



Annual Report

2019–2020

ON THE COVER

Express Recycling Clontarf has been part of the Containers for Change scheme since June 2019. In that time Paul Mullen and his team have accepted more than 3.4 million containers, giving more than \$340,000 back to residents and community groups in the coastal suburb.

Image – Newscorp

We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.

Contents

02	Chair's message
04	CEO's message
06	Scheme highlights
08	Who we are
09	Keeping Queensland beautiful
10	Responding to COVID-19
14	Our impact
16	Our performance
18	Our evolving strategy
20	Making change in our communities
26	A safe, sustainable scheme
31	Optimising our impact
34	Supporting the scheme and ensuring integrity
38	Governance and finance
42	Financial highlights



Chair's message

Welcome to the 2019–2020 Annual Report for Container Exchange (COEX) – the not-for-profit organisation in charge of implementing, managing and advancing Queensland's Container Refund Scheme: Containers for Change.

The construct of our scheme is focussed on sharing environmental and financial benefits with the wider community. In our role as the Product Responsibility Organisation (PRO) of the scheme, we see these benefits daily in the revenue opportunity provided to individuals and communities, and the improvements to our bushland, parks and waterways.

After reaching our legislated target of 307 container refund points (CRPs) ahead of schedule, we have focussed on expanding our network's footprint to further improve service, particularly in regional and remote areas of the state.

We worked with local and Aboriginal Shire Councils and operators to bring our scheme to 22 communities across the far north of Queensland, in many cases giving residents their first access to recycling.

Services increased in Western Queensland with the town of Roma joining the scheme and returning more than 2.1 million containers in just six months. The islands of Moreton Bay received a dedicated service run by a local social enterprise, compounding the benefits for these communities.

The scheme has also sparked innovation as we have worked with Queensland businesses to explore uses for scheme material that have improved products and processes while reducing their environmental impact.

When the Containers for Change scheme commenced in November 2018, it changed the operating environment for the waste, recycling and beverage industries and businesses in those sectors had to adapt to comply with the requirements of the scheme. We worked with our partners to make the transition as seamless as possible and we will continue to collaborate and engage with them to improve their experience of the scheme we are all a part of.

After working with COEX's CEO, Ken Noye and his team to introduce and establish the scheme in 2018 and 2019, my fellow Board members and I identified opportunities to optimise the scheme's performance during this financial year. The work to date has achieved a great deal and COEX's team, executive and Board should be proud of their efforts.

The strategic targets set through our Queensland Government appointment are designed to make our state a better place to live and work. Our sights are set firmly on reaching these targets for all Queenslanders. We hope you will join us on that journey.

Yours sincerely,

Mark O'Brien AM
Board Chair

OUR TARGETS

80%

public awareness achieved

307

container refund points achieved

98%

payments made on time achieved

100%

conformance to audit plan achieved

95%

execution of container recovery agreements achieved

85%

sold containers recycled on track to achieve 2022

Collections by material type	Volume collected (millions)
Aluminium	719.9
Glass	473.9
PET	381.4
Liquid paperboard	28.7
HDPE	26.1
Total	1,630.0



CEO's message

I am pleased to present the 2019–2020 Annual Report for COEX and to highlight the achievements of Queensland's Container Refund Scheme: Containers for Change.

The true test of an organisation's culture and capability is shown when it faces challenges. We could not have foreseen the arrival of the COVID-19 pandemic in Queensland and the health, safety, social, operational, and economic impacts it has presented.

I want to thank our operators, their staff, our customers and our team at COEX for their actions in this extraordinary environment. Your swift response and continued efforts are keeping people in jobs, businesses operating and money going back to individuals and community groups when they need it most.

But our scheme has not been immune to the impacts of COVID-19. At the height of the pandemic in Queensland 66 container refund points (CRPs) were temporarily suspended as a result of the virus and the beverage supply chain was significantly affected by the restrictions on the hospitality and events industry.

Despite the disruption caused by COVID-19, we have not taken our eyes off our overarching strategic vision – to deliver a world-class beverage container refund scheme to Queenslanders. The effort made in our first year of operation has provided a solid platform from

which we have progressed towards ambitious targets.

I would like to thank Minister Leeanne Enoch, the Department of Environment and Science and our Board of Directors for their support and commitment to the continued development of the scheme across Queensland. I would also like to congratulate our team at COEX for their energy and dedication applied to achieving our combined goals.

We are proud of the results showcased in this annual report: 700 jobs for Queensland, a 54% reduction in beverage container litter and 1.63 billion containers returned through the scheme – to name a few.

As we move from the mobilisation to the optimisation phase of our strategic plan, COEX will be focused on collaboration and engagement with our external partners and stakeholders. We will leverage off the successes of the scheme to date and use innovation to build a robust and sustainable scheme to support Queensland communities.

Yours sincerely,

Ken Noye
CEO



In our first full financial year of operation, we have hit a peak monthly collection rate of 78% - showing our 85% target is within reach.



Image pre-COVID

CASE STUDY

Cairns

Ten-year-old Cairns resident Emma lives with cerebral palsy, dystonia and epilepsy. Thanks to Mum Doreen's incredible fundraising efforts through Containers for Change Emma has been able to access life changing stem cell treatments not currently available in Australia.

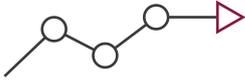
Local restaurants including The Salt House, Ochre and German Tucker Kuranda and members of the community donate containers to help Doreen with her fundraising efforts. Each 10-cent container refund from NQ Recycling helps fund treatment and equipment to improve Emma's quality of life.

[Donate to Doreen and Emma via Scheme ID C10180934](#)

Scheme highlights

In our first full financial year of operation we have made significant progress towards our strategic goals. The benefits our scheme is delivering to Queensland are clear and ongoing.

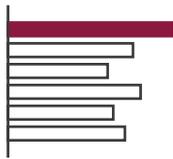




Stable scheme price

11.13c (ex GST) average weighted scheme price during 2019-2020

Price freeze to assist industry through COVID-19



78.4%

peak collection rate January 2020



60.1%

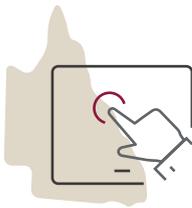
average collection rate

- 48.5% via CRPs
- 11.6% via MRFs



1.63b

MRF and CRP containers returned through the scheme



314

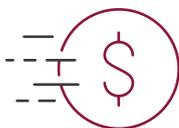
CRPs across the state

295 operational, 19 sites in hiatus due to COVID-19 as at June 30, 2020



78.0kt

of scheme material sold to approved recyclers



\$17.4m

in revenue from sales of scheme material

Who we are

COEX has established a set of values which guide our culture, our actions and our decision making.



Keeping Queensland beautiful

A world-class beverage container refund scheme.



CUSTOMER & COMMUNITY FOCUS

GOALS

- > Drive awareness and education
- > Seamless customer experience
- > Support social enterprises and community organisations

INITIATIVES

- > Social responsibility
- > Public awareness
- > Accessibility
- > Customer choice

OBJECTIVES

- ♻️ Increase recovery and recycling
- 🗑️ Reduce littering and landfill disposal
- 👤 Opportunity for social enterprise

TARGETS

- 80%** public awareness by 2022
- 307** container refund points by Nov 2019



EFFICIENT & SUSTAINABLE OPERATIONS

GOALS

- > Deliver efficient recovery and recycling rates
- > Ensure long term viability

INITIATIVES

- > Workplace health, safety and environment
- > Operations excellence
- > Effective contract management

OBJECTIVES

- ♻️ Increase recovery and recycling
- 🔧 Beverage manufacturers responsibility
- 🌱 Complement existing activities

TARGETS

- 85%** of sold containers recycled by 2022
- 98%** of payments made on time



INDUSTRY PARTICIPATION & COLLABORATION

GOALS

- > Balancing multiple stakeholders including processors, MRFs and beverage manufacturers

INITIATIVES

- > Scheme integrity
- > Waste industry collaboration
- > Beverage industry participation

OBJECTIVES

- 🗑️ Reduce littering and landfill disposal
- 🔧 Beverage Manufacturers responsibility
- 🌱 Complement existing activities

TARGETS

- 100%** conformance to audit plan
- 95%** execution of container recovery agreements

Responding to COVID-19

Like almost every organisation around the world, COEX had to adapt the way it operated to mitigate the human and financial risk presented by the COVID-19 pandemic. Our priority was to maintain the health and safety of our customers, operators and staff while providing a recycling service across Queensland.

COEX stood up its Crisis Management Team (CMT) on March 16, 2020 to drive the organisation's decision making, scenario planning and activities to keep the network safe and operational. Crisis management training for senior management and key staff conducted earlier in the financial year proved invaluable, enabling the CMT to develop a detailed crisis management plan which was implemented quickly and effectively.

Following Queensland and Federal government advice, COEX developed a communication plan to ensure operators had the latest information on restrictions, health directives and financial supports.

As at June 30, 2020 COEX had conducted more than 1,100 COVID-19 support visits to all operational sites across the network to help operators manage their compliance with government regulations. These support visits will continue until the pandemic is no longer a declared health risk, ensuring network safety is maintained. COEX has also sourced Personal Protective Equipment (PPE) such as masks and hand sanitiser to assist operators manage hygiene requirements in the future.

To help limit face-to-face interaction and cash handling between customers and staff, COEX provided operators with infrastructure to deliver contactless return solutions. We mobilised a program to maximise bag drop capacity at sites across the network and delivered shipping containers to sites that opted to promote this return mode.





As the COVID-19 pandemic persists, COEX continues to support operators to provide a service to Queenslanders at a time when every ten-cent refund means a little bit more.

A range of marketing materials were produced to support this program and manage customer interaction on sites in a safe way. More than 185,000 reusable collection bags and 100,000 scheme ID labels were distributed to CRPs to provide to customers free of charge to encourage bag drops and contact-free recycling.

Onsite tools such as floor decals and stencils, posters, fact sheets and large format signage were provided to support CRPs as they managed customer movement during the crisis. Social tiles and pre-approved post copy enabled sites to promote contact-free cashing in via their online networks.

An integrated marketing campaign across radio, retail outdoor, social and search engine advertising promoted the continued operation of the scheme and the contactless return options being provided.

**STAY SAFE,
QUEENSLAND.**

**CONTACTLESS
CASH**

Provide your scheme ID with your containers and have your refund transferred into your account.

Register for a scheme ID at containersforchange.com.au

**KEEP YOUR
DISTANCE**

We're practicing social distancing for the safety of our staff and customers.

Please keep at least 1.5 metres between you and each person on site.

HAND HYGIENE

We're following the recommended best practice hygiene procedures.

Make sure you're doing the same – please wash your hands for at least 20 seconds before and after you visit us.

PLEASE STOP HERE

**DRIVING THROUGH?
WE'LL COME OUT TO YOU.**

**SIGN UP FOR A SCHEME ID AT
[CONTAINERSFORCHANGE.COM.AU](https://containersforchange.com.au)
TO CASH IN CONTACT-FREE.**

**WASH YOUR HANDS
AFTER CASHING IN.**

The COEX office also adapted to abide by the new regulations, supporting remote working options for staff prior to the government recommendation to do so. From March 27 until the end of the financial year, COEX staff were working remotely, accessing a range of IT solutions to continue to service operators and the wider scheme.

While much work was done to maintain services across the network, some site suspensions were inevitable. Sites in vulnerable indigenous communities began to close from March due to travel restrictions brought in under federal biosecurity regulations. At the height of the first wave of the pandemic 66 sites were suspended across the network. At the end of June 2020, 19 sites were still in hiatus.

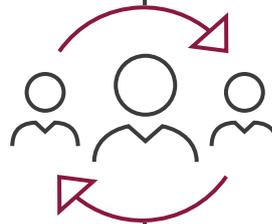
Return volumes dropped in late March and early April as COVID cases increased and communities moved into various stages of lock down. The closure of pubs and clubs, the restrictions on gatherings and cancellation of community events took significant container volumes out of the scheme.

Volumes began to increase in May and June, but as varying levels of restrictions remained in place at the end of the financial year the long-term impacts on the scheme and our strategic targets are yet to be fully realised. As Queensland and the global community continue to adapt to the COVID-19 environment the analysis of its impact on our operation will continue.

Our impact

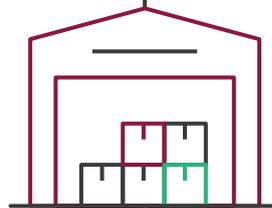
Containers for Change is designed so all Queenslanders share in the economic and environmental benefits the scheme brings.

We are proud to have made a positive impact on people and communities all over the state.



21

social enterprises operating businesses within the network



75

independent operators contracted to run CRPs in the scheme



\$131.1m[^]

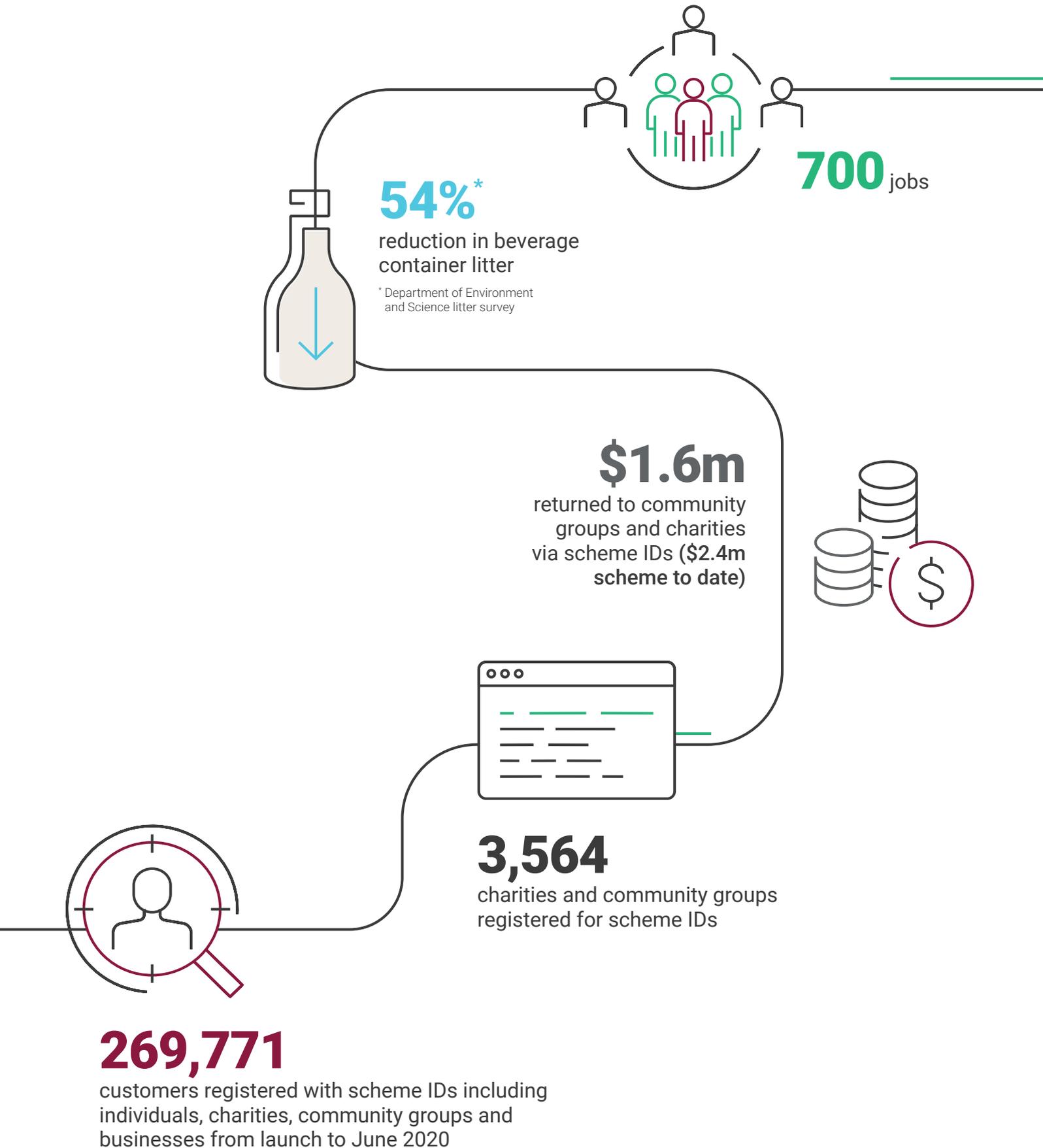
returned to customers via CRP network

[^] including the \$1.6m returned to community groups and charities



80,000

scheme ID sign ups during 2019-2020



Our performance



Image – Newscorp



CASE STUDY

Gold Coast

Eleven-year-old Runaway Bay resident Sam is one of the many 'kid-preneurs' making big bucks through Queensland's container refund scheme. Sam pedals his way around the neighbourhood with a trailer attached to his bicycle to collect containers. He earns up to \$100 a week through container refunds and leaves personalised thank you messages on paper planes in the letterboxes of his customers.

We have achieved or exceeded many of our strategic targets on or ahead of schedule.

We have processes and plans in place to reach our organisational goals.

\$132.4m^{*}

paid to operators, processors and logistics

\$31.8m[^]

paid to MRFs and Councils

443

safety training sessions for operators

>1,200

safety audits

3

notifiable workplace health and safety incidents scheme wide

>5.5m

customer transactions

100%

conformance to audit plan

546

container recovery agreements with beverage manufacturers

91%

result in public awareness snapshot survey

99.8%

of payments made on time

314[#]

CRPs

78.4%

peak monthly collection rate

60.1%

average container collection rate

- 48.5% via CRPs
- 11.6% via MRFs

* inc GST ^ including GST & MRF audit fees

295 operational, 19 in COVID-19 hiatus

Our evolving strategy

Since launching the Containers for Change scheme in November 2018, COEX has been in a mobilisation phase, establishing the scheme and making a positive impact across Queensland.

During this time, our organisation has delivered on our operational targets such as establishing a network of more than 300 collection points, while putting in place systems and processes to enable the business to continuously improve as it grows.

Our vision of keeping Queensland beautiful by operating a world-class beverage container refund scheme has not altered, but as our businesses moves from mobilisation to stabilisation, we have identified opportunities to maximise our impact on our communities and environment.

While keeping our sights firmly on our established targets – such as 85% container collection – we have renewed our strategic plan to ensure we can harness opportunities as they arise to maximise scheme performance and grow our impact.

These include lifting our participation in the circular economy through onshore recycling, increasing the involvement of social enterprises within the scheme and decreasing our operating costs to minimise our impact on beverage prices for consumers.

In May 2020, the COEX Board ratified a revised strategic plan that focussed on strengthening COEX's business model to prepare for significant growth in future years.

As a business that has financial, environmental and social impacts on the communities in which we operate, we understand increasing transparency over the scheme's performance is important to our stakeholders. This includes moving towards recognised standards in sustainability reporting.

In the next 12 months, COEX will capture baseline data to adopt GRI Sustainability Report Standards in future years. The GRI reporting framework represents global best practice for reporting on a range of economic, environmental and social impacts. This positions organisations to better understand risks and opportunities, and highlight the true value they bring to the wider community.



Making change in our communities



Queenslanders are at the heart of the Containers for Change scheme, and in the 2019–2020 financial year, COEX highlighted its efforts with Change Makers.

Featuring stories from across the scheme, the Change Maker series shines a light on the positive impact Containers for Change creates in Queensland. The six videos show the scheme through the lens of the tangible benefits it brings to communities – jobs, a cleaner environment, increased recycling, community benefit and opportunity.

The emotive series is available on the Containers for Change and COEX websites, and was featured across social media channels and used in cinema advertising and streaming TV channels throughout 2019–2020.

From Queensland's beloved Ekka to the iconic Murri Carnival and smaller community events, COEX spread the Containers for Change word to communities across the state.

A strategic calendar of events provided a broad range of opportunities to engage with customers, operators and industry stakeholders driving scheme awareness and participation.



The Ekka

9-18 August, 2019

The Royal Queensland Show, affectionately known as 'The Ekka', presented an excellent opportunity to increase scheme awareness among the 400,000 visitors.

A family favourite, The Ekka brings the bush to Brisbane and provides a rare opportunity to reach residents from rural and remote communities who travel to attend the 10-day event.

A cutting-edge digital game activation was devised to engage and educate visitors of all ages, with the aim to convert awareness into action.

Visitors to the Containers for Change stand were invited to take part in Recycle Race, an interactive mobile game that challenged competitors to race the clock to sort containers based on material eligibility.

A partnership with Veolia saw 50 Containers for Change branded bins positioned across the Ekka site shining a spotlight on the scheme's fundraising capabilities. More than 28,000 containers were donated through the bins during the event raising \$2,806.40 for RNA Foundation charities.



Murri Carnival

1-5 October, 2019

The Murri Carnival is an annual rugby league competition for Aboriginal and Torres Strait Islander teams. More than 20,000 players and spectators attended the five-day event in October 2019, providing a chance for individuals and community clubs to learn how the scheme could help them make change.



Green Heart Fair

8 September, 2019

Brisbane City Council's Green Heart Fair is the city's largest free sustainable living event promoting green living in a fun, family-friendly environment. The spring-time event was a great opportunity to talk to committed recyclers and novices alike, showing them how they could incorporate the scheme into their recycling habits.



Containers for Change

First Birthday Celebration and Queensland Change Maker Awards

31 October 2019

Container Exchange recognised excellence from across the network at the inaugural Change Maker Awards and first birthday celebration in October 2019.

More than 120 operators from across the state attended the event, which saw small and large businesses recognised for their achievements in the categories of safety, community engagement, customer focus, innovation and sustainability. Container Exchange Chair, Mark O'Brien AM, also announced Cherbourg Aboriginal Shire Council as the winner of the Chairman's Award for the extraordinary impact their operation has had on their wider community.





CASE STUDY

Central Queensland

True Value Barcaldine may service a community of just 1,400 people but the container refund point is achieving big things. It processed more than 1.162 million containers in 2019-2020, an outstanding achievement for a small community. Container refund point owner operator Garry is passionate about ensuring the community's elderly residents can receive quality care close to family and friends in Barcaldine. That's why he donates his handling fee on each container returned through his site to Barcaldine Aged Care. To June 30, 2020 Garry had donated more than \$69,720. He and a team of volunteers sort the containers when they catch up for a chat and a cuppa at the local Men's Shed each Saturday.



Engaging our Community and Operators

After showing Queenslanders how to find the cash in their containers in 2018–2019, COEX explored digital platforms to help customers get the most from the scheme.

The Containers for Change app was launched on App Store and Google Play app delivery platforms in February 2020 to provide customers a convenient, mobile way to engage with the scheme and access to their scheme ID.

By downloading the app, customers can access their scheme ID, find their closest CRP and scan containers to check eligibility from any location. Customers can view their transaction history and calculate their potential refunds based on their typical drink consumption using the app's Recyclator feature. The app also provided some fun with Recycle Race – the addictive game where players sort and recycle eligible containers in a race against the clock.

The app's launch came on the back of other digital enhancements earlier in the year including the Change.Bot FAQ functionality on the Containers for Change website. This addition brought the site's user experience into line with best practice user experience. Between late February and June 30, 2020 more than 7,000 customer interactions had been made through the Change.Bot feature.

Change.Bot was an additional engagement platform for COEX's contact centre designed to improve customer engagement and answer FAQs. The Containers for Change contact centre operates seven days a week, and manages online and telephone queries, comments and complaints from scheme customers.

In addition to the Change.Bot interactions, from July 1, 2019 and June 30, 2020 the contact centre received 75,616 queries consisting of more than 52,000 calls and 23,000 emails. Of these, 652 were complaints – representing less than 1% of total customer queries.

Exploring opportunities for growth and increasing the capacity of CRPs in the scheme are essential tools for COEX to reach the organisation's strategic goals. In late 2019 COEX carried out customer experience research to better understand the different ways customers used the scheme and identified opportunities for improvement.

The research revealed the customer experience could be improved across the scheme to provide a more consistent, convenient and positive service – in turn supporting volume and business growth. COEX embarked on an in-depth review of best practice customer experience across the scheme to create operator blueprints to attract customers, maximise their capacity and increase volumes.

The result was The Green Guide – a comprehensive resource to help operators achieve success and provide customers with an optimal experience. Content for the guide was finalised in June 2020 with online and digital assets created to improve accessibility for operators. All elements of the guide will launch in the first quarter of the 2021 financial year, prior to the peak summer season.

A safe, sustainable scheme

As the Containers for Change network matured and expanded throughout 2019–2020, safety remained a top priority for COEX and our operators. Taking a proactive and empowering approach, COEX invested significant resources in educating scheme participants to better understand their legal requirements and contractual obligations when it comes to delivering on safety.

Operational health checks, regular communication and in-field support by COEX and external providers were all employed as strategies to maintain the highest safety standards across the network. More than 440 safety training sessions were conducted for operators across the scheme and 18 safety alerts and notices were distributed to help educate and inform scheme participants.

COEX continues to capture information on safety performance covering proactive measures such as safety inspections, staff training, and the ability of sites to independently identify risks and hazards. By overlaying this with the rate and frequency of incidents on sites, COEX is now able to identify knowledge and risk control gaps with individual operators, which allows us to provide targeted support.

By the end of 2019, scheme participation had grown along with network coverage. COEX launched a network viability program to ensure all operational areas can safely scale up to meet the expected peak volumes during the summer period.

Site visits were conducted across a range of site types, with a strong focus on logistics and processor providers who were asked to ensure maximum capability and capacity across the network.

Operating hours, staffing, storage space, volume and after-hours access for logistics providers were reviewed through scenarios where volumes increased by up to 40%. Logistics was an area of particular focus to ensure service schedules matched peak site volumes and, in some cases, site layouts were improved to boost efficiency.

Collection processes were also enhanced across 11 sites in the network with storage infrastructure upgraded to reduce service calls, which improved site safety, site efficiency and, ultimately, a better scheme experience for Queenslanders.





Volumes spiked significantly across the network through the summer holiday period with the scheme experiencing its biggest day on record on December 23, 2019 when **6.7 million** containers were returned in one day.





117
over the counter



123
bag drops



64
mobile and pop
up services



10
reverse vending
machine sites

The network responded well to the increased collection rates which peaked at 78% in January. It was a credit to all operators that there were no significant issues recorded during the peak season.

The continued development of the CRP network throughout 2019–2020 focussed on capacity-building as well as growth. As part of this focus seven bag drops were converted to full service depots over the year with a further two council operated sites shifting to local owner operators.

COEX also introduced an Expression of Interest (EOI) program as an additional way to manage our network expansion. Eight EOIs launched during the reporting period with campaigns delivering operators to service Russell and Macleay Islands in Moreton Bay and the Sunshine Coast town of Nambour. The remaining six EOIs were completed in the 2020–2021 financial year.

Working towards the overarching goal of increasing recovery and recycling through a more accessible scheme, COEX launched an accreditation program for Reverse Vending Machines (RVM) and counting machine technology in May 2020.

The operational team consulted with operators and vendors as they reviewed and quality tested a range of automated solutions. The aim of the accreditation program is to ensure all introduced technology meets regulatory requirements and offers a broader range of operational counting and RVM technology solutions to the scheme.

Accreditation is expected to be complete in the first half of the 2020–2021 financial year, paving the way for bespoke return solutions for high-density living and office towers, further improving scheme accessibility and customer choice – particularly where land zoning does not allow for a traditional depot model to be established.



CASE STUDY

North Queensland

Based in Normanton in far North Western Queensland, Gulf C4C contends with huge distances to provide the Containers For Change scheme to the local community. The business covers three shires that equate to an area of 133,000 square kilometres, with a permanent population of just over 2,500 people. Since opening in November 2019 Gulf C4C has collected 930,935 containers from towns like Normanton, Karumba, Burketown and Gregory.





CASE STUDY

Darling Downs

Lifeline Darling Downs and South West Qld harnessed the fundraising capabilities of Containers for Change to assist drought affected farmers and their families. Lifeline Darling Downs and South West CEO Derek Tuffield OAM said that with the support of the local community the charity raised more than \$60,000 in just six months.

The much-needed funds helped farmers in the Darling Downs, Southern Downs, Western Downs, Lockyer Valley and far South West cover everyday essentials such as feed for livestock.

[Donate](#) to Lifeline Darling Downs and South West QLD via Scheme ID C10004170

Optimising our impact

After committing to a scheme price freeze for the first 12 months of operation, COEX advised beverage manufacturers of an increase to the scheme price effective November 1, 2019. The increase was the result of higher than planned redemption levels in the first six months of scheme operation. Following this increase, COEX committed to carrying out any future reviews of the scheme price to align with other industry pricing reviews such as changes to the alcohol excise duty.

Against the backdrop of COVID-19, the COEX Board approved a scheme price freeze, announcing any change to the price would not take effect until 2021. This move helped support beverage manufacturers and consumers in the unpredictable COVID-19 environment and meant COEX has only increased the scheme price once in more than two years of operation. The average weighted scheme price across the 2019-2020 year was 11.13 cents (ex. GST). As at June 30, 2020 the weighted average scheme price was 11.6 cents (ex. GST) per container sold.

Determining the weighted scheme price beverage manufacturers pay is a delicate exercise that sees us forecast the aggregate cost of administering the state-wide scheme. This cost must then be balanced against our environmental goals and the need to maintain a stable and certain input price for the beverage industry, which underpins it all.

COEX used the 2018–2019 year to establish systems and processes to record and manage beverage manufacturer compulsory registration of products with the scheme. In 2019–2020 we identified areas to improve the scheme experience for the beverage manufacturing sector.

COEX implemented several improvements to the registration, reporting and declaration process for manufacturers to reduce the administrative burden of complying with the scheme requirements.

A new quarterly newsletter, *The Beverage Bulletin*, was introduced in May 2020 to communicate specifically with the beverage industry on relevant scheme news, and a range of upgrades to improve manufacturers' online experience will be implemented in the first quarter of the 2021 financial year.



In December 2019, it became compulsory for all eligible containers sold in Queensland to display a scheme refund mark. COEX worked with industry and the Department of Environment and Science to ensure clarity in this process and support manufacturers as required.

The 2018–2019 year was spent establishing commercial processes and procedures, and in 2019–2020 COEX explored opportunities to optimise commercial returns across the business. A Cross Commodity Optimisation Program (CCOP) was established in October 2019 with the objectives of decreasing operating costs, de-risking the commodity collection supply chain and fostering step change opportunities for investment in the circular economy.

Phase 1 of the CCOP focussed largely on reducing operational costs, such as logistics, and increasing the value generated by glass returned through the scheme. Nine opportunities were implemented, delivering \$7 million in annual, recurring financial benefits.

The CCOP will continue in the 2020–2021 financial year and will focus on a broader set of commodities with a target of achieving a further \$8 million in additional financial benefits. As operational efficiencies are delivered, these savings are reinvested in the business immediately to help keep the scheme price low for the beverage industry and consumers.



Removing scheduled pickups and opting for a “phone in” logistics system meant COEX could take a more demand-driven approach to collecting containers from CRPs in the network.

By coupling this model with the 90/90 rule—moving bins or cages at 90% capacity in trucks that were at 90% capacity—COEX derived an annual saving of \$1.7 million while also optimising the flow of returned material through the scheme.

**Cross Commodity
Optimisation Program Phase 1
2019-2020**

\$7m

annual, recurring financial benefits

2020-2021 TARGET

achieving a further **\$8m**
in additional financial benefits

As a not-for-profit managing a product responsibility scheme, COEX is in a unique position to contribute to wider policy debate on waste reform, recycling and the role of container refund schemes in the circular economy. In March 2020 COEX was represented at the National Plastics Summit in Canberra, which convened more than 200 senior professionals from industry, government and the community sector.

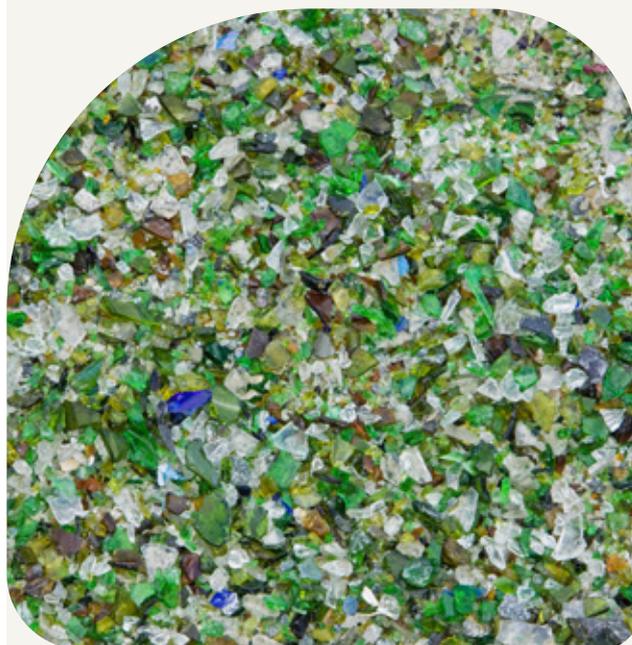
COEX was also invited to present at the annual WasteMINZ conference in New Zealand in September 2019 to showcase the unique construct of the Queensland scheme, which prioritises widespread community benefit through employment and empowering independent operators and social enterprise.

The Scheme's operational model was also highlighted to New Zealand government and industry stakeholders when COEX hosted representatives from a working group from the New Zealand Beverage Council and the New Zealand Government in November 2019.

COEX provided input into the Council of Australian Governments (COAG) Regulatory Impact Statement in relation to the waste export ban of certain plastic, paper, glass and tyre products.

Following COEX's participation in Queensland's first Circular Economy Labs project in February 2019, COEX again worked with industry partners Everledger, Evolve Plastics and Astron Sustainability to deliver a Track and Trace trial, using resources from each of the partners. The trial demonstrated that PET collected and returned through the scheme could be tracked and traced, recycled into other products, introduced back into the market and used again by Queenslanders.

With a renewed strategic focus on increasing participation in the circular economy, COEX explored several opportunities to reuse and repurpose scheme material locally. This included entering into a Direct Sales Agreement (DSA) with EnviroSand: a Queensland company working to develop alternate uses for recycled glass.



CASE STUDY

When the scheme launched in 2018, COEX commenced delivery of recycled glass to glass packaging manufacturer Owens Illinois (O-I) whose Australian operations were recently acquired by Visy, a packaging and resource recovery leader.

Visy Glass processes glass bottles from the scheme, along with glass from other sources, at its facility in Crestmead, south-west of Brisbane, to produce recycled glass called cullet. The cullet is then mixed with silica sand, soda ash and limestone to make new bottles in a perfect example of the circular economy in action.

The ongoing relationship between COEX and Visy Glass' Crestmead facility and manufacturing operations, will see more than half of the scheme's recycled glass being recycled into new bottles in Queensland.

Supporting the scheme and ensuring integrity

As the organisation moved into its second year of operation, the characteristics of the scheme's operational profile were more firmly established.

With rich data on volume, frequency, material type and seasonal peaks and troughs, COEX has moved from transactional level analysis to leveraging sophisticated analytics to gain insights across the scheme. This assists COEX in tailoring the integrity analysis to support our operators. It enables the early detection of anomalies and the prevention of potential fraudulent activity across the network.

Operators are encouraged to seek guidance from COEX on matters of container eligibility. This ongoing communication is essential in supporting continuous learning and education, and in strengthening scheme integrity.

COEX's risk management approach evolved during the 2019–2020 year from a compliance-based approach to an enterprise risk management framework for the identification, evaluation, monitoring and reporting of strategic risks.

With the risk management framework as its foundation, COEX embraced a risk-based audit methodology to align COEX's key strategic risks and its internal audit program, encompassing the entire life cycle of the Scheme operations.

The internal audit coverage centres on supporting the governance requirements of the COEX Board and other stakeholders, as well as deriving value-adding insights for COEX's business functions on its control environment. As at June 30, 2020 COEX had completed all approved and scheduled internal audits.

COEX's investigation process has also evolved using uses proactive scheme data analysis in its methodology to identify, deter and respond to detected anomalies.



In 2019-2020 COEX has paid more than \$31.8 million* to MRFs which was then shared with the councils they serviced.

*inc GST & MRF audit fees

The transition and maturing of COEX's risk management set the foundation for a robust and holistic audit and risk capability embedding integrity across the organisation, the network and the scheme.

Material Recovery Facilities (MRFs) capture eligible scheme material collected via council operated recycling programs. As at June 30, 2020 11 MRFs submitted claims for refund amounts on eligible containers collected through curbside recycling.

During the first 18 months of scheme operation, COEX was required to audit claims made by MRFs every quarter to establish a baseline of data detailing the amount of eligible scheme material being collected through their facilities.

In May 2020 the audit schedule for MRFs shifted to a volume-based model with operations being audited quarterly, bi-annually or annually to validate payments made to them. To June 30, 2020 COEX has paid more than \$31.8 million* to MRFs which was then shared with the councils they serviced.

Material collected through the Containers for Change scheme is sold to members of COEX's Recycling Panel. Recyclers who wish to become approved members of the Panel must make a formal application encompassing experience, business focus and alignment to the scheme.

Whether they are a domestic recycler or an exporter, all members of the Panel must demonstrate the procedures they have in place which ensure all scheme material is recycled. As at June 2020 there were 44 approved members of the Panel.

Onshore recyclers purchased 84% of available scheme material indicating COEX is on track to reach our strategic target of 90% of scheme material being recycled domestically in the 2023 financial year. In 2019-2020 these sales of scheme material contributed \$17.4 million to COEX, reducing scheme costs.

Material Type	Total tonnes sold
Glass	61,623
Aluminium	8,393
PET	7,134
HDPE	661
Liquid paperboard	202
Total	78,013

To onshore and offshore recyclers.





CASE STUDY

Mackay

Containers for Change has been responsible for the creation of more than 700 full-time equivalent jobs across Queensland. At the height of the COVID-19 pandemic when many Mackay businesses were laying off employees, Paget container refund point Anything Environmental was proud to employ five new team members including Tracey (pictured), creating valuable local employment opportunities.

Governance and finance

Our Board

The COEX Board is chaired by Mark O'Brien AM and is made up of nine leaders in business and innovation, including representatives from beverage, manufacturing, finance, legal, community and logistics sectors. The Board meets regularly and reports to the Minister for Environment and the Great Barrier Reef and Minister for Science and Minister for the Arts on its strategic plan, operations and achievements.

In the 2019-2020 financial year the Board appointed Karen Foelz to the Container Exchange Board.

After overseeing the implementation of the scheme and establishing processes to achieve legislated targets in 2018–2019, the Board has moved its focus to ensuring all industry stakeholders and scheme participants are empowered to achieve them.




Mark O'Brien AM *Chair*

Mark O'Brien AM has lived in western Queensland for 35 years and worked in private and public sectors, with extensive experience in logistics for rural and remote areas of the state. Mark served as Mayor of Murweh Shire Council for eight years from 2004–12, and for six of those years, was a Queensland Local Government Grants Commissioner.

Having developed the concept of 'cluster fencing' he was appointed as a Queensland Government Wild Dog Fence Commissioner, and more recently as a Queensland Drought Commissioner. After helping to corporatise the Save the Bilby Fund as its inaugural Chairman, Mark then served nine years as Chair of the South Western Natural Resource Management Group.


Keith Allan *Director*

Keith Allan has more than 30 years of experience in treasury and corporate finance from his time at Coca-Cola Amatil. He brings his knowledge in risk management to the Board, with extensive exposure to a wide range of banking and global financial markets.

A key facet of this experience has been developing and maintaining key relationships with a wide range of stakeholders, which has been established in a dynamic environment of acquisitions and divestments throughout the Asia Pacific region, as well as in central and eastern Europe. Keith has held the role of Group Treasurer at Coca-Cola Amatil for the past 10 years and has been a Board member of Container Exchange since it commenced in 2018.


Richard Ballinger *Director*

Richard Ballinger is a highly experienced lawyer who has worked with consumer goods businesses as General Counsel and in large private practice law firms, as well as sitting on their management teams.

He is skilled in partnering with business leaders to achieve their goals and manage their issues including M&A transactions, regulatory and compliance, joint ventures and brand partnerships, supply and distribution arrangements, product liability issues and dispute resolution. Richard holds roles as a Director of two joint venture companies.


Monica Bradley *Director*

Monica Bradley is a non-executive director with technology investment, global supply chain and sustainability expertise. She currently holds directorships with BenchOn, Queensland University of Technology and an Investment Committee member of QBDF Venture Fund managed by QIC.

The cornerstone of Monica's executive career was her ability to deliver revenue growth, new business formation or transformation in challenging and uncertain environments. She held leadership, sales, operations, and strategy roles in New York, Abu Dhabi, Sydney, Perth, Canberra and Brisbane.

Her expertise, accumulated over decades and across continents, has its foundations in the industrial sectors of global trade, transportation and logistics, followed by a decade in professional services predominantly in government reform and most recently in technology, start-ups, education and venture capital.


Andrew Clark *Director*

Andrew Clark has more than 20 years of experience providing assurance, financial management, consulting, governance and risk management services and has held a range of executive finance positions. He is a Partner with Assured Business providing enterprise resource planning and business transformation services with a focus on improving governance, risk and compliance.

Before leading a national consulting practice, Andrew was a Chief Financial Officer with Airservices Australia, where he provided financial strategic management for one of the world's leading air traffic control and fire rescue providers during a period of industry and service delivery change.



Karen Foelz *Director*

Karen Foelz is passionate about entrepreneurship and innovation and supports the startup ecosystem at QUT, contributing to the university-wide initiative to grow the support for student, alumni and staff founders. Karen was the founder of beverage product, Spring & Grove, a naturally flavoured sparkling spring water with zero calories, sweeteners and preservatives.

In 2017, Karen was a finalist for the Women in Technology Sue Wickenden Startup Entrepreneur Award and the Women's Agenda Emerging Entrepreneur Award.



Jeff Maguire *Director*

Jeff Maguire has more than 40 years of supply chain experience, encompassing manufacturing and logistics in a variety of roles and functions – including line management, project management, and strategic management roles.

He has been with Coca-Cola Amatil for 30 years and is leading its participation in Container Refund Schemes (CRS) across Australia and the Asia Pacific region. Jeff's global connections tap into a comprehensive knowledge base of active CRS operations from around the world to assist with successful local implementation and continuous improvement of the various schemes.



Mark Powell *Director*

Mark Powell is the National Sales Director for Lion Nathan Australia, holding various regional sales positions in Adelaide and Brisbane before relocating to Sydney in 2008 as Lion's Regional Sales Director. Prior to his 15 years at Lion, Mark spent eight years with Coca-Cola Amatil and a further eight with PwC in Sydney and London.



Dominique Tim So *Director*

Dominique Tim So is a Senior Lawyer for James Cook University, having previously worked in private practice and as General Counsel for an ASX-listed company. She has practised in property, corporate and commercial law.

Dominique has acted on behalf of small to large businesses, high-net-worth individuals, private and public companies, not-for-profit organisations and government corporations across a wide array of industries. Dominique has held previous Director's positions with government-owned corporation Port of Townsville Limited and the statutory not-for-profit Townsville Hospital Foundation.



Ken Noye *CEO*

Ken Noye originally hails from Goondiwindi in South West Queensland. He brings more than 30 years of leadership and management experience in operational logistics and supply chain to COEX. Before joining COEX as Chief Executive Officer, Ken held executive management roles at Aurizon Holdings Ltd, Toll Holdings Ltd and the Australian Defence Force. Ken has negotiated, mobilised and managed large logistics services contracts across Australia as well as internationally in Europe, Africa, South East Asia and the Pacific.

Ken is a graduate of the University of New South Wales, Deakin University, the University of Canberra and the Royal Military College, Duntroon. In his role as CEO, Ken reports to the Board and is responsible for implementing the COEX strategic plan with the support of the four functional General Managers – Operations, Finance Commercial & IT, Corporate & Community Relations and Audit & Risk.

Governance framework

Container Exchange is the not-for-profit organisation appointed by the Queensland Government to run the Containers for Change scheme, which operates under the legislative framework of the *Waste Reduction and Recycling Act 2011* (the Act). The scheme is funded by the beverage manufacturing industry through a product stewardship model.

In February 2019 the Queensland Government directed the Queensland Productivity Commission (QPC) to conduct a price monitoring review of the Containers for Change scheme's first year of operation to provide assurance the scheme was operating efficiently and the interests of Queensland consumers were protected.

The QPC handed down its final report from the review in January 2020 finding that beverage prices had, on average, increased by less than the original scheme price of 11.2 cents (inc. GST) per container sold.

The review process and the subsequent report highlighted a lack of understanding of scheme operation and strategic priorities among some stakeholders. As a result, COEX committed to a range of initiatives including publishing a monthly performance dashboard on its website detailing collection volumes through both the CRP network and the scheme as a whole, sales of eligible beverage containers and the resulting percentage of eligible containers being returned.

COEX has reviewed and refined its data collection and reporting in order to provide stakeholders information that is accurate and meets their business needs. CRP operators now receive daily transaction and weekly summary reports to enable them to better manage their businesses. All scheme participants have dedicated contacts for support and advice and targeted newsletter communications relevant to their businesses.

COEX maintains ongoing membership of a range of peak industry bodies including the Australian Council of Recycling (ACOR), Waste Recycling Industry Queensland (WRIQ) and Waste Management and Resource Recovery Association of Australia (WMRR).

COEX also published its evolving strategy to the website detailing the initiatives and measures of success set in place to achieve legislated targets. Both the strategy and performance dashboard can be viewed at containerexchange.com.au

Financial highlights

Prior to launch in November 2018, the Queensland Government provided COEX with a \$35 million working capital loan to establish the scheme. This loan meant COEX could simplify billing mechanisms for the beverage industry whose payments underpin the scheme. COEX repaid this loan facility in full as required during the 2019–2020 financial year.

The financial success of the scheme depends on all beverage manufacturers operating within the state being contracted to the scheme. As at June 30 2020, COEX had entered into container recovery agreements (CRA) with 546 beverage manufacturers, including the top ten companies by production volume. COEX's scheme model ensures they are invoiced in arrears for actual reported sales, avoiding over invoicing and repayments.

COEX's commitment to the sustainable management of the scheme extends to keeping the scheme price paid by beverage manufacturers as stable and as low as possible, reducing impact on industry and customers.

The tables on the following pages detail COEX's financial performance and position for the 2019–2020 financial year.

For full financial statements, including the independent Auditor's report and Director's report, please visit containerexchange.com.au/latest or contact us at enquiries@containerexchange.com.au

\$35.0m
loan repaid in full

\$131.1m*
returned to customers
via CRP network including

\$1.6m*
returned to community groups
and charities via scheme IDs

\$132.4m*
paid to operators,
processors and logistics

>5.5m
customer transactions

\$31.8m^
paid returned to MRFs
and Councils

\$17.4m
in scheme material sales

* inc GST

^ inc GST & MRF audit fees

Statement of comprehensive income*

Container Exchange (Qld) Limited	2020	2019
For the year ended 30 June 2020	\$	\$
Income	338,600,946	194,572,677
Expenses		
Container refund expenses	(119,146,412)	(54,799,627)
Container handling expenses	(81,404,822)	(37,593,537)
Logistics expenses	(21,244,184)	(9,320,468)
Container processing expenses	(17,771,002)	(7,538,523)
Material recovery facility expenses	(28,951,643)	(23,573,543)
Container export rebates	(16,926,127)	(11,903,147)
Administration support service fees	(10,825,702)	(6,677,107)
Professional services	(6,819,369)	(5,062,545)
Marketing and communication expenses	(3,187,279)	(3,344,314)
Employee benefits expense	(4,730,502)	(2,415,240)
Other expenses	(3,626,602)	(4,702,373)
Finance costs	(1,946,278)	(2,227,359)
Total expenses	(316,579,922)	(169,157,783)
Operating surplus	22,021,024	25,414,894
Gain/(loss) on fair value of financial liabilities	-	2,512,343
Surplus before income tax expense	22,021,024	27,927,237
Income tax expense	-	-
Surplus after income tax expense for the year attributable to the members of Container Exchange (Qld) Limited	22,021,024	27,927,237
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the members of Container Exchange (Qld) Limited	22,021,024	27,927,237

* For the full Annual Financial Report please visit containerexchange.com.au or contact us at enquiries@containerexchange.com.au

Statement of financial position*

Container Exchange (Qld) Limited
As at 30 June 2020

2020
\$

2019
\$

Assets

Current assets

Cash and cash equivalents	35,711,961	55,620,578
Trade and other receivables	16,364,608	13,367,380
Inventories	1,556,344	981,888
Other assets	26,694,515	23,456,032
Total current assets	80,327,428	93,425,878

Non-current assets

Property, plant and equipment	46,343	-
Intangibles	185,255	-
Right-of-use asset	821,617	546,392
Other assets	14,094	-
Total non-current assets	1,067,309	546,392

Total assets	81,394,737	93,972,270
---------------------	-------------------	-------------------

Liabilities

Current liabilities

Trade and other payables	24,163,040	30,783,850
Financial liabilities	227,296	28,351,102
Total current liabilities	24,390,336	59,134,952

Non-current liabilities

Financial liabilities	13,728,728	13,582,669
Total non-current liabilities	13,728,728	13,582,669

Total liabilities	38,119,064	72,717,621
--------------------------	-------------------	-------------------

Net assets	43,275,673	21,254,649
-------------------	-------------------	-------------------

Equity

Accumulated funds	43,275,673	21,254,649
-------------------	------------	------------

Total equity	43,275,673	21,254,649
---------------------	-------------------	-------------------

* For the full Annual Financial Report please visit containerexchange.com.au or contact us at enquiries@containerexchange.com.au



COEX CONTAINER EXCHANGE

ADDRESS

Level 17, 100 Creek St
Brisbane, Qld, 4000
Mailing Address
GPO Box 2067
Brisbane, Qld, 4001

ABN 90 622 570 209

TELEPHONE

13 42 42

EMAIL

enquiries@containerexchange.com.au

WEB

containerexchange.com.au



PRINTED ON
RECYCLED PAPER