal to existing scheme participants for prospective new CRP locations.

> *COEX must balance an operator's commercial interests with open, fair and transparent tender processes. Operators that are nearby are encouraged to participate in any EOI process.*
>
> *Offering first right of refusal does not align the scheme objectives under the Act because the objectives of the Act are to increase the recovery and recycling of empty beverage containers reduce litter, provide opportunities for social enterprise and benefits for community organisations...*
>
> *Offering first right of refusal to incumbent operators will:*
>
> *• Deter new entrants or innovative operators from participating in the scheme*
>
> *• Conflict with probity and procurement principles, especially if public funds or regulated markets are involved*

522 COEX, private correspondence, 14 August 2025, p 37.
523 COEX, private correspondence, 5 September 2025, p 21.
524 COEX, private correspondence, 14 August 2025, pp 40-41.

> *• Create a perception of preferential treatment, notably to those operators with more existing sites and/or funding to expand.*
>
> *COEX retains strategic oversight of the network to:*
>
> *• Ensure geographic coverage, access equity and convenience for customers*
>
> *• Respond to data-driven location planning (recovery rate, population growth etc.)*
>
> *• Mitigate the risk of supplier dependency by avoiding operator clustering or market dominance in certain areas.*
>
> *As the network has expanded, COEX has sought to garner applications for new sites from existing operators through closed EOI processes, alongside providing notifications on the receipt of new applications to those adjacent operators, allowing them to counter through a competitive process. Both mechanisms failed however to incentivise existing operators to submit applications, with many operators already receiving strong returns from established sites with little appetite for further investment or to provide greater convenience for customers.*
>
> *First right of refusal would further restrict COEX's ability to design a balanced and future-ready network.*[525]

In respect of submissions that COEX network panning resulted in cannibalisation of existing volume by new CRPs, COEX CEO Natalie Roach submitted at a private hearing that:

> *we are—and pardon the expression—damned if we do and damned if we don't. We have found historically that, whichever processes we put in place, you cannot please all of the people all of the time. When we try to expand our networks with existing operators we get a lot of pushback around, 'Actually, I'm quite happy here. I've got a 30 per cent margin and that is fine for me. I don't need any more. I do not want to expand.' Then when we try to grow with others, because we need to grow to get that proximity and the convenience and the access for Queenslanders, we get the pushback that, 'You are cannibalising' or, 'You have not given me the choice.' We are caught between the devil and the deep blue sea.*[526]

COEX Executive General Manager Network Delivery Thomas Juzwin supplied further context at a public hearing around new sites further disaggregating existing scheme volume:

> *I will give a bit of an example as to an area that might look on paper like it is being serviced by a CRP but in fact is not quite meeting the needs of customers. If I think about an example here in South-East Queensland, we have a tremendous depot at Coorparoo that is doing really great container volumes. I think it is sitting up to around 18 million to 20 million containers a year now and it has been open for just under two years. It might not necessarily be at capacity from a volume perspective, but it is at capacity from a customer perspective. If you head down to Coorparoo on a Saturday or a Sunday, you are met with a line-up of cars of people with their 300 containers in their bags waiting to be serviced. Those customers do not have an option to also go down*

525 COEX, private correspondence, 14 August 2025, pp 56-57.
526 Private hearing transcript, Brisbane, 25 August 2025, p 9.

> *the road and attend a reverse vending machine or a shopfront or drop their containers in a bag drop. That is kind of what I mean by offering another channel or another convenience option for Queenslanders. That area could say that they are being serviced by a depot, but there are far more people in that area than just that 20 million containers would indicate. That is why it is still sitting far below the 85 per cent recovery rate also.*[527]

In response to allegations about COEX's poor performance of network planning, both prior to scheme commencement and for the duration of the scheme, COEX submitted

> *COEX has continuously evolved and improved its evaluation frameworks and application processes since scheme commencement, with the most recent review occurring in May 2025.*
>
> *The learnings from application assessments and feedback from operators informed the comprehensive process now in place. To ensure a transparent and fair CRP application process, COEX is supported by external probity as part of the evaluation and CRP panels, and publishes [relevant] documentation to all existing and prospective operators on its website…* [528]

Regarding submissions that COEX does not have appropriately transparent network planning parameters, COEX submitted

> *Network planning primarily involves two key elements, the level of convenience and access any new site provides for Queenslanders, and whether the proposed location will assist in bringing the scheme to its legislated target of 85% and save containers going to waste…*
>
> *While the legislated number of targeted sites (307) has been exceeded, customers continue to raise choice of site type as a critical determinant. While depots remain the channel of choice for most customers, this is dependent on the customer transaction size and their location or proximity to the site. When out of home, customers indicate that Reverse Vending Machines (RVMs), donation stations and container exchange points are the preferred option allowing for a faster transaction and often smaller volumes. For this reason, not only the proximity of sites remains important, the type and mix of site options remain a key consideration for network planning alongside key demographic information…*
>
> *Many of the key network planning parameters are now covered in the published qualifying and evaluation criteria available on the COEX website.*[529]

COEX published its CRP evaluation framework to its website on 1 July 2025, so the committee asked COEX to clarify what information had previously been available about its framework. COEX responded:

> *The whole framework was not published on the website, with COEX instead publishing the application form and referencing the framework throughout the Expressions of Interest (EOI) process. The EOI process was the predominant form of new CRP applications at the time, which has been replaced with the current open market approach.*[530]

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527 Private hearing transcript, Brisbane, 25 August 2025, p 10.
528 COEX, private correspondence, 14 August 2025, pp 28-29.
529 COEX, private correspondence, 14 August 2025, p 29.
530 COEX, private correspondence, 5 September 2025, p 29.

Committee comment

The debate about whether COEX is discharging its network operations function correctly has been observed throughout this report. COEX, right from the time of its PRO Application, attested to its capacity in this area, while acknowledging from the outset that an insufficient 'book build' process to grow the network pre-commencement posed a high risk to the scheme start date. Granted, the committee now has the benefit of 7 years hindsight, but it is very clear that in rushing to have the scheme up and running, COEX's network planning and delivery was sub-optimal, and suffered from a lack of waste and recycling expertise and a lack of good relations with its traditional container scheme competitor – the waste and recycling industry. As the committee earlier found, sufficient expertise in governance practice and adequate representation from stakeholders in all the scheme objectives, was not deployed by COEX.

That said, the committee can see that there has been some very hard work put in by COEX recently to build its network operations frameworks, and COEX should be commended for this. Its 1 July 2025 website publication of its new CRP evaluation framework is commendable and addresses a known transparency deficit, despite what appears to have been a very rapid roll-out process, with operators only formally advised about the new process at a Q&A session on 27 June 2025.

The COEX Board has known since at least 2019 of the significant risk to scheme performance of failure to ensure a fair and transparent appointment process for all new contractors. That risk was later rated as an inherent, high residual risk by the organisation. The impact of that risk was noted to have major consequences, in terms of loss of government confidence, loss of scheme integrity and/ or legal proceedings or litigation. This risk appears to have been the reason that COEX first drafted its (now superseded) CRP evaluation framework in 2021 as a preventative control.

As to the impact of COEX's network planning on the financial viability of operators, COEX's 25-27 Strategic Plan notes that 'increase of new operators (versus new sites) may decrease the viability of existing operators if scheme volume does not grow relative to network expansion.'[531] This seems to confirm submissions that the committee has received regarding cannibalisation of existing volume by opening new CRPs. The committee can sympathise with Natalie Roach's comments that COEX is caught between the devil and the deep blue sea in respect of this issue. However, COEX characterises itself as a mature organisation, and well-resourced to continue efforts to meet its legislated benchmarks.

The committee finds that closer engagement and collaboration with the waste and recycling industry, to which CRP operators belong (and which fact COEX has acknowledged to have always been the case for the majority of their operators) is fundamental to this. Refer to the earlier Recommendation 2 in this regard.

[531] DETSI, COEX Strategic Plan Operational Plan Budget FY25-27, 28 March 2024, supplied to committee on 23 July 2025, p 43.

4.5.6. Contract negotiations and recontracting

Submitters alleged conduct by COEX during contract negotiations or recontracting processes.[532] Allegations included

- Without notice variations forcing operators to relinquish sites
- Requiring operators to provide handling, compaction, collection and scheme marketing services to COEX at below market cost to operators, and/ or outside contractual obligations, causing economic duress to operators
- Unfair contract negotiations during the recontracting process after operators had already expended significant resources on capital
- Failure to mitigate power imbalances between the parties
- Unfair contract terms including
    - Applying complex contract terms that some smaller or more vulnerable operators were not able to understand
    - Appropriating operator innovations, intellectual property and operational knowledge without fair compensation
    - Imposing conditions that were not necessary to protect COEX's legitimate interests

The committee asked whether COEX had ever required a CRP operator to "volunteer" to relinquish sites due to issues associated with saturated territory catchments, including overlap with new operators entering the scheme. COEX responded:

> *COEX is only aware of one instance whereby an operator was asked to relinquish an awarded site, however this was due to the needs of the scheme rather than a saturated territory catchment.*[533]

COEX additionally supplied details of two other operators who had "chosen to exit the scheme or relocate, citing territory issues."[534]

COEX was asked whether it had required operators to provide handling, compaction, collection and scheme marketing services to COEX at below market cost to operators, and/ or outside contractual obligations. COEX responded:

> *The handling fee for all CRP operators was set at scheme commencement through a market-driven, open tender process and book-build that was conducted by COEX, managed by KPMG. This included an evaluation process that was conducted in accordance with a government-approved evaluation plan, overseen by both state government representatives (with a seat on the Evaluation Steering Committee) and an external probity advisor selected by the Department…*
>
> *The book build process resulted in handling fees (or book build prices) ranging from 5–6.25 cents per container across Queensland…*
>
> *Notably, all contracts also include standard escalation clauses which ensured that CPI adjustments are made each year throughout the life of the contract,*

532 Confidential submissions 36, 54, 85, 101, 108, 118 and 119.
533 COEX, private correspondence, 14 August 2025, p 40.
534 COEX, private correspondence, 14 August 2025, p 40.

> *translating to a handling fee for depot-style sites of between 7.68-cents per container to 9.63-cents per container across the scheme in FY26.*
>
> *…COEX also provides additional service fees atop the handling fee for those operators who agree to collect containers through regional 'runs' or within First Nations locations. In all instances, these arrangements are completely optional for all operators and are often designed in consultation with operators to enable community access and commercial viability.*
>
> *COEX undertakes two collection services in partnership with operators, the Partners Program…enabling businesses, charities, and community groups to become container collection points, and Container Collect an initiative allowing residential customers to request a pickup service from an operator…*
>
> *Importantly, operators participate in both Partners Program and Container Collect services on an entirely optional basis and can exit from the services at their discretion.*[535]

COEX advised that operators participating in the Partners Program receive a fee of three cents per container, compared to two cents per container for Container Collect.[536] Operators supplying services to remote communities receive "regional service fees which are calculated and agreed case-by-case alongside operators."[537] In respect of home collection services

> *Container Collect was introduced in July 2020 as an optional pilot for operators to be involved in. Within this pilot, COEX provides a 2-cent per container fee in addition to the operator handling fees of 7.68-cents (FY26 Depot rates) for the provision of the services. These additional 2-cent fees were capped at $6,500 per month as risk mitigation, given the significant opportunity for fraud alongside ordinary customer returns. COEX is currently reviewing this program based on feedback from operators and the pricing model will shift to a 'consumer pays' model to remove any caps on the fees that are received by operators.* [538]

COEX was asked to clarify why different collection services attracted different fees per container for operators. COEX EGM Network Delivery Thomas Juzwin stated at a private hearing

> *There is a difference in the operational complexity needed to service commercial partners as opposed to home-collect partners, which are residential homes...*
>
> *For home-collect customers, the two-cent fee which COEX subsidises is there to try to drive additional efficiencies for operators. They might be able to do some home-collect customers on the way to or from servicing a bag drop or a donation station or one of the COEX funded school programs, for instance. There is a thinking that they can service residential and pad out or make their routes more efficient or optimise their routes. Commercial clients can be anything from a small milk bar on a retail strip all the way up to servicing*

535 COEX, private correspondence, 14 August 2025, p 55.
536 COEX, private correspondence, 14 August 2025, pp 38-39.
537 COEX, private correspondence, 14 August 2025, p 39.
538 COEX, private correspondence, 14 August 2025, p 55.

> *Chermside or a huge centre like that. There is quite a lot more operational complexity to that and the reason it attracts the three-cent fee is thus.*
>
> *In both cases, I think it is worth calling out that COEX makes those arrangements completely discretional for operators. They can pick and choose what kinds of services they would like to offer and it is on a completely opt-in basis.*[539]

In respect of expectations about operators providing compaction and marketing services at below-cost, COEX stated that it supplies compaction equipment to high-volume operators, who are responsible for operating the assets as part of several compaction trials COEX has run on a voluntary basis over the years. Further, "COEX spends significant resources directly supporting operators through local area marketing activity and designing and producing material for their use. Direct investment of this nature is approximately $500,000 p.a."[540]

Further to allegations that COEX does not consider the financial sustainability of operators during contract negotiations or recontracting, COEX stated:

> *COEX considers the financial sustainability of all sites both at the application stage and through periodic reviews of existing sites.*
>
> *When entering into a CCA: COEX validates the proposed recovery rates submitted by the entity, cross-checking as part of the application…to ensure that there is a sufficient gap in the market to warrant the establishment of an operator relative to the 85% legislated target. COEX also facilitates discussions between prospective operators and established operators, where possible, to assist with their due diligence process.*
>
> *Through its application evaluation process, COEX also undertakes an assessment of the liquidity of prospective operators, ensuring that they hold sufficient cash reserves to establish and sustain the provision of services. This is conducted using 12 months of financial statements submitted as part of the application process for all those prospective new operators. Applicants are provided this information on COEX's website…*
>
> *Throughout the CCA: COEX periodically undertakes assessments on the viability of the handling fees it provides for each site type, alongside the projected volumes associated with locations across Queensland. This serves to ensure that the proposition of operating a site remains viable for operators when considering conservative cost calculations, differing expenses associated with sites and locations.*
>
> *COEX cannot control or direct new and existing operators on how to resource or operate their CRPs financially, and as such the responsibility to assess viability remains with the operator. COEX, through its provision of handling and the aforementioned service fees, ensures a revenue stream for operators of all site types.* [541]

539 Private hearing transcript, Brisbane, 25 August 2025, p 8.
540 COEX, private correspondence, 14 August 2025, p 55.
541 COEX, private correspondence, 14 August 2025, pp 38-39.

COEX additionally submitted regarding the financial viability of CRP operators that:

> *While it is in the best interests of the scheme and COEX for container refund point operators to succeed, it is also important to note that the interests of an operator and the objects of the Act are not always aligned. The scheme is underpinned by objectives focused on customer access and convenience alongside a legislated recovery rate target of 85%, while commercial operators are often driven by operating margin and profit.*
>
> *…with many existing operators already achieving strong commercial returns from areas underperforming on recovery rate, there is little impetus to invest in providing additional customer access. For this reason, the Act does not support a scheme operating model which allocates defined operator territory or regions.*[542]

The committee asked COEX about complaints that COEX said it received during the recontracting process in 2023 that operators were required to invest in the uplift of their operations without contracts in place for the new five-year period.[543] COEX's initial justification for doing so was that such expectations were only in place for operators with whom COEX intended to re-contract.[544] When asked to clarify whether that indicated that COEX has expected operators to expend funds without the certainty of a contract and outside contractual provisions, COEX responded:

> *This is not correct. A scorecard was provided to all operators, noting a range of deficiencies that needed to be attended to as part of the recontracting process. These deficiencies ranged in significance from minor to major works needing to be undertaken.*
>
> *For all operators where a significant investment was required, that was dealt with by the inclusion of a 'works to be conducted' schedule in the new contract that both COEX and the operator could track and monitor progress against…*
>
> *[O]f the 72 CCAs that were set to expire on 31 October 2023:*
>
> *• 69 existing operators entered into new CCAs.*
>
> *• Some new CCAs… had a performance plan attached to their new contract.*
>
> *• 3 expired given the operators preference in each instance not to pursue a new agreement.*[545]

The committee asked COEX what steps it took to mitigate power imbalances during contract negotiations with CRP operators and processing and logistics providers, COEX advised:

> *COEX's scheme contracts are developed in compliance with the Unfair Contracts Terms provisions as outlined in the Australian Consumer Law (ACL).*
>
> *As required by legislation, the core scheme contracts (CCA, PSA, LSA) are templated contracts and were approved by government at scheme commencement, with changes notified thereafter.*

542 COEX, private correspondence, 14 August 2025, p 37.
543 COEX, private correspondence, 14 August 2025, p 52 and Attachment 19.
544 COEX, private correspondence, 14 August 2025, p 52 and Attachment 19.
545 COEX, private correspondence, 5 September 2025, p 13.

> *COEX deems the template contracts as a core mechanism for fairness. Power imbalances are mitigated by a fair, transparent, and competitive process along with a scoring matrix and criteria that considers all aspects of the opportunity…*
>
> ***CRP Operators:** Scheme contracts reflect legislative requirements and once established, are not negotiable on terms. Through its recontracting process…COEX undertook a lengthy consultation process with operators in the establishment of a new CCA, resulting in the current iteration of the agreement.*
>
> *While COEX recognises that the scheme has a number of operators with a large-scale presence in Queensland and other jurisdictions, it also includes smaller operators who may need more guidance to understand the CCA.*
>
> *Recognising that the terms of the contract are complex, COEX is continuing to develop tools and resources to support operators with their understanding of their responsibilities under the CCA. COEX has published on its website a guide for operators that explains the contract terms on its website... Additionally, as part of the contracting process, COEX may request assurance from an operator that they have sought appropriate legal and accounting advice prior to signing the contract.*
>
> *…throughout its publicly available CRP application process, COEX enlists the support of external probity advice at evaluation and panel stages. This further ensures that fairness of site award is maintained.*
>
> ***Logistics and Processing Providers:** The recent 2025 contracting process for new LSAs evaluated best practice procurement methods with external probity advice sought prior to launch. Commencing with an open advertisement, this was a competitive process with an expression of interest phase, followed by submissions to a request for proposal from all interested providers. Evaluation of these submissions was then based on scoring aligned with scheme values and purpose (environmental, social, economic) and was supported by external probity throughout to ensure fairness of process and negotiation.*[546]

In responding to a further question from the committee about power imbalances between COEX and operators, COEX stated:

> *COEX is unsure why the Committee categorises the relationship between the scheme administrator and operators as a "fundamental power imbalance". COEX is not "a statutorily enacted monopoly operator" … nor is it in competition with operators in any way.*
>
> *COEX is both appointed as and fulfils its responsibilities as the PRO under the Act. COEX spends significant time and resources, detailed in previous responses, assisting operators with a range of services. This was also communicated to the Committee in a number of operator submissions to the Inquiry, as well as communicated by operators, such as Substation 33, in the 30 April Parliamentary Hearing.*[547]

546 COEX, private correspondence, 14 August 2025, p 58.
547 COEX, private correspondence, 5 September 2025, pp 19-20.

Committee comment

The committee fundamentally disagrees with COEX Chair Andrew Clark's assertion that COEX is not a statutory monopoly. An earlier section of this report explained exactly how that situation arose through the current provisions of the WRR Act. The FTI Consulting Report commissioned by the department in 2023 stated that 'notwithstanding its not-for-profit status, the scheme design has granted its operator, COEX, the power to direct market outcomes.'

This heightens the obligations on COEX to ensure a level playing field, and not just between the CRP operators, but between COEX and the operators. The committee heard various allegations that this has not occurred, through claims about unfair contract terms, power imbalances and unconscionable conduct.

COEX submitted that its CCAs reflect the unfair contract terms required by Australian Consumer Law. Notwithstanding this, the only forum to which a CRP operator could go, in the first instance, to resolve a dispute about COEX's negotiations or contracting processes, was COEX. This report has earlier found that the complaints management framework that COEX supplied has not been effective or efficient. It is therefore not surprising that CRP operators felt at a distinct disadvantage in their legal dealings with COEX, as reduced to writing in CCAs which COEX themselves have acknowledged are very difficult for the average small business owner to understand and comply with. Confidential submitters told the committee how COEX frequently characterised seemingly well-intentioned actions operators undertook in performing their contracts, as wilful or blatant contractual non-compliance. While COEX has acted recently to provide additional assistance to operators with guidance notes and other supports around running their CRPs, the committee is unfortunately aware of at least three operators who have gone out of business since scheme commencement, suffering significant financial detriment. This is not the outcome Queenslanders should accept, or expect, from a scheme designed for public benefit.

This report in Section 1.3.4 has outlined some of the more stringent governance conditions that other Australian jurisdictions, particularly Western Australia, apply to their scheme coordinators, so it is prudent for the Minister to reviews oversight and governance features of other Australian schemes to identify whether any requirements therein might usefully mitigate some of the notable governance flaws that this inquiry has identified.

Recommendation 10

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider adopting legislative safeguards similar to those that exist in Western Australia, including safeguards that:

a. prohibit unfair and discriminatory conduct by the scheme coordinator, and

b. require the scheme coordinator to consider the economic viability of existing return points, including when making decisions about scheme expansion.

4.5.7. Usual course of business

Submitters alleges unlawful conduct by COEX throughout the duration of the scheme.[548] This includes:

- Relying unfairly on contractual rights to unilaterally vary any aspect of scheme contracts, impose unlimited liability on operators, and require operators to assign all intellectual property to COEX without compensation, causing economic duress to operators
- Routine threats of contract termination when operators sought to raise issues or concerns, or were otherwise reluctant to accommodate requests from COEX
- Enforcement, via threat of legal action, contractual prohibitions on bringing the scheme into disrepute, and breaches of confidentiality, when operators have sought to raise concerns about COEX or speak publicly regarding the scheme
- Frequent addition of compliance requirements relating to safety and operational matters, often with minimal notice and/or without consultation with operators, and
- Bullying, harassment, undue influence or unfair tactics in its dealings with operators.

The committee asked COEX whether it unilaterally varies contract conditions in its usual course of business. COEX responded:

> *COEX cannot unilaterally vary contracts with operators…without engaging in…[an] extensive consultation process. At the expiry of the original CCAs in 2023, COEX issued new contracts through the recontracting process…This CCA underwent external legal review to ensure it met unfair contract terms and was provided to the Ministers Office and the department as required under the PRO conditions of appointment.*
>
> *Notably, since this contract was established, COEX has never issued a variation notice under part 5 of the CCA, nor do COEX records indicate it has ever issued a variation.*
>
> *This new CCA has continued to be issued to new and existing operators alike with no further variations made to this templated agreement. Schedules*

[548] Confidential submissions 36, 54, 69, 74, 87, 101, 117, 118 and 119.

> *attached to the template can be amended to reflect the addition or removal of sites, or an increase in fees, and must be agreed between the parties.* [549]

The committee subsequently asked COEX to clarify how many times it had varied schedules to a CCA, as opposed to variations to the template. COEX advised on 26 August that over the previous six months it had undertaken 31 CCA variations with 23 of its 84 CRP operators.[550] In terms of what those variations related to, COEX EGM Network Delivery Thomas Juzwin stated at a private hearing that:

> *They usually relate to extensions of contract terms. If an operator would like an extension so they can secure a lease with a landlord, that might be one instance. If they would like to move a site, so relocate, that is usually the genesis of another request. There is also addition of sites and addition of runs. All of these constitute variations to the schedule and progress to probably five or so a week, at the very least.*[551]

COEX submitted in respect of changes to fees payable under CCAs, that it provides additional incentives and financial compensation to operators for services delivered outside the initial scope of their agreed CCA. [552] These services are subject to mutual agreement between COEX and operators.[553] COEX elaborated that those opportunities included servicing remote areas and 'runs' and 'pop-ups' for First Nations Communities.[554]

In response to allegations that COEX has routinely threatened operators with termination of their contracts when operators had sought to raise issues or concerns or been otherwise reluctant to accommodate requests from COEX to vary their existing contract, COEX responded:

> *COEX does not threaten operators…*
>
> *Furthermore, COEX does not have unfettered rights to terminate a CCA. COEX may only terminate for cause, for example a significant breach of the CCA by the operator. Save for specific and serious instances of poor operator behaviour, operators are afforded the opportunity to address and correct identified non-compliance with the CCA. In many instances, COEX will also provide coaching and support (at COEX's expense) for contractual, safety and legislative obligations as it works with operators to avoid any escalation of contract concerns...*
>
> *Over the almost eight years since scheme commencement, only four contracts have been terminated for cause, showcasing COEX's partnership approach to contractual challenges. Three of the CCA contacts were terminated across 2019 and 2020 following investigations into significant operator conduct in the course of performing its container refund point services, including conduct which may bring COEX or the scheme into disrepute or impact on, or be inconsistent with, the achievement of the scheme objectives.*[555]

549 COEX, private correspondence, 14 August 2025, p 51.
550 COEX, private correspondence, 26 August 2025, p 11.
551 Private hearing transcript, Brisbane, 25 August 2025, p 23.
552 COEX, private correspondence, 14 August 2025, p 49.
553 COEX, private correspondence, 14 August 2025, p 49.
554 COEX, private correspondence, 14 August 2025, p 49.
555 COEX, private correspondence, 14 August 2025, p 47.

COEX then supplied details of four CCAs that it had terminated during the scheme and the surrounding circumstances.[556]

COEX was asked whether it enforced, via threat of legal action, contractual prohibitions on bringing the scheme into disrepute, and confidentiality provisions, to silence operators who have sought to raise concerns about COEX, or speak publicly regarding the scheme. COEX responded:

> *COEX is ultimately accountable for the operation of the scheme and network and requires entities to comply with legislative and contractual requirements.*
>
> *The scheme contracts have, since commencement, included confidentiality, publicity and branding obligations. These are standard contractual provisions and support COEX's overall responsibility to report to the Minister any matters it considers may significantly impact on public confidence in the integrity of the scheme, pursuant to section 102ZK of the Act.*
>
> *These obligations encourage operators to engage with COEX on any real or perceived issues which have the potential to bring the scheme into disrepute, providing COEX with the opportunity to resolve or otherwise manage them before confidential matters are publicised. It is important to note that these provisions facilitate a significant amount of positive media coverage for both operators and the scheme. Most operators are not comfortable talking to media and, by notifying COEX of any opportunities or enquiries in advance, COEX is better placed to support the operator with expert advice, content and social media promotion to improve outcomes.*[557]

Given this initial response, the committee subsequently sought a further response from COEX to its original question whether COEX enforced contractual provisions under threat of litigation, and whether COEX was objectively "better placed" to talk to media in situations where an operator has criticised it. COEX replied:

> *Whilst COEX has a legal right to take action, COEX has not taken legal action against operators to enforce contractual prohibitions on operators regarding public statements and confidentiality…*
>
> *While the vast majority of operators act in good faith, COEX is accountable for maintaining public confidence in the scheme and works to that end. COEX provides appropriate avenues for operators to escalate and resolve a dispute, including a review process that allows for any dispute to be recorded and mediated.*
>
> *As previously submitted, COEX is subject to the whistleblower provisions of the Corporations Act that is available to anyone that considers that COEX has engaged in any misconduct. This is further supported by the Speak Up policy, which seeks to encourage a culture of transparency, trust and compliance within both COEX and the broader scheme.*[558]

556 COEX, private correspondence, 14 August 2025, pp 47-48.
557 COEX, private correspondence, 14 August 2025, p 50.
558 COEX, private correspondence, 5 September 2025, p 11.

At a private hearing with the committee, COEX CEO Natalie Roach indicated that she was not aware of any threats made to operators about legal action related to media statements and confidentiality during her tenure, however:

> *What I cannot attest to is what went before. When I started in the organisation—and I cannot substantiate this—I was advised by a number of operators right across the state that they have been threatened with legal action or threatened with their contracts being torn up, but, as I say, I cannot substantiate that. On the balance of probabilities, based on the number and range of operators that raised that with me when I joined the organisation, I would say that it potentially had occurred.*[559]

The committee asked COEX whether it has frequently introduced additional compliance requirements relating to safety and operational matters, without sufficient notice or consultation. COEX responded:

> *COEX's compliance requirements have remained static since the 2023 version of the CCA was introduced.*
>
> *COEX does not compromise on safety or legislative compliance. COEX supports operators and the broader network to ensure legislative and safety compliance measures are implemented effectively and maintained in a reasonable manner.*
>
> *In 2023, following significant network consultation and mutual agreement, a range of necessary standards and performance elements were added to the new template CCA. Examples related to the inclusion of modern slavery provisions, quarterly IR statutory declarations, bulk claim arrangements (a regulatory requirement under the Act) and the annual declaration associated with fraud, inappropriate conduct and criminal activity.*
>
> *In accordance with the PRO obligations under the Act, COEX must meet its own obligations to administer and provide appropriate governance of the scheme, COEX has worked to uplift its compliance oversight, which may be perceived by operators as introducing additional compliance requirements, but this is not the case.*[560]

COEX was asked to clarify the basis on which it conducted in-person audits on depots, particularly regarding any personal searches of depot staff or their belongings, audio and video recordings of site visits and interviews.

> *COEX does not engage in searches of any individuals or their belongings. COEX does take audio recordings in exceptional circumstances relating to more serious integrity audits, to assist with note taking and report preparation given the complexity of the issues. The audio recordings are used to ensure accuracy of audit reports for both COEX and operators. The recordings are usually taken with the express knowledge of the individual in the conversations, who are advised on the purposes of the recordings. There are limited occasions where COEX may record conversations without express knowledge of the other party in the conversation and these recordings are authorised pursuant to section 43(2)(a) of the Invasion of Privacy Act 1971 (Qld). Importantly, COEX engages in this practice in exceptional circumstances for*

559 Private hearing transcript, Brisbane, 25 August 2025, p 8.
560 COEX, private correspondence, 14 August 2025, p 53.

> *the safety of employees and to protect employees from misleading allegations being made by operators about the conduct of COEX staff.*
>
> *Overall, COEX's interactions with operators are aimed at developing positive relationships to support them while also maintaining compliance oversight. Operators have the primary responsibility to ensure compliance with CCAs and relevant laws. Accordingly, where allegations or concerns are raised directly with COEX by customers or other operators, COEX will usually refer the matter to the owners of the CRP to resolve the matter directly. Likewise, operators often reach out to COEX to seek guidance on how to manage certain integrity or safety matters in their business and COEX provides support and guidance, as appropriate. This may include attendance at sites to provide recommendations on how to mitigate fraud, support with reports to the police and the provision of data for the collection of evidence.*[561]

The committee asked COEX to clarify circumstances around its conduct of unannounced site audits and was advised:

> *In some instances, additional ad-hoc site audits may be triggered by a safety incident, to address minor integrity issues or to perform checks that remediation actions have been taken following a site audit action item.*
>
> *This might include ensuring that an operator has a safe working procedure or improved fraud oversight in place following repeated requests by COEX for practices to be addressed.*
>
> ***Difficulties with Information Retrieval:** COEX team members can often encounter difficulties when requesting information from an audit with evidence that on occasion, an operator has purposely misled COEX during audits, in breach of [the] CCA… It is for this reason that COEX might rely on independent external expertise to conduct an audit without notice, for the purposes of attaining a true and accurate representation of the site and its practices.*
>
> *COEX only relies on unannounced site audits in extremely rare circumstances and engages independent third parties who are experienced in the auditing process, in the current operator contract term there has only been one unannounced audit. This is primarily in instances where providing notice would defeat the purpose of carrying out the audit. The decision to do so is guided by the risk of deliberate misleading or tampering of information by the operator, the severity of the allegations in terms of the potential risk to health and safety, alongside the potential for fraud or other serious related behaviours.* [562]

COEX Chair Andrew Clark was asked at a private hearing to clarify what policies were place around the treatment of operators and the behaviour of COEX personnel in the field.

> *The organisation has a whistleblower policy in place and a complaints hotline that operates for the benefit of both the public and the operators and their staff. Any whistleblower complaint that comes through those processes is handled according to the whistleblower policy and the legislation. There are nominated officers within the organisation who review and look after those complaints.*

561 COEX, private correspondence, 14 August 2025, p 71.
562 COEX, private correspondence, 14 August 2025, p 71.

A summary of the complaints, not the detail of those complaints, was provided to the board audit committee every time it met as part of the review process. More recently, it has gone to a new governance committee. The governance committee reviews and has oversight of all complaints that are made. Complaints are naturally triaged through the organisation, so if it is an HR complaint it should remain so or should be reviewed by independent people.

From memory, the board have only received one complaint from an operator, which I think we have detailed. We appointed Freehills recently to conduct a review of the process around how management had handled itself, or is handling itself, in relation to that one particular matter. As I said, we conduct a bunch of internal audits, and we have quite a detailed internal audit program that aligns to the risk management of the organisation.

I have met with working groups of the recycling organisations, as they represented themselves through ACOR—a subcommittee of the Australian Council of Recycling. A lot of their complaints are not dissimilar to the complaint that we are seeing in the publicly available submissions in terms of access, control of the market share and the terms of the contract et cetera. The board was involved in and reviewed the recontracting process, as an example. We had an opportunity to look at the terms and conditions that were being generated as to the department and as to the minister. Unfortunately, you have me and maybe the organisation at a disadvantage because I am not sure of the detail of the complaint. We have had a go at trying to identify the three or four that we are aware of that would be of concern to the organisation, and we have provided the detail of what we have done about it.[563]

Committee comment

There is a conundrum in allegations that COEX staff and officers have engaged in bullying and harassment. Did COEX's monopoly on scheme administration or seeming sense of incumbency enable this behaviour to occur? Or did operators and other scheme participants experience their treatment as bullying and harassment because they had nowhere else to go? COEX has characterised its engagement with operators during business-as-usual as robust, because it does not "resile from holding operators to these standards and relevant legal requirements to mitigate a serious injury occurring, even if some businesses find compliance inconvenient or frustrating." While that explanation might hold for some of the audit activities which have been the subject of submissions, the committee is unsure how that resolve might relate to evidence about threats to commence legal action for adverse publicity, or reprisal for raising issues.

Current COEX CEO Natalie Roach advised that when she started in the organisation she was advised by a number of operators that they had been threatened with legal action or threatened with their contracts being torn up. This concurs with submissions that the inquiry has received. The degree to which this issue has been mitigated in recent years was not clear to the committee, so the committee is unable to make provide comment, but recognises that other bodies may be more appropriately placed to further consider these allegations.

563 Private hearing transcript, Brisbane, 27 August 2025, pp 15-16.

4.5.8. Potential unlawful conduct

On 5 September, COEX provided additional information relating to some of the allegations, reiterated its request for better particulars of them, and asserted that the committee was breaching Standing Orders by not providing same.

> *As part of the Inquiry, we understand that a number of allegations have been made by operators. For example, COEX was advised that the Committee received submissions alleging that COEX had (i) engaged in misleading conduct and/or made false representations to operators, and (ii) engaged in unconscionable conduct in its dealings with operators. These allegations are extremely serious and thus, COEX should be permitted to address these allegations in detail (on an incident-by-incident basis) and prove that COEX acted in a manner that was justifiable and lawful in terms of its dealings with the operators.*
>
> *As the questions raised by the Committee in relation to these allegations are general in nature and do not make reference to any particular incidents, it has been difficult for COEX to address these allegations with any degree of specificity. In order to provide the Committee with a comprehensive and meaningful response to each of the alleged incidents, we requested on numerous occasions that the Committee consider providing details of COEX's alleged misconduct, including when the alleged incident(s) were to have occurred, the circumstances that gave rise to the alleged incident(s) and the actions allegedly undertaken by COEX with respect to each of those operators. To date, COEX has not been provided with the details of COEX's alleged misconduct.*
>
> *By declining to provide such information to COEX, the Committee is not observing the procedures in Schedule 3 to the Standing Orders of the Legislative Assembly - in particular, paragraph (m) of Schedule 3 provides that:*
>
> *"[w]here evidence is given which reflects adversely on a person and action of the kind referred to in (l) is not taken in respect of the evidence, the committee shall provide reasonable opportunity for that person to have access to that evidence and to respond to that evidence by written submission and appearance before the committee, as determined to be appropriate in all the circumstances by the committee."*
>
> *Paragraph (l) deals with the situation where evidence is given which reflects adversely on a person and the committee is not satisfied that the evidence is relevant to the committee's inquiry. In that case, the committee should give consideration to expunging that evidence from the transcript of evidence, and to forbidding the publication of that evidence.*
>
> *Based on the Committee's action and the number of questions raised by the Committee about these allegations, it appears the Committee has formed the view that the evidence given by the persons making the allegations is relevant to the Inquiry. This means that their evidence may remain in the transcript of evidence and potentially be subject to publication.*
>
> *In light of the above, we again request that the Committee provide us with the details of COEX's alleged misconduct, so that the allegations can be properly defended.*[564]

564 COEX, private correspondence, 5 September 2025, pp 1-2.

The committee had previously declined to supply further details to COEX where submitters had requested confidentiality, because of fear those persons held about potential retribution by COEX. The committee advised COEX on 31 July:

> *To provide any further information about the incidents, including dates, circumstances and/or management actions, could potentially reveal identifying details about the submitter. To protect confidentiality, we are therefore unable to supply further information. We encourage the COEX response to include information about any instances it may be aware of, arising from its interactions with scheme participants, that may correspond or align with the type of matters that were outlined in our 17 July letter.*

Deputy Committee Chair Mr Joe Kelly MP, made the following statement during a private hearing with COEX on 25 August:

> *We have had a whole range of operators come and make allegations against COEX. COEX has responded to those. Even though you have not been given enough information to accurately respond to those, you have done an effort to respond to those. There is no way, I do not think, for this committee to dig into that deeply enough to be able to determine whether one side is correct or the other side is correct. It would be my view that that is not the role of this committee within the terms of reference.*[565]

Committee comment

The committee has been asked to consider submissions that alleged conduct by COEX has potentially been unlawful. In respect of whether alleged conduct by COEX may constitute corrupt conduct under the CC Act, and in circumstances where public officials have a statutory obligation to report suspected corrupt conduct, the committee has heard submissions that COEX

- awarded a CCA to a current or former employee in circumstances which may constitute collusive tendering, misuse of agency information or conduct which was not honest or impartial
- agents, employees or officers engaged in bullying and intimidatory behaviour including threats to cancel or not renew contracts, unlawful site and personal searches, and reprisals, which may constitute conduct which is not honest or impartial or which breaches public trust, and
- engaged in various forms of unfair contracting including improper purpose of CCA standard terms, making verbal undertakings to induce operators into contracts, and exploitative behaviour resulting in economic loss, which may constitute conduct misusing agency information or dishonestly obtaining a benefit.

The committee was alert to the potential for allegations made in confidential submissions to the inquiry to require external referral. The committee determined to make sufficient inquiries of the witnesses and COEX to obtain further and better

565 Private hearing transcript, Brisbane, 25 August 2025, p 2.

particulars of the allegations to allow it to decide what it should do. Submitter requests for confidentiality owing to fears about reprisal, whether well-founded or not, required the committee to handle this process carefully. Under Schedule 3 of the Standing Orders, the committee was required to consider what level of access by COEX to those submissions would be appropriate in all circumstances. The committee made its assessment and provided the allegations at a de-identified level to protect the confidentiality of the witnesses. COEX have continuously asserted that the committee has failed to provide it with procedural fairness. By providing extensive opportunity in the body of this report for COEX's responses, the committee has facilitated sufficient opportunity for COEX to respond to the allegations at a de-identified level.

As observed by the Deputy Chair, the committee has determined that it is not the appropriate body to decide various allegations raised by confidential submitters. In respect of those allegations, the committee has determined to refer them to the CCC and has done so prior to the tabling of this report. Given that referral, the committee will not comment on further details about the allegations it received during the inquiry.

With respect to potential breaches of Australian Company Law or Australian Not-for-Profit and Charities Law, the committee has noted elsewhere in this report, that it is open to the Minister to take any action necessary to address the issues which have been raised during the inquiry.

This concludes the very difficult task the committee has engaged in while dealing with these allegations. The committee is very pleased to now move to the future state of the scheme, to acknowledge many of the very positive outcomes that it has delivered and consider ways that public benefits of the scheme can be further improved.

5. Strengthening the scheme

Evidence received by the committee identified a range of areas in which the performance of the scheme could be improved. Broadly speaking, this related to two main areas:

- increasing recovery rates (section 5.1)
- expanding the scope of the scheme (section 5.2).

Submitters also proposed other options for strengthening the scheme, including reducing the burden it imposes on small producers (section 5.3.1) and improving the recycling outcomes that it delivers (section 5.3.2).

5.1. Improving the recovery rate

As earlier noted, Queensland's scheme has been successful in dramatically increasing the proportion of beverage containers that are recovered and recycled. However, in recent years, the recovery rate has plateaued somewhat. Between 2020 and 2023 just under two-thirds of eligible containers were recovered, increasing to just over two-thirds in the 2023-2024 financial year.[566] Despite that slight improvement, COEX's performance against this target remains well short of the legislated target of 85 per cent, as discussed in section 4.3.

Evidence received by the committee identified a variety of barriers to improving recovery rates. These included:

- regulatory and planning requirements, particularly those affecting the roll-out of RVMs
- the need to capture out-of-home consumption, including at major events and in the workplace, and
- the difficulty of recovering containers consumed in MUDs (e.g. apartment buildings).

Each of these barriers is discussed in more detail below.

5.1.1. Regulatory and planning requirements

COEX told the committee that increasing the number and accessibility of refund points is essential to boost the recovery rate, particularly in Southeast Queensland. They explained:

> *In densely populated urban areas, there is a direct correlation between recovery rates and access to convenient container return points. COEX continues to focus on network expansion in these areas but experiences planning challenges and restrictions in the approval and deployment of new container return points.*[567]

566 See Table 1, in section 1.2.5, above.
567 Submission 39, p 19.

COEX gave evidence that planning requirements have made it difficult to expand the number of collection points. It stated:

> *Unlike other states, Queensland does not have a planning exemption for container refund infrastructure. This requires us to seek development approval from councils for every single new container refund point, including RVMs, creating unnecessary red tape and limiting Queenslanders' access to recycling.*[568]

According to COEX, this helps to explain why the number of RVMs in Queensland is so much lower than in states such as Victoria.[569] In light of this, COEX proposed that container collection infrastructure be granted an equivalent exemption from planning requirements in Queensland.[570] COEX supplied the committee with legal advice it had obtained towards the regulatory changes that would be required to support that exemption.[571]

In response to the issues raised by COEX, the department told the committee that it would welcome feedback on 'the need for any planning legislation changes in the future to support accelerated progress towards the container recovery targets.'[572] However, it also noted that current requirements for development approvals for RVMs are due to a range of issues that may arise, and over which councils may wish to have input, such as odours, noise and traffic. It also noted that, to date, COEX had failed to provide sufficient information for it to properly assess the need for regulatory intervention. It emphasised that a 'clear statewide plan of RVM numbers and locations would assist in understanding the benefits and challenges around planning approvals and options that could be explored.'[573]

5.1.2. Capturing out-of-home consumption

COEX also told the committee that capturing out-of-home consumption remained a significant challenge for Queensland's scheme. COEX CEO Natalie Roach, explained:

> *Where we struggle is the 30 per cent of containers consumed out of home because we need to make it easier for people. People are inherently lazy. They take the easy option—we all do—so if there is no easy access to solutions in the workplace or at cinemas or at stadia then people will do whatever is nearest for them and pop it in the red bin or the yellow bin perhaps.*[574]

COEX suggested several options for addressing this challenge which are discussed below in section 5.1.4.

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568 Natalie Roach, Chief Executive Officer, Container Exchange, public hearing transcript, Brisbane, 21 May 2025, p 2.
569 Public hearing transcript, Brisbane, 21 May 2025, p 8.
570 COEX, response to questions taken on notice, public hearing, Brisbane, 21 May 2025, pp 3-5.
571 COEX, response to questions taken on notice, public hearing, Brisbane, 21 May 2025, attachment 1, p 6.
572 DETSI, correspondence, 5 September 2025, attachment 1, p 1.
573 DETSI, correspondence, 5 September 2025, attachment 1, p 1.
574 Public hearing transcript, Brisbane, 21 May 2025, p 8.

In addition to COEX, several other submitters stressed the need to collect a greater proportion of containers consumed outside the home.[575] Some made suggestions about how this might be achieved, such as improving the design of waste infrastructure in public parks maintained by local councils.[576]

COEX, as well as several submitters, also highlighted the impact that its Partnerships for Change program has delivered in this area. For example, Queensland Netball, with participates in that program, reported significant success:

> *…at Nissan Arena more than 120% of containers sold are returned through the green CFC [Containers for Change] bins meaning not only are people returning the containers they buy at the venue, but they are also donating the containers they bring from home to the cause too.*[577]

5.1.3. Multi-unit dwellings

COEX advised the committee that, as of February 2025, 392 multi-unit dwellings participated in its Partners for Change program.[578] This number suggests there is considerable scope to lift the recovery rate by capturing more containers consumed in such dwellings, which include large apartment complexes as well as smaller groups of units or townhouses.

However, the report has earlier described evidence before the committee that recovering containers from beverages consumed at MUDs was a significant challenge.[579] This challenge helps to explain why the recovery rate is relatively low in major urban areas where far more people live in MUDs.

Several submitters made suggestions about how recovery rates from MUDs could be improved. These are discussed in more detail below in section 5.1.4.

5.1.4. Options for improving recovery rates

Evidence received by the committee identified a variety of options for improving recovery rates in Queensland. This included:

- improving the customer experience by increasing the number and accessibility of collection points
- increasing the refund amount
- boosting scheme participation by corporate actors
- providing greater leadership-by-example
- building public awareness, and
- improving integration with broader waste policies.

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575 Submissions 28, 33, 41, 55, 73, 84 and 92.
576 Submissions 28 and 41.
577 Netball Queensland, submission 57, p 3.
578 Submission 39, p 14.
579 Submissions 39, 89, 92 and 102.

Notably, these options, discussed in more detail below, are not mutually exclusive.

Improving the customer experience

As discussed above, COEX takes the view that improving the customer experience by increasing the number and accessibility of return points has an essential role to play in boosting recovery rates, especially in Southeast Queensland. A significant number of submitters shared this view, with many stating that there are too few refund points, and those that exist are often in inconvenient locations.[580] For example, Trinty Gullifer noted a lack of easily accessible refund points in her area:

> *It is hard to find a place to return the containers to get my refund back. If they were located in areas that were easy to access such as shopping centres or train stations it would be easier to return the containers. I live in the inner western suburbs and the closest ones are in Toowong (that often does work correctly) or Seventeen Mile Rocks that are both quite inaccessible without a car.*[581]

Some stakeholders indicated a preference for more RVMs, which they viewed as more convenient than depots and thus more likely to increase the proportion of containers recovered. For example, the Member for Lockyer, Mr Jim MacDonald MP told the committee that

> *My constituents would like to see Reverse Vending Machines at our popular shopping plazas to remove a barrier to access for households, individuals and small scale returns.*[582]

Several other Members of Parliament also told the committee that their constituents wanted to be able to return containers at more convenient locations such as shopping centres, public parks and service stations.[583]

Some submitters emphasised that the accessibility of return points remained an issue in regional areas, not just Southeast Queensland. For example, Retail Drinks Australia stated that the ease of return remains an impediment to public engagement, especially in regional Queensland.[584] This view was shared by several Members of Parliament who represent regional areas. They told the committee that the distance their constituents had to travel to access a return point remained an impediment to participation in the scheme.[585]

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580 Submissions 10, 12, 13, 15, 22, 29, 30, 32, 34, 41, 44, 63, 66, 79, 80, 81, 93, 94, 97, 99, 102 and 114.

581 Submission 32.

582 Member for Lockyer, correspondence, 17 April 2025.

583 Member for Burnett, correspondence 17 April 2025; Member for Nudgee, correspondence, 22 April 2025; Member for Bundamba, correspondence, 22 April 2025.

584 Submission 97, p 2.

585 Member for Mackay, correspondence, 17 March 2025; Member for Hinchinbrook, correspondence, 1 April 2025; Member for Burnett, correspondence 17 April 2025.

Several submitters praised existing initiatives designed to make the scheme more convenient for consumers, such as the Container Collect service. For example, Glen Crawford explained how he had benefited from that service:

> *I find the Containers for Change bag collection service brilliant. I used to drive to my local depot and spend ages waiting in line to redeem my collection, but now I just bag them up and book a weekly pickup. As someone now suffering from vision impairment this is a real blessing.*[586]

Some submitters proposed that the channels through which containers can be returned should be expanded further, to include return-to-retail.[587] For example, Retail Drinks Australia proposed that retail liquor outlets should be permitted, but not required, to operate as container collection points.[588]

In response to the issues raised by submitters regarding the number of return points, the department told the committee that "access to convenient CRPs is considered a key component to increasing container recovery in Queensland."[589] It also observed that Queensland has fewer return points than either NSW or Victoria and has far fewer return points per capita than the most successful international schemes.[590]

With regard to submitter comments about the type of return points available, the department advised the committee that COEX is focussing on a range of return point types as part of its strategic plan, 'particularly in Southeast Queensland where there are challenges in finding appropriate locations for depots." [591] However, it continued to expect that "depots will remain a critical part of the network, with other refund types like RVMs, bag drops and shop fronts helping fill in key gaps."[592]

The department also advised the committee that there is a particular need to improve access to the scheme for Aboriginal and Torres Strait Islander communities in more remote parts of the state.

> *"As of 30 June 2024, COEX reported that 15 of 17 First Nations councils had local access to the Scheme. However the service provided to community is primarily a mobile service that collects from multiple locations in one trip, with only two depots recently opened in New Mapoon and Yarrabah. This is not fit for purpose, or a genuine long-term solution, for these communities and the department continues to receive reports of services being cancelled or not having sufficient cash for refunds, and inadequate truck storage resulting in later communities missing out. Further the service is unable to operate during the wet season.*
>
> ***Department of Environment, Tourism, Science and Innovation***
> *17 April 2025*[593]

586 Submission 28, p 1.
587 Submissions 24, 42 and 97.
588 Submissions 97, p 3.
589 DETSI, written response to submissions, 17 April 2024, p 13.
590 DETSI, written response to submissions, 17 April 2024, p 13.
591 DETSI, written response to submissions, 17 April 2024, p 14.
592 DETSI, written response to submissions, 17 April 2024, p 14.
593 DETSI, written response to submissions, 17 April 2024, p 22.

Committee comment

Queenslanders are clearly enthusiastic about our state's scheme but, equally, many are also frustrated by the difficulty of participating in that scheme. A wide variety of stakeholders, including many members of the public and their elected representatives in Parliament, told the committee that they want access to more CRPs, including more return points located in convenient spaces, such as supermarkets. The committee observes that people from all parts of the state, including regional areas and Southeast Queensland, called for better access to the scheme, indicating a need for improvement across all regions. In light of this, the committee notes with interest the more nuanced performance target that is mandated by Western Australia's scheme. Rather than simply specifying minimum number of return points, their 'minimum network standards' set out the required number of refund points based on population, regional category and distance from nearest refund point.[594] A more nuanced performance target could help to improve access to the scheme in Queensland. See earlier Recommendation 8 in that respect.

The committee notes the clear preference that many people have expressed for access to RVMs, rather than depots. While planning exemptions along the lines requested by COEX may help to speed up the roll-out of RVMs, the committee is conscious of several issues that complicate change in this area, including:

the legitimate interest of councils and local residents in having input on issues such as odours, noise and traffic, which may be affected by RVMs

the need to consider how the introduction of RVMs may affect the financial viability of existing depots which continue to provide the backbone of Queensland's scheme, and

the department's view that COEX has not provided sufficient information to justify planning exemptions, nor clarified precisely what would be required to expedite the roll-out of more RVMs.

Given these issues, the committee considers that additional consultation with relevant stakeholders, such as local councils, may be necessary prior to any change to planning requirements being made. See further Recommendation 12.

[594] Government of Western Australia, 'Container deposit scheme Minimum network standards: Refund point locations and hours of operation', May 2019, https://www.wa.gov.au/system/files/2022-04/CDS- minimum-network-standards.pdf

Increasing the refund amount

Increasing the refund paid for each container was, by far, the most common suggestion for improving the proportion of containers recovered by the scheme. Numerous stakeholders, including consumers, community groups, collection point operators and Members of Parliament, indicated support for this idea, with most of them proposing that the refund amount be increased to around 20 cents.[595] Submitters made the committee aware of various reports that have been prepared into the issue of a refund rate increase, including the Heads of Australian EPAs (HEPA) Container Deposit Scheme Behaviour Change National Research study between March and November 2023.[596]

Many submitters asserted that a higher refund would motivate more people to return containers.[597] For example, Shayna Jones expressed support for an increased refund:

> *The current 10c refund isn't enough to motivate people to return containers. Due to inflation, this amount now feels minimal. Increasing the refund would make a significant difference and better reflect the time and effort involved in returning containers, encouraging more participation.*[598]

Several charities and community groups also supported an increase, explaining that their organisations would benefit from the consequent increase in revenue.[599]

However, some submitters – almost all of whom are, or represent, beverage producers – were reluctant to support an increase to the refund amount. These submitters expressed concern about the financial impact that this would have on businesses, with many also noting the potential for increased costs to be passed on to consumers.[600]

COEX suggested that increasing the refund amount would be a high-cost option unlikely to achieve a sustained increase in the recovery rate. It told the committee:

> *Economic modelling and global analysis demonstrates that refund increases alone are not effective in generating a sustained uplift in recovery rates. While a refund rate increase would help drive participation rates in the short term, a multifaceted approach is required for sustainable growth.*[601]

COEX supplied the committee with a report from Deloitte Australia, commissioned in February 2025, for an *Assessment of recovery uplift opportunities for Queensland's Container Refund Scheme*.[602] That report found that increasing the refund amount alone may not generate sustained uplift in recovery rates, and that if a 20 cent refund was to be introduced, it would cost an estimated $232-247 million per annum – approximately twice

595 Submissions 3, 5, 6, 7, 10, 12, 13, 14, 17, 19, 21, 22, 23, 24, 25, 26, 27, 29, 30, 33, 34, 37, 41, 42, 43, 45, 47, 50, 56, 61, 63, 66, 67, 71, 83, 84, 91, 93, 94, 112, 115, and 116; Member for Maiwar, correspondence, 22 April 2025; Member for Nudgee, correspondence, 22 April 2025.

596 https://www.epa.sa.gov.au/files/15790_hepa_cds_national_research_report_nov2023.pdf

597 Including submissions 6, 12, 14, 15, 17, 19, 21, 23, 24, 25, 29, 42 and 115.

598 Submission 29, p 1.

599 Including submissions 22, 37, and 45

600 Submissions 48, 77, 84, 92, 97 and 60.

601 Submission 39, p 22

602 COEX, Deloitte Assessment of recovery uplift opportunities for Queensland's Container Refund Scheme – Summary of findings, 18 March 2025, supplied to committee on 5 September 2025.

as expensive than implementing 10 alternative return rate optimisation initiatives considered in the report.[603]

Lion, a large beverage manufacturer and member of COEX, took a similar view. It stated that increasing the refund amount 'would drastically increase costs for beverage manufacturers (and place upward pressure on consumer prices).'[604] However, when Queensland's scheme was introduced, the average retail price of beverages rose by less than the scheme price being paid by producers at the time.[605] This suggests that the costs associated with an increased refund may not be passed on to consumers in full.

COEX expressed concern that increasing the refund amount would provide a windfall gain to MRF operators, who – COEX said – would receive twice as much money for the same amount of work. COEX CEO Natalie Roach explained:

> *At the moment, when you put your container in your yellow-top bin it goes to your council material recovery facility. That material recovery facility gets the 10 cents. If that were to go up to 20 cents, those facilities are run by multinational organisations such as TOMRA Cleanaway and Re.Group, so they would automatically see a doubling of their revenue for no effort.*[606]

The department advised the committee that any proposal to increase the refund from 10 cents would require further consideration and consultation.

> *"The refund amount of 10 cents was set to ensure consistency with other schemes across the country. Any change to the refund amount would also require consideration with other jurisdictions to ensure there is not significant movement of containers between Schemes operating in other jurisdictions.*
>
> *Any change to the refund amount would require further policy consideration by Government and consideration of any financial impacts to businesses and Queenslanders.*
>
> ***Department of Environment, Tourism, Science and Innovation***
> *17 April 2025*[607]

On 1 May 2025, Minister Powell stated that:

> *I commend the parliamentary inquiry into the Containers for Change program. I reiterate the Crisafulli government's support for the program, but I rule out a future refund increase or decrease in the COEX Containers for Change Scheme. The inquiry is about examining ways to improve the scheme and its return rate. It is not about increasing the cost to Queenslanders.*[608]

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603 COEX, Deloitte Assessment of recovery uplift opportunities for Queensland's Container Refund Scheme – Summary of findings, 18 March 2025, supplied to committee on 5 September 2025.
604 Submission 92, p 3.
605 Queensland Productivity Commission, *Container Refund Scheme Price Monitoring Review*, Final report, January 2020.
606 Private hearing transcript, Brisbane, 25 August 2025, p 14.
607 DETSI, Written response to submissions, 17 April 2025, p 10.
608 https://documents.parliament.qld.gov.au/speeches/spk2025/Andrew_Powell-Glass%20House-20250501-719827065582.pdf

Committee comment

The evidence before the committee suggests there is strong community support for proposals to increase the refund amount from 10 to 20 cents. Numerous Queenslanders have told the committee that they are willing to pay a larger deposit when they purchase beverages because they want to see the scheme deliver its objectives.

The committee does not expect that an increase to the refund amount would be a 'magic bullet'. It is clear that other measures to improve the recovery rate are necessary, and that initial gains triggered by a higher refund are likely to be eroded over time, as has been the case in South Australia. However, there is a strong case for thorough consideration of the issue when Queenslanders have so clearly indicated what they want, as they have through this inquiry. The committee notes previous research around this issue has been undertaken across Australia and recently by COEX itself, which would support further consideration.

COEX told the committee that increasing the refund amount will increase the cost of the scheme. This is undoubtedly true. The committee acknowledges that increased costs associated with the scheme may ultimately be passed on to consumers. This is not an insignificant concern, given the cost-of-living pressures facing many Queenslanders.

However, it is important to consider who, precisely, would paying the cost of any increase to the refund amount. It appears that some of that additional cost will be borne by beverage producers, who can expect to be charged a higher fee for each container they sell as the recovery rate improves. This is what the economics underpinning the scheme tells us. There is also some evidence that consumers will pay more for their beverages – this is what the 2020 QPC pricing review told us. But it will not be the whole amount of any increase. The QPC pricing review demonstrated how beverage manufacturers do not pass on the whole increase to consumers, and end up absorbing some of the additional cost themselves. This is unlikely to cause significant problems for large producers, who, as the QPC review demonstrated, can offset cost increases through economies of scale. However, it will impact smaller beverage producers disproportionately and thus adds additional weight to proposals (discussed in section 5.3.1) that small producers be provided with an exemption or rebate that reduces the financial burden imposed by the scheme.

The committee notes the concerns expressed by COEX regarding the potential 'windfall' for MRF operators if the refund amount is increased. However, it seems unlikely that MRF operators would, as COEX submit, receive twice as much money for no additional effort. The intended purpose of an increase is to boost the active participation in the scheme from consumers being motivated, by a higher refund, to stop disposing of their containers in yellow-top bins and return them to a depot or RVM. Logically, this would therefore *reduce* the volume of eligible containers recovered by MRFs, and the potential for unwarranted financial gain by MRF operators. Granted,

that would impact revenue- sharing arrangement between MRFs and local councils, but other aspects of the Government's new Waste Strategy, such as the waste levy, would no doubt offset that.

The committee notes the department's advice regarding the need for consultation with other jurisdictions and the potential for containers to be moved unlawfully from other jurisdictions to Queensland to obtain a higher refund. However, the committee considers that Queensland is well placed to take the lead in this instance, as it did with the inclusion of glass wine and spirit bottles, which other Australian jurisdictions have now followed. If Queensland acts first to increase its refund amount, it is likely that other states will follow, as they have with regards to other aspects of their schemes.

Recommendation 11

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider referring the issue of an increase in the container refund amount to the Queensland Productivity Commission for reporting.

Boosting participation in the scheme by corporate actors

Several submitters identified a need to increase participation in the scheme by corporate actors, particularly workplaces, as well as MUDs. Some suggested this could be done by mandating participation in the scheme by businesses and body corporates.[609] This, they suggested could be done in a variety of ways, including via the licensing conditions of licensed venues, by banning the disposal of eligible containers in landfill, or by allowing companies and other organisations to obtain a discount or rebate from their local council if they can demonstrate that they participate in the scheme.

For example, in its written submission, COEX recommended that the government 'implement policies that encourage medium and large workplaces to add container collection to their existing waste management plans.'[610] Subsequently, representatives from COEX identified both licensing conditions[611] and a landfill ban[612] as measures that could help to achieve this goal.

Regarding the latter, COEX Chair Andrew Clark, stated that a ban on the disposal of beverage containers in landfill 'would be something worth exploring' to ensure that there is 'both carrot and stick' to incentivise participation in the scheme.[613]

609 Submissions 27, 77, 84, 90, 91, 92, and 102.
610 Submission 39, p 4.
611 Private hearing transcript, Brisbane, 27 August 2025, pp 4-5.
612 Private hearing transcript, Brisbane, 27 August 2025, p 5.
613 Private hearing transcript, Brisbane, 27 August 2025, p 5.

Mr Clark also asserted that requiring participation via licensing conditions would have a relatively small impact on affected businesses, due to the support COEX would provide. He stated:

> *If we can ban plastic spoons and forks and drinking containers, why can we not say, 'As part of your licensing condition, you must be part of the scheme'? It will not cost them anything. We provide all the infrastructure, we will arrange the collection for them and the environment will benefit substantially.*[614]

Similarly, the Australian Beverages Council proposed mandating container collection in hospitality venues, pubs, cafes and restaurants, noting that these spaces are 'an often-untapped source of glass bottles and aluminium cans'.[615] However, other stakeholders suggested that the provision of better incentives to encourage participation by small businesses may be preferable. For example, several Members of Parliament told the committee that business-focussed solutions that reduce the logistical and financial burden of participating the scheme are necessary to lift participation rates in this sector of the economy.[616]

With regards to MUDs, submitters suggested that a mandate to participate could be complemented by more practical changes, such as changes to guidelines for the design of waste and recycling systems. For example, Lion recommended 'developing guidelines and considering mandating for all new developments to include a separate bin / service for scheme containers across residential multi-unit dwellings'.[617] In a similar vein, the Australian Food and Grocery Council, suggested the use of targeted incentives to encourage container separation in multi-unit dwellings.[618]

In response to submitter proposals to mandate scheme participation by corporate actors, the department noted the voluntary nature of the scheme and observed that any recommendations made by the committee would be considered as part the government's response to the committee's report.[619]

Greater leadership-by-example

Several submitters suggested that the government could help to increase the recovery rate by doing more to lead by example.[620] This would involve the government taking steps to ensure that public spaces and facilities owned or operated by the government, including government departments, schools and hospitals, participate in the scheme. COEX explained:

> *We know there are around 250,000 government employees in Queensland. Imagine if every one of those employees was able to return their containers, what that would do for the uplift, and then if you multiply that by government*

614 Private hearing transcript, Brisbane, 27 August 2025, p 5.
615 Submission 77, p 5.
616 Member for Mackay, correspondence, 17 March 2025; Member for Scenic Rim, correspondence, 22 April 2025.
617 Submission 92, p 4.
618 Submission 102, p 3.
619 DETSI, written response to submission, 17 April 2025, pp 14-15.
620 Submissions 27, 37, 73, 77, 92 and 102.

> *facilities the uplift continues to grow… We are really calling on the government to role model what great recycling looks like by embracing Containers for Change right across all of the sites.*[621]

Some other submitters made similar comments. For example, Rebecca Young told the committee:

> *I am disappointed that I have been working at a Qld Govt Health centre for a number of years, and we are still waiting for the scheme to be implemented. I would have thought the government would have ensured that Containers For Change was in place on all their sites. It is hard seeing so many 10c containers end up in the waste bin!*[622]

Similarly, the Australian Beverages Council recommended mandating the separation and collection of eligible contains in public properties such as the Parliament, schools, hospitals and prisons. It claimed that this 'leadership move by Government could enable up to double-digit increases in the collection rate'.[623]

COEX noted that it already engages with a wide range of government entities, including major hospitals, via its Partners for Change Program. However, it explained that this was often quite time consuming as its staff have to engage with each government entity on an individual basis. COEX CEO Natalie Roach, explained:

> *Part of the challenge for us with government facilities such as hospitals is that we are required to communicate with each individual entity, so it is a one-to-one conversation. When you think about the volume of health facilities, rehab facilities, medical centres or whatever it might be, there is a phenomenal number across the state. If we are having to hand-pick one by one, that takes an awful lot of time, so the growth trajectory is very slow and steady.*[624]

The department advised the committee that it is proud to participate in the Partners for Change Program. It noted that three of its sites, including its head office, currently participate in the scheme via that program. It also advised the committee of steps it has taken, and plans to take, to encourage greater participation by other government entities.

> *"Under the Waste Reduction and Recycling Act 2011, the Chief Executives of state entities are required to ensure that all aspects of waste management for the entity are addressed by a waste reduction and recycling plan for the entity.*
>
> *DETSI intends to write to Chief Executives of State entities to encourage their participation in the Partners for Change Program through these plans.*
>
> *DETSI has assisted COEX in engaging with some of the departments where there are significant opportunities to collect high volumes (e.g. Queensland Health, Education Queensland, Stadiums Queensland). A number of these are actively working with COEX to expand collection.*
>
> ***Department of Environment, Tourism, Science and Innovation***
> *5 September 2025*[625]

621 Public hearing transcript, Brisbane, 21 May 2025, p 3.
622 Submission 73, p 1.
623 Australian Beverages Council, submission 77, p 5.
624 Private hearing transcript, Brisbane, 27 August 2025, p 5.
625 DETSI, correspondence, 5 September 2025, attachment 1, p 3.

Committee comment

Well done to the department for taking up the challenge and leading by example in their participation in the container refund scheme. All other Queensland Government departments and government facilities should follow suit.

The committee was disappointed to hear how continued low scheme participation by corporate and government entities in their high-rise office buildings and other facilities has impacted the rate of collection of containers consumed outside the home. The evidence before the committee suggests that significant improvements in the recovery rate could be realised if building and facility owners, both government and commercial, provided workers and members of the public with a means to return beverage containers consumed outside the home. Broader participation in the scheme by the owners of office complexes, sporting and health facilities, should be not only encouraged but expected. Similarly, residents of multi-story apartment complexes need to be provided with easier access to the scheme to ensure their participation.

While additional RVMs will assist improve recovery rates, their installation is governed by local government planning processes.

Recommendation 12

That the Queensland Government consider opportunities to increase sustainable participation in the container refund scheme, by implementing strategies to:

a. increase scheme participation in corporate and government workplaces, and multi-unit dwellings

b. increase the number of reverse vending machines

c. examine the impact of local government planning processes on scheme expansion.

Improving public awareness

Several submitters suggested that improving public awareness of the scheme would drive more consumers to recycle their containers, both through collection points and yellow-top recycling bins.[626] For example, Glen Crawford suggested that 'apathy and a lack of knowledge' was one of the biggest barriers to increasing participation in the scheme.[627]

626 Submissions 4, 18, 27, 28, 38, 40, 42, 64, 67, 77, 82, 84, 92, 97, and 99.
627 Submission 28, p 1.

Other submitters took a more nuanced view about levels of public awareness. Lion told the committee:

> *While consumers have strong general awareness of the schemes and scheme branding, awareness is lower in terms of what can be returned and how and where to return and is a key barrier to participation.*[628]

In Lion's view, this demonstrates why COEX sponsorship of major sports, and its expenditure on marketing and communications, is justified.[629] However, Lion observed that the public is less aware of what happens to containers after they are returned. It submitted:

> *There is a significant lack of awareness of the circular outcomes delivered by scheme, with 74% of Queenslanders either not familiar at all or somewhat unfamiliar with the fact that scheme glass collected is likely to be turned back into new glass bottles.*[630]

Similarly, the Member for Scenic Rim Mr Jon Krause MP submitted that there is limited public understanding of what happens to materials after collection, and that more clarity amongst consumers about how those materials are being used and processed is likely to increase public trust in the system.[631]

Do Queenslanders know what they can return?

Although most Queenslanders (79 per cent) state that they know which containers are eligible for a refund, it appears that many people overstate their knowledge in this area. This may mean some eligible containers are being 'lost' to the scheme, while some consumers are losing out on refunds they could have claimed.

In January 2025, a very high percentage of respondents surveyed by COEX accurately identified aluminium cans, glass drink bottles, and plastic drink bottles as included within the scheme. However, only two-thirds knew that wine bottles are now included, and just half were aware that spirit bottles can be returned for a refund in Queensland. Consumers appear to be particularly poorly informed about small juice boxes (e.g. poppers), with only 43 per cent aware they are included in Queensland's scheme.[632]

These figures suggest that there is still room to improve people's knowledge about Queensland's scheme.

COEX took the view that public awareness of Queensland's scheme is relatively strong. It told the committee that, according to biannual brand tracking research it undertakes, "scheme awareness, knowledge and participation remains steady and high."[633] For example, in January 2025, 85 percent of survey respondents indicated spontaneous

628 Submission 92, p 14.
629 Submission 92, p 14.
630 Submission 92, p 15.
631 Member for Scenic Rim, correspondence, 22 April 2025, p 1.
632 COEX, correspondence, 16 May 2025, p 24.
633 COEX, Brand tracking January 2025, supplied to committee on 15 May 2025, p 16.

awareness of Queensland's scheme.[634] While a similar percentage of respondents indicated that they knew how and where to return their containers (86 and 85 per cent, respectively) a slightly lower proportion (79 per cent) agreed that they knew what containers are eligible for a refund.[635]

In the 2023-24 financial year, COEX spent $10.7 million on marketing and communications, a slight decrease from the previous year when it spent $10.9 million.[636] COEX advised the committee that this figure reflects the significant amount of work it does 'in house' to promote Queensland's scheme and educate the public about how to participate in it. For example, it is about to launch a significant advertising campaign in the lead up to the peak summer period.[637] Section 0 of this report has previously reported the contractual arrangements which outsource Queensland's scheme branding and marketing.

In response to suggestions to improve public awareness of the scheme, the department emphasised that promoting the scheme is a core function of the PRO.

> *"Currently, one of the functions of COEX as the PRO is to promote the Scheme. Part of the revenue collected by COEX goes towards awareness raising and advertising to ensure the community is aware of how and where they can return containers.*
>
> *More broadly the department is working to increase recycling and reduce littering and will continue to do so through a range of policy interventions, projects, and education and behaviour change initiatives.*
>
> ***Department of Environment, Tourism, Science and Innovation***
> *17 April 2025*[638]

Improving integration with broader waste policies

A significant number of submitters suggested that recovery rates could be boosted by improving integration with broader waste policies.[639] However, what submitters meant by this varied. Some took the view that local government should play a greater role in waste management, potentially rendering a standalone scheme for containers unnecessary.[640] Another submitter called for greater investment in co-mingled recycling facilities, to ensure they are able to collect and sort eligible containers.[641]

Other submitters felt there was scope for better aligning the activities of local government and the operation of the scheme. For example, COEX identified the absence of a consistent outdoor recycling plan to collect containers consumed in public spaces as a

634 COEX, Brand tracking January 2025, supplied to committee on 15 May 2025, p 16.
635 COEX, Brand tracking January 2025, supplied to committee on 15 May 2025, p 16.
636 COEX, Container Exchange Annual Report 2023-2024, p 52.
637 Private hearing transcript, Brisbane, 27 August 2025, p 20.
638 DETSI, written response to submissions, 17 April 2025, p 13.
639 Submissions 1, 15, 27, 28, 41, 53, 59, 60, 77, 82, 84, 99 and 105.
640 For example, submissions 1 and 15.
641 Huhtamaki, submission 82, p 5.

key challenge. This, they explained, often leads to containers being disposed of in bins that are destined for landfill.[642]

Some submitters took the view that the development and operation of the scheme has been disconnected from broader waste policies, which has adversely affected both the waste industry and the performance of the scheme. Gayle Sloan, WMRRAA CEO, explained this as follows:

> *… the reality is that this is the largest investment Queensland has ever seen in waste and resource recovery infrastructure in the state. Unfortunately, it is treated as something that is separate to the broader waste and resource recovery industry. You will see that in our submission I talk at length about the negative impact that has had on particularly regional centres and regional MRFs. I think that can be addressed through far more collaboration between COEX and councils and regional MRFs through things like co-location of infrastructure.*[643]

The department advised the committee that Queensland's Waste Strategy, which provides the long-term framework and targets for improving waste management and resource recovery in Queensland, would be updated in 2025.[644] On 1 May 2025, Minister Powell launched *Queensland Waste Strategy 2025-2030: Less landfill, more recycling,* stating that

> *This plan will be co-designed with industry, local governments and Queenslanders to chart a better course for our environment. The plan will focus on kickstarting construction of critical waste infrastructure, unleashing innovation and making sure we create new industries for all of Queensland. The waste industry is with us. It knows we can do more with recycling and generate a wave of new jobs and industries as we move into the future of waste. Opportunity is knocking, and we are ready to answer.*
>
> *As part of the consultation, we will also be reviewing the waste levy…*
>
> *I can also announce that we will be working with councils, with a new $130 million Resource Recovery Boost Fund to help them build the infrastructure and programs they need to divert waste from landfill. Councils know we need to change how we deal with rubbish. Landfills are bursting at the seams…*[645]

According to the department's website, the government sought feedback on a draft version of the strategy for an eight-week period ending on 26 June 2025.[646] COEX told the committee that the options considered during the review of the Waste Strategy have clear implications for Queensland's scheme. COEX CEO Natalie Roach explained as follows:

> *One of the key pieces that came out of the consultation for the new waste strategy that is in draft at the moment that Minister Powell and team have been leading was a real focus on that waste levy. I think the key takeaway is that*

642 Submission 39, p 3.
643 Public hearing transcript, Brisbane, 30 April 2025, p 13.
644 DETSI, written response to submissions, 17 April 2025, p 11.
645 https://documents.parliament.qld.gov.au/speeches/spk2025/Andrew_Powell-Glass%20House-20250501-719827065582.pdf
646 Queensland Government, 'Draft new Queensland Waste Strategy 2025–2030 consultation – closed', https://www.qld.gov.au/environment/circular-economy-waste-reduction/strategy-plans/draft-waste-strategy

> *generally it is cheaper in Queensland to take waste to landfill than it is to dispose of it via circular channels, so I think that in itself is part of the issue. If it is cheaper to take waste to landfill, people will always choose the most economic option over necessarily doing the right thing. So I think that that is where that consultation has to start, and that was not just in terms of containers; that applied to commercial and industrial waste et cetera. So that is an opportunity in itself—raise the landfill levy rates and potentially ban containers from being disposed of as landfill. They are some options that could be considered as part of that process.*[647]

Similarly, Alison Price, WRIAQ CEO observed a need to connect the scheme to the broader waste strategy review. She stated:

> *There is the ability for this scheme—both as part of this inquiry and as part of the waste strategy review—to sit down and have a good look at how we are utilising our infrastructure in Queensland and what is missing from our infrastructure in Queensland and to work together to utilise the existing collection network that is doing a very good job of collecting these things quite effectively to enhance that recycling.*[648]

Committee comment

The new *Queensland Waste Strategy 2025–2030 – Less Landfill, More Recycling* has obvious implications for the container refund scheme. On one hand, the scheme is surely a key tool for achieving that strategy's core goals – less landfill and more recycling. On the other hand, as COEX have observed, the ability of the scheme to achieve its own targets will be influenced by the policy settings mapped out by that strategy.

There is a direct overlap between the objectives of the Waste Strategy and the statutory objectives of the WRR Act for the container refund scheme.

It is therefore perplexing that the department has undertaken its review of the new waste strategy while this committee's inquiry - including its term of reference regarding whether the scope and objectives of the scheme remain fit for purpose and meeting the needs of all Queenslanders - is still underway, and via separate processes – one a departmental review, the other parliamentary committee inquiry. The disconnect between these two processes is illustrative of the larger disconnect between the scheme and broader waste policies which submitters have rightfully raised as a concern.

The committee was surprised, and concerned, that the draft *Waste Strategy* published as part of the government's consultation largely omits any reference to the container refund scheme. It is discussed only in a section on harmonisation, where the draft strategy states that Queensland will work with other jurisdictions to 'harmonise

647 Private hearing transcript, Brisbane, 27 August 2025, p 5.
648 Public hearing transcript, Brisbane, 30 April 2025, p 28.

approaches' including for 'container deposit scheme expansion'.[649] This seems to indicate quite a specific intention on the part of the department to keep the two reviews separate, which seems counter-intuitive, particularly where both reviews will likely result in legislative changes to the WRR Act.

In light of this, the committee recommends that the Minister ensure that the final version of the new waste strategy appropriately recognises the need to integrate the container refund scheme within broader policy settings around waste and recycling towards the optimal achievement of the scheme's statutory objectives of reducing landfill and complementing existing collection of recyclable waste.

Recommendation 13

That the Minister for the Environment and Tourism and Minister for Science and Innovation ensure integration of the container refund scheme within the broader policy settings to be adopted by the new *Queensland Waste Strategy 2025–2030 – Less Landfill, More Recycling*.

5.2. Expanding the scope of the scheme

Submitters made a variety of proposals to expand the scope of the scheme. This included proposals to include:

- more types of containers
- the lids of containers
- items other than containers, such as soft plastics and batteries.

Each of these proposals is discussed below.

5.2.1. Including more types of containers

Many submitters took the view that more types of containers should be included in the scheme.[650] Several Members of Parliament also told the committee their constituents had requested that more types of containers be included.[651]

The most common suggestion was for all beverage containers, regardless of size or beverage type, to be included. In particular, submitters identified fruit juice containers (larger than one litre) and milk containers (including bottles and cartons) as items that

649 Queensland Government, Queensland Waste Strategy 2025-2030, Draft for Consultation, 2025, https://www.qld.gov.au/ data/assets/pdf_file/0026/580049/queenslands-waste-strategy2025-2030.pdf

650 Including submissions 2, 19, 24, 27, 48, 62, 63, 77, 98 and 107.

651 Member for Greenslopes, correspondence, 22 April 2025; Member for Bulimba, correspondence, 23 April 2025; Member for Bundamba, correspondence, 22 April 2025; Member for Maiwar, correspondence, 22 April 2025; Member for Nudgee, correspondence, 22 April 2025; and Member for Sandgate, correspondence, 22 April 2025.

should be included in the scheme.[652] Others suggested that takeaway food cups be included, with one explaining:

> *If the objective is to reduce the volume of litter in the environment, takeaway food cups and other containers should also be added to the scheme. Take a look at the litter in the vicinity of any of the large franchised takeaway food outlets to see why this matters.*[653]

A smaller number of submitters suggested that non-beverage containers should also be included within the scheme. For example, Rachel Cassidy submitted:

> *If containers from other household consumables like cleaning products or shampoo for example were included, the scheme would be adopted by many more members of the community and thus increase its efficiency overall.*[654]

Similarly, the Australian Beverages Council indicated support for expanding the scheme to include a much wider range of containers. It explained that non-beverage containers represent 'an overlooked source of high quality material which could be collected using existing infrastructure, re-used, and kept out of the natural environment'.[655]

However, some submitters cautioned against including containers which have limited recyclability. In particular, the Australian Council of Recycling told the committee that items which have been identified for phaseout by the Australian Packaging Covenant Organisation, including PVC containers, opaque PET containers and wine casks, should not be included in any scheme.[656] They stated that including these materials in the scheme would send the wrong message to consumers regarding the recyclability of these items.[657]

Other submitters, such as Retail Drinks Australia, opposed the addition of new container types on the basis that this would place Queensland 'further out of step' with schemes in other jurisdictions and 'may lead to consumer confusion'.[658]

The department advised the committee that expanding the scheme to include more kinds of containers would require consultation with the relevant manufacturers given it has been designed as a product stewardship arrangement.

652 For example, Container Refund Point Kingaroy, submission 27; Member for Maiwar, correspondence, 22 April 2025, p 1.
653 Elmer Ten-Haken, submission 24, p 4.
654 Submission 19.
655 Submission 77, p 13.
656 Submission 61.
657 Submission 61.
658 Submission 97, p 4.

> *The Scheme is established as a product stewardship arrangement with the costs of operating the Scheme and recovering the containers for recycling paid for by beverage manufacturers... When the Queensland Scheme was expanded in November 2023 to include wine and pure spirit containers, the wine and spirit beverage manufacturers were also included in funding the Scheme.*
>
> *Further expansion of the Scheme to other products would require consultation with the respective manufacturers for their inclusion in, and participation in the Scheme.*
>
> ***Department of Environment, Tourism, Science and Innovation***
> *17 April 2025*[659]

Committee comment

The committee considers that proposals to expand Queensland's scheme along lines similar to those recently announced in the Northern Territory have significant merit. However, the committee is also cognisant that an expansion of the scheme would also come with costs, including costs for consumers and small producers.

There appears to be strong community support for proposals to expand Queensland's scheme to include all beverage containers. Such an expansion could bring a range of benefits. It would increase the volume of materials that are recycled while simultaneously improving the quality of those materials, allowing them to be transformed into more desirable, higher-value products. Such expansion would also ensure a better realised product stewardship scheme, by requiring the participation of other beverage manufacturers whose products contribute to litter and landfill.

The fact that the Northern Territory is already moving in this direction goes some way to allaying concerns that Queensland will end up 'out-of-step' with other jurisdictions. So too do recent announcements by other jurisdictions – including New South Wales, South Australia and Western Australia – that they will be following Queensland's lead and expanding their schemes to include glass wine and spirit bottles in the next few years.[660] It appears likely that other states would follow Queensland's lead again if our scheme is expanded further.

The committee acknowledges the department's advice that further expansion would require consultation with relevant manufacturers. The committee encourages the department to undertake that consultation in a manner that ensures the views of all stakeholders, particularly smaller producers, are heard.

Recommendation 14

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider expanding the eligibility of containers in the scheme.

659 DETSI, written response to submissions, 17 April 2025, pp 17-18.
660 See section 1.3.1.

5.2.2. Including lids

At present, container lids are not included within the scope of Queensland's scheme.

Several submitters told the committee that Queensland's scheme should be expanded to include the lids of eligible containers.[661] Typically, these submitters argued that excluding lids meant they ended up in landfill, limited the ability of the scheme to reduce litter and, in some case, resulted in more litter at collection points. For example, Ocean Crusaders Foundation observed:

> *We have found a lot of bottle caps in the waterways, particularly around the depots as people have to take the caps off. This has actually lead to an increase in the number of caps being collected in waterways.*[662]

Some submitters highlighted the benefits of harmonising with other jurisdictions, such as Victoria, where consumers are encouraged to return containers with lids attached. For example, the Australian Food and Grocery Council suggested that 'consistent "caps on" messaging' across jurisdictions 'will support more effective consumer participation'.[663]

Another witness told the committee that the 'lids off' requirement adversely affects the operation of depots. Gayle Sloan, WMRRAA CEO, told the committee requiring the removal of lids adds time and cost, even though reprocessing facilities are capable of dealing with containers that have lids attached.[664]

The department advised the committee that the concerns of submitters were supported by evidence.

> *The department understands that loose beverage container lids continue to be littered in high amounts, with it rating as the second most littered items in Queensland in the October 2023 and March 2024 litter audits commissioned by the department. This supports the observations made by submitters.*[665]

The department also noted recent proposals to include lids in other schemes, as well as proposals (in Australia and overseas) to require that all caps and lids remain attached to beverage containers via tethers.[666]

Committee comment

The exclusion of container lids from Queensland's scheme is a missed opportunity.

Evidence received during the course of this inquiry shows that the exclusion of lids is also counterproductive, undermining the ability of the scheme to reduce litter and increase recycling. Moreover, the experience of other jurisdictions, such Victoria, shows that the inclusion of lids is eminently possible. Moving towards a more harmonised approach will also facilitate more consistent messaging to consumers, something that may also help the scheme to achieve its objectives.

661 Submissions 19, 10, 27, 77, 91, 93 and 102.
662 Submission 8, p 1.
663 Submission 102, p 3.
664 Public hearing transcript, Brisbane, 30 April 2025, p 16.
665 DETSI, written response to submissions, 17 April 2024, p 18.
666 DETSI, written response to submissions, 17 April 2024, p 18.

Making this change now will also help to 'future proof' Queensland's scheme in light of proposals, both in Australia and overseas, to require that caps and lids be attached to beverage containers via tethers.

Recommendation 15

That the Minister for the Environment and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to allow eligible container lids to be collected and recycled through the scheme.

5.2.3. Including other items

The committee received several submissions suggesting that the scheme be expanded to facilitate the return and recycling of items other than containers.[667] Some Members of Parliament also told the committee their constituents had requested such an expansion.[668] The items that submitters and Members most commonly suggested including within the scheme were soft plastics and batteries. Other items suggested for inclusion included blister packs and electronic waste.

The current lack of recycling options for soft plastics was a notable source of frustration for some submitters. For example, one submitter stated:

> *I would love to see the soft plastics recycling come back on board throughout Australia as I think it is disgusting that all these soft plastics are going to landfill.*[669]

The Battery Stewardship Council suggested that batteries could be included in the scheme by accrediting container collection points as 'B-cycle drop off points'.[670] Other witnesses also noted that in other jurisdictions, including NSW and South Australia, battery return points are already located within some scheme depots, offering consumers a more convenient way to recycle batteries.[671] Some, such as Alison Price, WRIAQ CEO, suggested that creating a collection network for lithium batteries should be a priority issue, given that they represent a significant fire risk for waste recovery facilities.[672]

667 Including submissions 10, 16, 40, 91, 102 and 106.
668 Members for Greenslopes, correspondence, 22 April 2025; Member for Bundamba, correspondence, 22 April 2025; Member for Maiwar, correspondence, 22 April 2025; Member for Nudgee, correspondence, 22 April 2025; Member for Sandgate, correspondence, 22 April 2025.
669 Name withheld, submission 16, p 1.
670 Submission 106.
671 Gayle Sloan, CEO, Waste Management & Resource Recovery Association of Australia. public hearing transcript, Brisbane, 30 April 2025, p 17.
672 Public hearing transcript, Brisbane, 30 April 2025, pp 26 -27.

However, TOMRA Cleanaway noted that batteries could not be collected via RVMs, due to the nature and contents of batteries, and will require alternative arrangements.[673] A representative of TOMRA explained the problem as follows:

> *Part of the big problem with batteries is not just individual batteries but embedded batteries in things like vapes, toys and whatever else. Designing an automated way of collecting those variety of products is a challenge. Part of the benefit of RVMs is the compaction of bottles to produce better logistics. You definitely do not want to be compacting batteries. There are a number of technical and practical reasons that batteries are probably not appropriate for RVMs.*[674]

Similarly, the Australian Council of Recycling noted that materials such as soft plastics and batteries "have different consumption patterns, and may not be suited to current return infrastructure and technology."[675] Tony Sharp, founder of Substation33, a social enterprise that operates a container return point in Brisbane, explained the need to deal with different types of batteries in varying ways:

> *…for us, the value is in laptop batteries and EV batteries and the big-format batteries. The button batteries and the pouch batteries need to go back to the retailer because they are a challenge. It is small-form stuff. We need to be working with the bigger stuff, and that is going to come at us in a wave…*[676]

COEX indicated that it was open to the potential expansion of the scheme to include additional items. However, it stressed that consultation, as well as legislative change, would be necessary.

> *"COEX's network of refund points and operators could be used for the collection of other similar waste material - though the significant operational and commercial impost of this would mean consideration would have to be given to how the manufacturers of these products would pay for this. As such any expansion of the scope of the scheme would require broad legislative change and consultation. COEX is open and willing to work with stakeholders on how this could be achieved.*
>
> ***COEX***
> *Factsheet, provided in response to public hearing*[677]

Similarly, the department noted that while the scheme's CRPs could potentially be used to collect a wider range of items for recycling, 'further consideration is required around how this could be facilitated.'[678]

673 Public hearing transcript, Brisbane, 30 April 2025, pp 2-3.
674 Public hearing transcript, Brisbane, 30 April 2025, p 3.
675 Submission 61, p 6.
676 Public hearing transcript, Brisbane, 30 April 2025, p 7.
677 COEX, correspondence, 15 May 2025, p 5.
678 DETSI, written response to submissions, 17 April 2025, p 24.

Committee comment

Many Queenslanders are keen to recycle a broader range of items, including soft plastics and batteries, and would like a convenient means to do so. The network of refund points established under the scheme could well provide a solution to this problem. However, the evidence the committee received as part of this inquiry demonstrates that using CRPs to collect a broader range of materials is not straight forward. This is particularly true with regards to batteries, which present a range of technical challenges both due to their variety, and the safety risks associated with them.

Whether, and how, Queensland's container return points could be used to facilitate the collection and recycling of soft plastics and batteries warrants more detailed examination. A feasibility study would provide a firmer, and more informed, basis for the additional consultations which the department advised us would be necessary if such an initiative were to be pursued. That work could also complement and inform the broader policy settings to be applied during implementation of Queensland's draft Waste Strategy.

Recommendation 16

That the Minister for the Environment, and Tourism and Minister for Science and Innovation conduct a feasibility study regarding the use of container return points to facilitate the collection and recycling of soft plastics, batteries and other recyclable items.

5.3. Other ways to enhance scheme benefits

Evidence presented to the committee identified several other ways in which the scheme could be improved. This included reducing the impact of the scheme on small producers, improving recycling outcomes and ensuring the scheme operates efficiently.

5.3.1. Reducing the impact of the scheme on small producers

A significant number of submitters told the committee that the scheme could be strengthened by reducing its impact on small producers.[679] This group included several independent craft breweries and artisan distillers based in Queensland.

Small producers typically highlighted both the administrative burden associated with the scheme, and the financial costs it imposes. For example, Black Hops Brewery noted that the cost of participating in the scheme, both financially and administratively, is significant, and that if the financial cost were to increase in any way, it would cripple their business.[680]

679 Submissions 48, 51, 52, 60, 72, 75, 79, 80, 81 and 104.
680 Submission 51.

Five Barrel Brewing expressed a similar view, explaining:

> *For our business, the direct costs of participation—including container registration, reporting, and scheme contributions—represent a material and growing expense. Every dollar and hour counts in a small business, and the way the scheme is structured at the moment really adds up, especially as we sell into multiple states.*[681]

Similarly, Australian Grape & Wine expressed concerns that the administrative burden associated with the scheme 'is particularly acute for small businesses, many of whom report being unable to pass on costs in a highly consolidated retail market'.[682]

The Independent Brewers Association observed that its members are disproportionately affected by the scheme because they release new products far more frequently than wine or spirit producers.[683] They also noted that more than half their members produce less than 200,000 litres a year, far less than the 500 million (or more) litres a year produced by big brewers such as Asahi and Kirin.[684]

Several small producers asserted that they had been adversely affected by the decision to include glass wine and spirit bottles in Queensland's scheme from 2023.[685] Some expressed the view that the 2023 expansion of the scheme lacked a clear policy rationale, was rushed, and had not involved enough consultation. For example, Australian Grape & Wine submitted that the government had not articulated the specific environmental problem that the 2023 expansion sought to solve.[686] Similarly, some small distillers argued that their bottles are not a significant source of litter, and are less likely to be returned to the scheme, meaning they are paying to solve a problem to which they do not contribute.[687]

Submitters suggested several ways in which the scheme's impact on small producers could be reduced. The Independent Brewer's Association advocated for a small producer exemption or rebate for participation, to address the administrative and financial burden.[688] Similarly, Australian Grape & Wine proposed:

- providing a fee-free threshold (e.g. first 5,000 units annually) and fixed fee option (e.g. $500 for 5,000–10,000 units) for small producers
- removing statutory declaration requirements on sales reporting, and
- extending payment terms (for beverage suppliers to pay COEX) to at least 30 days to align with standard business practices.[689]

681 Submission 52, p 1.
682 Submission 60, p 4.
683 Submission 48, p 6.
684 Submission 48, p 4.
685 Submissions 60, 78, 80, 81, 86 and 104.
686 Submission 60.
687 Submissions 78, 80, 81, 86 and 104.
688 Submission 48.
689 Submission 60, p 5.

Several other submitters suggested that the administrative burden associated with the scheme could be reduced by harmonising requirements across jurisdictions and providing a single portal through which producers could register containers for multiple schemes.[690]

The department advised the committee that the government has already provided support to small producers through several channels. This includes:

- assisting craft brewers to meet the requirements of the Scheme under Action 8 of the Craft Brewing Strategy
- providing financial support (roughly $3000 per barcode) to small, Queensland-based beverage manufacturers who were required to register their products for barcodes for the first time as a result of the inclusion of glass wine and spirit bottles in 2023.[691]

The department also:

- noted that the administrative requirements of the scheme were primarily a matter for COEX
- advised the committee that it 'is continuing to engage across jurisdictions around options for harmonisation and will assess the costs and benefits for Queensland, and
- noted that the 2023 expansion of the scheme had been preceded by consultations, which considered the potential impacts on beverage manufacturers.[692]

Committee comment

The committee acknowledges the concerns raised by small producers. They have highlighted how the administrative requirements of the scheme, and the costs it imposes on them, adversely and disproportionately affect their businesses. These small businesses employ a significant number of Queenslanders and make an important economic contribution to the state. While the objectives of the scheme are important, they can – and should – be pursued in a manner that is sensitive to the additional constraints faced by small businesses.

The committee considers that there are strong arguments for establishing some form of rebate or exemption that reduces the financial impact of the scheme on small producers. The precise form of this rebate or exemption is likely to require further consultation and economic modelling, both to determine its scope (who should get it?) and extent (how much should they save?) The committee recommends the Minister request the newly reinstated Queensland Productivity Commission to undertake that consultation and modelling quickly, to ensure that any necessary legislative changes can be made in a timely manner.

690 Submissions 48, 77 and 102.
691 DETSI, written response to submission 17 April 2025, p 23.
692 DETSI, written response to submission 17 April 2025, pp 4-5.

The committee notes the department's advice that administrative requirements of the scheme are primarily a matter for COEX. Yet it also notes that the Minister retains the ability to issue directions to the PRO, or to impose additional conditions on its appointment. It is, therefore, clearly within the Minister's power to ensure that the scheme coordinator makes a more concerted effort to reduce the administrative burden associated with the scheme, for small beverage manufacturers.

Recommendation 17

That the Minister for the Environment, and Tourism and Minister for Science and Innovation consider referring the issue of a rebate or exemption that reduces the financial impact of the container refund scheme on small beverage producers, to the Queensland Productivity Commission for reporting.

5.3.2. Improving recycling outcomes

The department's response to submissions noted that some suggested there is a scheme-wide distinct and clear lack of transparency regarding post-collection of containers. COEX was seen by some submitters to provide little visibility over the final processing of recycled materials, and/ or there is little evidence that the materials are being used in a way that benefits Queensland or contributes to a circular economy.[693]

Evidence received by the committee identified several ways in which the recycling outcomes delivered by Queensland's scheme could be improved. These included:

- increasing the proportion of containers recycled in Queensland
- working towards a more genuine circular economy
- improving transparency about recycling outcomes.

Each of these options is discussed below.

Increasing the proportion of containers recycled in Queensland

As Table 13 shows, while 100 per cent of glass containers recovered by the scheme are recycled in Queensland, most other materials are shipped interstate or overseas to be recycled. Notably, none of the aluminium containers recovered by the scheme are recycled in Australia; all of them are shipped overseas. [694]

Some submitters expressed concern about the proportion of containers returned to the scheme that are recycled locally. They suggested that the broader economic and environmental benefits that the scheme is designed to achieve may be undermined if materials are shipped interstate, or overseas, to be recycled. Some of these submitters noted that exporting these materials for recycling incurs significant environmental costs,

693 Submissions 48, 77, 82 and 83. DETSI, written response to submissions, 17 April 2025, p 15
694 Submissions 48, 77, 82 and 83. DETSI, written response to submissions, 17 April 2025, p 15

due to the climate emissions associated with international shipping. Many of them suggested that Queensland should invest in building recycling facilities to ensure materials are not shipped interstate or overseas.[695]

Table 13 How and where recovered materials are recycled

Material	*Recycled into*	*Location of recyclers*
Glass	New beverage bottles Other glass bottles Road base Pipe base underlay Home insulation	Queensland
Aluminium	New beverage cans Electronics Car parts Building products Kitchen foil Takeaway packaging	Korea India Malaysia
PET	New PET beverage bottles (clear bottles only) Coloured PET bottles	Australia
Liquid Paper Board	Craft paper Plastic resin Building products	Australia Spain
HDPE	Other bottles (e.g. soap containers) Furniture Kitchen bins Construction material Manufacturing equipment	Australia
Steel	New steel cans Utensils Construction materials	Australia Korea India Japan

Note: As at March 2025.Source: COEX website[696]

In light of these concerns, several submitters called for greater investment in recycling infrastructure in Queensland.[697]

695 Submissions 48, 77, 82 and 83.
696 COEX, 'Tracking Recovery and Recycling Outcomes', https://www.containersforchange.com.au/qld/tracking-recovery-and-recycling-outcomes.
697 Submissions 48, 77, 91 and 92.

For example, the Independent Brewers Association submitted:

> *One of the frustrations that our members routinely raise is that they are required to contribute to a system where there is no significant investment by governments at any level to invest in on-shore processing/ recycling of aluminium – which would support a true circular economy. We are small businesses doing our bit – why isn't everyone else?*[698]

A small number of submitters suggested Queensland compares unfavourably to other states, where the establishment of their scheme has led to greater investment in local recycling capabilities. For example, the Waste Management and Resource Recovery Association, stated:

> *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.*[699]

In response to criticism about the proportion of eligible containers recycled locally, COEX told the committee that the capacity of Australian recycling facilities is insufficient for it to ensure all materials are recycled locally. However, it is actively working to ensure materials are recycled in Australia where possible.

> *"All COEX-accredited recyclers are required by legislation to be onshore entities however, under Australian export laws, recyclers can sell materials to offshore buyers if necessary. This is particularly relevant for materials such as aluminium and liquid paperboard, where Australia lacks sufficient onshore capacity. This means these materials must substantively be processed overseas, a challenge faced by all Australian container refund schemes.*
>
> *To improve efficiency where there is onshore recycling capability, COEX has established Direct Sales Agreements with recyclers and remanufacturers for specific materials. These agreements ensure that recycled materials remain in Australia, accelerating the time it takes for containers to be reprocessed and reused.*
>
> ***COEX***[700]

Andrew Clark, COEX Chair, suggested that there may be opportunities for COEX to invest more substantially in local recycling infrastructure. He encouraged the committee to consider 'broadening the scheme mandate for COEX to invest in and support business development in circularity in Queensland'.[701] COEX also suggested that it may be possible for it to contract directly with recyclers of products, when those recyclers are located overseas, to increase the transparency of traceability of containers. However, COEX

698 Submission 48, p 13.
699 Submission 91, p 8.
700 Submission 39, p 12.
701 Private hearing transcript, Brisbane, 27 August 2025, p 2.

implied that this would require changes to its governing framework and, as such, was a matter that required consideration by the department.[702]

The department advised the committee that to address concerns about the export of liquid paper board, the Australian and Queensland Governments announced, in March 2023, that saveBOARD would establish its first Queensland facility on the Gold Coast. This initiative was to receive $1.7 million in funding from the Queensland Recycling Modernisation Fund, which is co-funded by both governments. [703]

In April 2025, the department told the committee that 'there is currently no confirmed start date for building or operating the saveBOARD facility in Queensland'.[704] Later, in September, it noted that "contemporary advice on the progress of the planned facility is best sought from DSDIP [the Department of State Development, Infrastructure and Planning]." However, it advised the committee that "DETSI understands that there is still interest in progressing the project, although it has not commenced building or operating."[705]

The department also advised the committee that the Queensland Government's $1.1 billion ten-year Recycling and Jobs Fund "includes funding for councils and industry to invest in recycling infrastructure."[706]

Working towards a genuinely circular economy

Some submitters expressed dissatisfaction with the kind of products that Queensland's containers are currently recycled into. They took the view that Queensland should be working towards a more genuinely circular economy, where recovered beverage containers are used to produced new beverage containers.[707]

In response to these concerns, COEX told the committee that the scheme's ability to achieve genuinely circular outcomes is heavily influenced by the quality of the materials it recovers. It explained that containers recovered via its collection points are typically higher quality and so are more likely to be recycled into new beverage containers. [708] In contrast, containers placed in kerbside recycling bins and recovered by MRFs typically have a high level of contamination, which limits the type of product that can be produced from that material. For example, while more than three-quarters of the glass returned to collection points in Queensland is recycled into new bottles, glass recovered by MRFs 'typically can only be used for less desirable outcomes, such as road base or sand'.[709]

In light of these problems, some submitters suggested that investing in Queensland's MRFs would help the scheme work towards a more genuinely circular economy.[710] For

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702 Submission 39, p 16.
703 DETSI, written response to submissions, 17 April 2025, p 16.
704 DETSI, written response to submissions, 17 April 2025, p 16.
705 DETSI, correspondence, 5 September 2025, p 4.
706 DETSI, written response to submissions, 17 April 2025, p 16.
707 Submission 71, 77, 78, 80, 81, 86 and 104.
708 COEX, correspondence, 15 May 2025, p 3.
709 COEX, correspondence, 15 May 2025, p 3.
710 Including submissions 77, 82 and 88

example, the Australian Beverages Council told the committee that investing in MRFs and encouraging innovations that allow them to enhance the quality of recycled materials would generate significant economic benefits while contributing to greater circularity. They explained:

> *Raising the quality of MRF material outputs raises the economic value of material in all steps of the chain. High quality materials can be bought and sold for higher prices, used for more high value activities, and remain in the economy for longer. There is no downside – the better the quality of the material, the more value it has in Queensland's economy.*[711]

Other submitters suggested there is also a need to improve sortation practices at MRFs. They stated that some MRFs do not properly sort eligible containers, which contributes to high levels of contamination.[712]

A small number of submitters raised specific concerns about how PET recycling occurs under the scheme and whether this reflects the principles of a circular economy. They expressed concern that PET is partly processed domestically (by being 'flaked' or 'pelleted') then exported internationally to be manufactured into new products.[713] They took the view that this practice is not consistent with the 'proximity principle', which is defined by the WRR Act and provides that waste and recovered resources should be managed as close to the source of generation as possible.[714]

Some submitters suggested that a higher proportion of PET could be recycled into new products domestically if COEX changed the process it uses to sell this material.[715] PACT group explained this issue as set out below.

> *"Currently, most of Queensland's PET material collected through Containers for Change is sold by COEX via monthly auctions to the highest bidder. This does little to enhance the domestic circular economy as it gives little regard to the end use of the material. To encourage domestic recycling and processing of PET into value-add products, the current practice of auctioning off baled PET containers to the highest bidder should be scrapped and replaced with a tender process to be conducted with criteria that supports a domestic circular economy. Consideration should be given to factors including domestic processing capability, end use for the product, employment outcomes and environmental benefits.*
>
> ***PACT Group***[716]

711 Submission 77, p 17.
712 Submissions 89, 90,
713 Submissions 71 and 77.
714 WRRA, s 12.
715 Submissions 71 and 77.
716 Submission 71, p 8.

The department noted submitter concerns about the handing of recovered PET and stated that, should the inquiry identify more requirements or recommendations to further define the proximity principle, they will be considered by the government.[717]

Improving transparency of recycling outcomes

A variety of submitters also told the committee there is a lack of clarity about what happens to materials recovered through the scheme.[718] As discussed above, some felt that this lack of clarity has the potential to erode public trust in the scheme and, consequently, deter people from participating in it. [719] See the earlier discussion of public awareness of the scheme in section 5.1.4.

Ensuring efficient processing and logistics for scheme materials

Some evidence received by the committee suggests that the efficiency of the scheme could be improved through operational changes relating to compaction. At present, the degree to which CRP operators are permitted to compact the containers they collect differs. Generally, containers are transported intact to processors, who then compact them ahead of sale through the scheme This is intended to prevent fraud by making it more difficult and expensive to transport containers consumed in other jurisdictions to Queensland.

Several submitters suggested that Queensland's scheme should make greater use of compaction by allowing containers to be compacted before they are transported from collection points to processors. Some noted that this would help to reduce transport costs and associated carbon emissions, savings that would be particularly relevant for more remote communities.[720]

For example, the Waste Recycling Industry Association Queensland found the current practice of limiting compaction frustrating. It stated:

> *It's particularly baffling that in a state the size of Queensland our container refund scheme is insisting on consumers and operators transporting large quantities of air around our state by not allowing bottles and cans to be crushed and compacted.*[721]

COEX told the committee that its investment program "supports the optimisation of logistics routes and trialling of compaction processes to increase site capacity, and reduce the logistics carbon footprint and operating costs."[722]

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717 DETSI, written response to submissions, 17 April 2025, p 17.
718 Submissions 5, 9, 10, 78, 79, 80 and 81.
719 For example, see submission 92.
720 Submissions 50 and 83.
721 Submission 83, p 3.
722 COEX, correspondence, 17 April 2025, p 5.

Committee comment

The container refund scheme has improved recycling of beverage containers in Queensland. However, the evidence before the committee suggests that there is considerable scope to improve the recycling outcomes being delivered by the scheme. Many Queenslanders would be disappointed to learn how few of the containers they return are recycling locally, or even in Australia. This represents a missed opportunity, both for the environment and for Queensland's economy.

An important first step would be for COEX to improve public awareness about the recycling outcomes it achieves. This requires greater transparency, and in particular more information about the proportion of recovered containers that are recycled locally.

In light of the significant financial surplus currently being generated by the scheme (see section 3.2.4), there also appears to be a window of opportunity for the scheme coordinator to take a more active role in building local recycling capacity. This is likely to require an express legislative mandate to do so, and should be progressed in tandem with other legislative changes that will be required to implement the new Queensland Waste Strategy.

There also appears to be room to improve the process that the scheme coordinator uses to sell PET. Submitters identified a range of concerns around that process, questioning whether it was designed in a manner that helps Queensland work towards a more circular economy. Given that the scheme is intended to promote recycling and create economic opportunities within Queensland – not simply maximise the revenue generated through the sale of recovered containers – it is appropriate that these considerations be taken into account when recovered containers are sold.

Improving the recycling outcomes delivered by the scheme is not solely a task for the scheme coordinator. Although there is much it can do, building Queensland's recycling capacity will also require larger investments, beyond the scope of what the PRO can do. This should include investments that improve the quality of recycling materials recovered by MRFs, allowing those materials to be turned into more desirable, higher value products. As such, it is essential that the Queensland Government continue to invest in building Queensland's recycling capabilities.

Recommendation 18

That the Minister for the Environment, and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to mandate the scheme coordinator to invest in and support initiatives to build recycling capacity in Queensland.

Recommendation 19

That the Minister for the Environment, and Tourism and Minister for Science and Innovation consider amending the *Waste Reduction and Recycling Act 2011* to expressly mandate the scheme coordinator to publish more detailed data about the proportion of recovered materials that are recycled locally.

Recommendation 20

That the Minister for the Environment, and Tourism and Minister for Science and Innovation direct the scheme coordinator to ensure the process it uses for the sale of Polyethylene terephthalate (PET) scheme materials gives adequate consideration to domestic processing capability, the likely end use of the product, employment outcomes and environmental benefits.

Recommendation 21

That the Queensland Government continue to invest in building Queensland's recycling capabilities, including supporting innovations that improve the quality of recycling materials recovered by Materials Recovery Facilities, and encouraging initiatives that increase the proportion of eligible containers recycled locally.

Appendix A – Submitters

Sub No.	Name / Organisation
1	Name Withheld
2	Peter Brown
3	Name Withheld
4	Len Mitcham
5	Name Withheld
6	Ray Ison
7	Paul Creighton
8	Ocean Crusaders Foundation LTD
9	Robin Davies
10	Name Withheld
11	Number not allocated
12	Anthony Chesher
13	Pamela Hughes
14	Robert Taylor
15	Martin Wilder
16	Name Withheld
17	Beverly Curtis
18	Alyssa Lai
19	Rachel Cassidy
20	Mornington Shire Council
21	Tony Kozera
22	Koala Action Inc.
23	Mark Taylor
24	Elmer Ten-Haken
25	Peter Ridgewell
26	Geoffrey O'Donoghue
27	Container Refund Point - Kingaroy
28	Glen Crawford
29	Shayna Jones
30	Sylvia Cooper
31	Alison Smith
32	Trinity Gullifer
33	Rockhampton Symphony Orchestra Inc

34	Brooke Summerville
35	Rotary Club of Kenmore Inc
36	Confidential
37	Centaur Memorial Fund for Nurses
38	Exchange Shed
39	Container Exchange (COEX)
40	Alistair Dooley
41	Recycling Hills
42	Leonie Barner
43	Daintree Life
44	Linda Bailey
45	Bribie Island View Club
46	Confidential
47	Manas Mallick
48	Independent Brewers
49	Surfrider Foundation Australia
50	Name Withheld
51	Black Hops Craft
52	Five Barrel Brewing
53	Boomerang Alliance
54	Confidential
55	Name Withheld
56	Granite Belt Sustainable Action
57	Netball Queensland
58	Confidential
59	Julie Jackson
60	Australian Grape and Wine
61	Australian Council of Recycling
62	Tony Martin
63	Ramona Headifen
64	Confidential
65	BeachPatrol Australia
66	Clean up Australia
67	Re.Group
68	Brighton Bowls

69	Name Withheld
70	Confidential
71	Pact Group
72	Brouhaha
73	Rebecca Young
74	Confidential
75	Moffat Beach Brewing Co
76	Confidential
77	Australian Beverages Council
78	Queensland Distillers Association
79	Steve Pannan
80	Grandad Jack's Distillery
81	Name Withheld
82	Name Withheld
83	Waste Recycling Industry Association Queensland (WRIAQ)
84	Substation 33
85	Confidential
86	Kalki Moon Distilling
87	Confidential
88	Tetra Pak
89	National Retail Association
90	Coca-Cola Europacific Partners (Coke)
91	Waste Management and Resource Recovery Association of Australia (WMRRAA)
92	Lion
93	TOMRA
94	P&Cs Qld
95	CAVU Distilling Pty Ltd
96	Name Withheld
97	Retail Drinks Australia
98	Reloop Pacific
99	Local Government Association of Queensland
100	Queensland Hotel Association
101	Confidential
102	Australian Food & Grocery Council
103	GS1 Australia

104	Canefields
105	Boonah organisation for a sustainable shire
106	Battery Stewardship Council
107	Rosemary Howson
108	Confidential
109	Confidential
110	Gill Jeffery
111	Confidential
112	Cleanaway
113	Endeavour Group
114	Gregory Moore
115	Greg Neil
116	10 Cent Tom Limited
117	Confidential
118	Confidential
119	Confidential

Appendix B – Witnesses at Public Briefing, 2 April 2025, Brisbane

Department of the Environment, Tourism, Science and Innovation

Claire Andersen	Executive Director, Office of Circular Economy, Environment and Heritage Policy and Programs, Department of the Environment, Tourism, Science and Innovation
Kahil Lloyd	Acting Deputy Director-General, Environment and Heritage Policy and Programs, Department of the Environment, Tourism, Science and Innovation
Cara McNicol	Director, Office of Circular Economy, Environment and Heritage Policy and Programs, Department of the Environment, Tourism, Science and Innovation

Appendix C – Witnesses at Public Hearing, 30 April 2025, Brisbane

Organisations

Australian Grape & Wine Inc.	
Ms Lisa Scott	Director, Government Relations
Coca-Cola Europacific Partners (via videoconference)	
Mr Jeff Maguire	Director, Packaging Collection and Recycling, Australia, Pacific and South-East Asia
Lion	
Mr Ed Dowse	Container Deposit Schemes Director
P&Cs Queensland	
Mr Scott Wiseman	Chief Executive Officer
Ms Clare O'Brien	Strategic Partnerships Manager
Substation33	
Mr Tony Sharp	Founder
TOMRA	
Mr Markus Fraval	Senior Vice-President, Strategy and Business Development, Asia-Pacific
Mr Chris Gingell	Vice-President, Public Affairs, Pacific
Waste Management & Resource Recovery Association of Australia	
Ms Gayle Sloan	Chief Executive Officer
Waste Recycling Industry Association of Queensland	
Ms Alison Price	Chief Executive Officer

Appendix D – Witnesses at Public Hearing, 21 May 2025, Brisbane

Organisations

Container Exchange	
Mr Joe Fitzgerald	Executive General Manager Strategic Communications and Stakeholder Relations
Ms Natalie Roach	Chief Executive Officer

Appendix E – PRO Ongoing Conditions of Appointment

Ongoing Conditions

No	*Requirement*
1	Container Exchange (Qld) Limited must at all times comply with the Act and any Regulation
2	PRO is to use its best endeavours to ensure that each person appointed or employed as an executive officer of the PRO is at all times an eligible individual
3	Whenever a person is proposed to be appointed or employed as an executive officer of PRO, that prior to the formal appointment of that person as an employee or officer of the company PRO must: a. obtain a signed consent from that person to: i. the collection of personal or background information about the person by the Chief Executive ii. the undertaking of a criminal history check: b. provide the duly completed signed consent to the Chief Executive; and c. not appoint or employ on a permanent basis the relevant person as an executive officer of PRO until the Chief Executive has responded to the PRO confirming the suitability of the relevant person to be permanently appointed. However, a temporary or conditional appointment (subject to the satisfactory undertaking of the checks set out above) may be made by PRO while the Department is reviewing the material and the results of undertaking the criminal history check.
4	If the Chief Executive informs PRO that a person is considered to not be an eligible individual (as that term is defined under the Act) PRO must ensure that: a. that person is not permanently appointed or employed as an executive officer by PRO; and b. if that person has already been appointed or employed as an executive officer, their appointment or employment with PRO is to be terminated.
5	PRO must use its best endeavours to achieve the container recovery rates as specified in any Regulation made under the Act and to also ensure that the relevant rates are achieved by the dates specified in the Regulation.
6	PRO must use its best endeavours to establish the number of container refund points specified in any Regulation by the dates specified in the Regulation.
7	PRO must ensure that the initial loans provided by the members of PRO to support the establishment of the Scheme are repaid as soon as is commercially practicable and, in any event, no later than the dates that were specified in PRO's Application for appointment as the PRO under the Act.
8	If at any time an amendment is made to the constitution of PRO or a new constitution is adopted, PRO must immediately notify the Minister of then/a amendment or new constitution and provide the Minister with a copy of the amended or new constitution.
9	PRO must give notice to the Minister of any changes made to the terms of its standard form: a. container recovery agreement; b. container collection agreement; or c. material recovery agreement, within 10 business days of the relevant change being made.
10	PRO must give notice to the Minister of any changes made to: a. any agreement between PRO and any other person for the subcontracting or provision of services to allow PRO to undertake some or all of the functions of the PRO under the Act or any Regulation; and

	b. any loans or the terms thereof provided by the members of PRO to support the establishment of the Scheme within 10 business days of the change being made.
11	PRO must ensure that at all times: a. it has suitable arrangements in place to protect the confidentiality of information obtained by PRO in its capacity as the PRO; b. any confidential information obtained by PRO is only to be used in accordance with the confidentiality arrangements that have been put in place by PRO; and c. it notifies the Minister of any changes it has made to its policies for handling commercial or sensitive information (and in particular about the beverage market) within 10 business days of the changes being made.
12	PRO upon becoming aware that any information contained in its Application for appointment as the PRO was materially false or in any way misleading must immediately give written notice in that regard to the Minister.
13	If the Chief Executive is required to review a recovery amount protocol in accordance with s.99ZK(4) of the Act, PRO must as soon as practicable give to the Chief Executive any information that is reasonably requested by the Chief Executive from PRO for the purposes of conducting the review.
14	If the Minister issues a show cause notice to the PRO under s.102X(3) of the Act that it is proposed to cancel PRO's appointment as the PRO, the Chief Executive may make a relevant written request to PRO to deliver to the Chief Executive by a specified date: a. any documents that are in the possession of PRO, including copies of any container collection agreements, container recovery agreements and material recovery agreements; and b. any other information or to provide any other assistance that is requested by the Chief Executive. The intention behind this condition is to help ensure the effective and continual administration of the Scheme under the Act.
15	COEX must have a board skills matrix (including in respect of directors who are appointed as nominees of the members of COEX), approved by the Minister.
16	COEX must adopt and comply with a director nomination policy, approved by the Minister.
17	COEX must establish and maintain a committee (or committees) of the board that has responsibility for: a. managing the remuneration, nomination, succession and interviews of, at a minimum, directors (other than directors who are appointed as nominees of the members of COEX) and the company secretary; b. without limiting (a), nominating persons for appointment as directors (other than for positions as directors who are appointed as nominees of the members of COEX) and the company secretary, including recommendations in respect of remuneration and terms of appointment of those persons; and c. the handling and management of complaints, including whistleblower complaints and issues raised via COEX's Speak Up policy (or any other similar policy, regardless of how it is titled). The committee (or committees) must be comprised of a majority of directors who are independent of the beverage industry (as defined in the Act). The committee (or committees) must each have a chair who is independent of the beverage industry but not the chair of the board. The chair of the board may be a member of the committee (or committees).

	In the event that the board makes a decision regarding the appointment or remuneration of a director (other than a director who is appointed as a nominee of a member of COEX) that is inconsistent with a recommendation made by a committee under this Condition 17, the board must give notice of the decision and the reasons for not accepting the committee's recommendation to the Chief Executive within 10 business days of the decision.
18	COEX must benchmark the remuneration of directors every three years.
19	COEX must ensure that an external, independent evaluation of the board's performance is conducted at least every two years, at the frequency directed by the Chief Executive in writing. Feedback from COEX senior executives/management must be sought as part of the evaluation. COEX must ensure that the results of the evaluation are provided to the Minister within 20 business days of COEX receiving the results.
20	Any provisions of the COEX Constitution relating to COEX's membership or directors may only be amended with the prior written approval of the Minister.
21	COEX must hold an AGM each year. The AGM must be held within 5 months of the end of COEX's financial year.
22	COEX must provide confirmation each year, in the form of a statement in its Annual Report, that: a. COEX has a gifts and benefits policy for employees and Directors which complies with ACNC guidance; and b. COEX has complied with the policy during the relevant year.
23	COEX must ensure that its Constitution does not require any director with a conflict of interest or material personal interest (excluding any interests within the meaning of s191(2)(a)(ii), (vi) or (vii) of the Corporations Act 2001 (Cth)) in a matter being considered by the board to be present to form a quorum when the matter is being considered or voted on by the board.
24	COEX must provide regular training to directors and senior executives/management of COEX on its policies relating to the use of confidential information
25	COEX must adopt and comply with a policy, approved by the Minister, dealing with the management of conflicts of interest. The policy must, at a minimum, require COEX to accurately record all conflicts of interest disclosed in board meetings, including in closed sessions.
26	COEX must not: a. pay any fees to: i. members of COEX; ii. directors of COEX who are appointed as nominees of members or their employers; or b. make any payments related to the service of the director who are appointed as nominees of members unless approved by a majority of the independent directors.

Member for Noosa
Statement of Reservation

Health Environment and Innovation Committee (HEIC)

Inquiry into Improving Queensland's Container Refund Scheme

Statement of Reservation — Sandy Bolton MP, Member for Noosa

Whilst supporting this HEIC report on Queensland's Container Refund Scheme, and the outstanding work of the Secretariat, Chair Rob Molhoek MP, Vice Chair Joe Kelly MP and fellow committee members, I must draw attention again to the failures in the committee process.

In this case, an unacceptable timeframe to scrutinise the draft report and recommendations prior to the adoption meeting, which hampers the ability to achieve unanimous support which I believe would have been achievable with extra time.

This report of roughly 250 pages dealt with complex and sensitive issues around the operation of a scheme that impacts both collectively and individually; taking an extensive amount of time and resources over an 8 month period for the secretariat and committee to perform.

Inevitably, such an inquiry produced a substantive report that required significant and appropriate consideration, and a weekend to do this prior to an adoption meeting scheduled for two hours was inadequate to ensure a document representing the collective views of the committee.

This Statement of Reservation is not in any way a reflection on the secretariat, who even though subjected to thousands of pages of documentation and excessive time pressures, did a truly incredible job. Nor of the Chair, who was collaborative and provided an extra 48 hours for committee members to endeavour to work through the report.

It is a reflection of a committee system that needs reform. In this case the underpinning processes including 1) Standing Orders that have no minimum timeframe standards for consideration of draft reports 2) the time initially provided by the government for the inquiry, and 3) insufficent resources to ensure the secretariat were well supported.

This adds to the other unresolved issues across the broader estimates and committee system creating the need for an independent review to ensure greater scrutiny, efficiency, accountability and an environment for bipartisan agreements.

It is worth here reiterating, as I have done previously, the words of Professor Peter Coaldrake in his important 2022 report *Let the Sunshine in – A Review of Culture and Accountability in the Queensland Public Sector*: "in every case, whether the trivialising of parliamentary committees, lack of independence needed by integrity bodies or lack of clarity about decision making, this can be reversed by a commitment to openness, supported by accountability."[1]

This points to a wholesale revision of how we consider the operation of committees as part of the accountability system of parliament, especially relevent given we do not have an Upper House. When the government claimed in June 2025 that it has finalised the implementation of the Coaldrake recommendations, all that represented was that it has implemented the words, however not the spirit, of Professor Coaldrake's report.

To rebuild trust and transparency of our systems, governments and representatives, we must strive for, and move towards, systems that can deliver to the expectations of Queenslanders.

Again, I would like to acknowledge and highlight the incredible amount of work by all involved throughout this inquiry, from the Secretariat to the Chair and committee members, departmental staff and agencies, submitters and all who prepared for and attended the hearings.

Sandy Bolton MP
Member for Noosa

[1] Coaldrake Report, https://www.coaldrakereview.qld.gov.au/, p 2.

Opposition
Statement of Reservation

QUEENSLAND LABOR OPPOSITION

Statement of Reservation

Health, Environment and Innovation Committee

Inquiry into Improving Queensland's Container Refund scheme

58TH PARLIAMENT

Acknowledgment of Country

We acknowledge the Traditional Owners of the lands, seas, skies and waterways from across Queensland.

We pay our respect to the Elders, past, present and emerging, for they hold the memories, traditions, the culture and hopes of Aboriginal peoples and Torres Strait Islander peoples.

This artwork by The Hon Leeanne Enoch MP is called "The Power of Many" from her "Connections" series. It represents the paths we take to reach our goals and the many important and often powerful connections we make with each other along the way.

STATEMENT OF RESERVATION

The Queensland Labor Opposition supports the environment and any measure that will ensure that our wonderful state is kept pristine and our environments thriving.

That is why the Queensland Labor Opposition is proud to have brought in a container recycling scheme in Queensland, which not only supports the environment, but helps all Queenslanders with cost-of-living pressures - a way to raise important funds for vital community projects.

The scheme in Queensland has generated tangible benefits for Queenslanders and the Queensland environment since it commenced in November 2018. Some of these successes include:

- $1 billion returned to the pockets of Queenslanders.
- Over 12.5 billion containers returned.
- Queensland's drink container recovery rate has increased from 18% prior to the introduction of the "Containers for Change" scheme to around 67% today.
- 60% decrease in beverage container litter since the scheme was launched.
- $17.9 million donated to charities and community groups, which support Queenslanders.
- Created over 1,500 local jobs.

Queenslanders love the container refund scheme, and it is a testament to all Queenslanders on their effort and support to making the scheme such a success.

The schemes success not only supports the environment, but also the hip pockets of Queensland families through cash back upon returning of containers, which helps with cost-of-living pressures.

SCHEME ENHANCMENTS

Like any program it is important that the scheme is reviewed at an appropriate point to ensure that it is fit for purpose, has the appropriate governance arrangements and is equipped to serve the environment and the people of Queensland in the years and decades to come.

The former government commenced via the former Department of Environment a review of the Container Refund Scheme governance. The former Minister for the Environment wrote to Containers for Change advising that an independent governance review of the scheme would commence to ensure that it was fit for purpose and was appropriate to serve the people of Queensland in the years to come.

Clayton Utz was engaged to undertake this review by the former government and the review was completed and provided to the Crisafulli LNP Government in November 2024. The Crisafulli LNP Government are now the government of Queensland – it is incumbent on them to release the Clayton Utz report and to get on with implementing the recommendations in that report.

It is a failure of the current Minister for the Environment and the Crisafulli LNP Government that they have not publicly released the independent review and have not publicly stated whether they will act to implement the recommendations in their entirety.

It is also concerning that some of the actions that the Minister has taken which have stemmed from this governance report and seemingly other advice, were not proactively disclosed to the committee in a timely manner, thus impacting the committee's deliberations of this matter.

If there are further improvements to the scheme that need to occur in the interest of supporting Queenslanders' access to the highly successful scheme that they love, to enhance the ability to increase recycling and support Queenslanders with cost-of-living pressures then the Crisafulli LNP Government should stop delaying and get on with those enhancements.

COMMITTEE REPORT

The Queensland Labor Opposition does not support many elements of the report. It should be noted that a number of the committee comments within the report do not align to the views of Queensland Labor Opposition members on the committee, nor the view of stakeholders.

It should be further noted that a number of recommendations, observations and committee comments in the report do not align to the evidence that was obtained throughout the committee process and do not appear to be substantiated by any submission either written or oral that was obtained through the committee process.

The Queensland Labor Opposition also has reservations that the report conflates certain feedback raised from stakeholders and sensationalises claims from certain stakeholders. However, this observation is based on the limited availability of time provided to non-government members of the committee to review the draft report.

COMMITTEE PROCESSS

The Queensland Labor Opposition acknowledges the Queensland Parliamentary staff for their assistance with the inquiry. It should be noted that they had a difficult job to do to support the inquiry in challenging circumstances.

It is a matter of public record that this inquiry was established by the Crisafulli LNP Government and was announced by the LNP Minister for Environment, Tourism, Science and Innovation on 20 February 2025. The establishment of the inquiry appears political in nature and not motivated by a genuine desire to enhance the system to support the environment and recycling scheme.

The Queensland Labor Opposition believes that any scheme or program should be reviewed at the appropriate point in time to ensure it is fit for purpose, as evidenced by the fact that the former government commenced a governance review.

Despite an extension being granted to the committee to undertake the work, a first draft of a large committee report was only provided to Queensland Labor Opposition members at around 4pm on the Friday before it was due for tabling. The report contained numerous factual errors, statements not supported by evidence provided during the committee process and comments of questionable nature.

It was unbalanced in its reporting of allegations put to the committee, oftentimes accepting these allegations without evidence. It also fails to draw attention to the fact that many of the committee comments draw conclusions in direct opposition to the findings of the Clayton Utz independent governance review. It made Queensland Labor Opposition members of the committee alarmed about the overt political nature of the document.

Due to the limited time between the draft reports being provided to the committee, including the updated version in the afternoon the day before it was due for tabling, there was not adequate time provided to review the report in detail to ensure its accuracy and to ensure that it served the purpose of the terms of reference set out by the Legislative Assembly of the Queensland Parliament.

CONCLUSION

The Queensland Labor Opposition believes in a strong recycling scheme in Queensland.

The facts speak for themselves.

Before the container refund scheme commenced in Queensland recycling was at 18% and now it is at around 67%.

Thousands of Queenslanders and indeed thousands of community groups and not-for-profit organisations benefit from the Containers for Change program, by not only recycling their containers to support the environment but earning much needed funds to support them and projects.

The Queensland Labor Opposition believes that the container refund scheme in Queensland, like any program, can always enhance and be better. It can be run better, have better governance and serve the people of Queensland better. That is why the former Labor Government commissioned a governance report that would have seen the governance arrangements enhanced.

While the Queensland Labor Opposition does not agree with the majority of the committee comments, or elements of the report that are not grounded in fact, the Queensland Labor Opposition believes in a strong recycling scheme in Queensland to support our environment and all Queenslanders. That is why the former government commenced a governance review which if still in government, would have acted upon to strengthen the scheme for the future.

The Queensland Labor Opposition thanks all of the hardworking staff who work at the container refund points who support the schemes success and congratulates all Queenslanders for their engagement in the program which supports our wonderful environment. Ultimately, this scheme belongs to Queenslanders but sadly, this inquiry was never about serving their interests.

JOE KELLY MP
MEMBER FOR GREENSLOPES
DEPUTY CHAIRPERSON OF THE COMMITTEE

DR BARBARA O'SHEA MP
MEMBER FOR SOUTH BRISBANE

SUBMITTED ON BEHALF OF THE QUEENSLAND LABOR OPPOSITION