Container Exchange appreciates the opportunity to provide members of the Health, Environment and Innovation Committee with further information to support the Inquiry into Improving Queensland's Container Refund Scheme.

A number of statements made at the recent public hearing revealed some misconceptions about both Container Exchange and the Containers for Change scheme. The information provided below is provided to assist the Committee members by addressing these misconceptions.

The Queensland scheme is expensive compared to other Australian schemes.

While some states have recently increased their weighted average scheme price, Queensland has remained steady at 13.3 cents per container since August 2022, providing stability for both beverage manufacturers and the general public.

Current weighted average scheme prices for other Australian schemes are:

- Western Australia 13.6c
- Victoria 14.7c
- Tasmania 19.8c
- New South Wales 13.3c (estimated)
- Australian Capital Territory 14.0c (estimated)

Data for South Australia and the Northern Territory is not publicly available due to there being multiple large competing collectors.

More information regarding scheme pricing can be found on pages 5 and 6 of COEX's second submission.

There is a lack of independent governance of the scheme and the COEX Board has too much beverage manufacturer representation.

The COEX Board is comprised of nine non-executive directors with four independent (non-beverage), two member, two small and one large beverage manufacturer representatives, who all have skills relevant to governing an organisation such as COEX and broad and extensive experience across a range of sectors.

The legislation outlines the conditions of the Board composition, including Ministerial endorsement of an independent Chair and Community Director.

COEX is funded by beverage manufacturers and therefore they profit from it.

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 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 Coca Cola Europacific Partners. 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.

There is no difference between returning glass bottles through CRPs and yellow-top bins.

All glass recovered through Containers for Change refund points is recycled in Queensland, with more than three quarters recycled back into new bottles.

Recyclable materials sourced from co-mingled kerbside recycling bins contain far greater contamination than containers deposited at refund points, which are segregated at source, meaning glass containers deposited via this channel cannot be as easily remade into new containers. Glass collected via this channel results in yield loss through the sortation process, and typically can only be used for less desirable outcomes, such as road base or sand. This leads to a less circular and cost effective outcome due to the reduced sale price of this material.

Glass collected through yellow-top bins can even be lost to landfill if contamination is too high or sortation is poor.

This contrasts to the outcomes through network return points where the majority of glass collected is able to be used in bottle-to-bottle outcomes in Queensland in as little as three days through Visy's facilities in Brisbane and at Yatala. Glass recycled in this manner is infinitely recyclable.

There is a lack of transparency and reporting of data (incl. recycling rates of glass wine bottles).

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.

Operator contracts are punitive.

COEX developed a standard network operator agreement also known as a container collection agreement (CCA) at scheme commencement, in consultation with and approved by government. This agreement was recently updated as part of renewing operator 5-year agreements. The CCA is on 'usual business terms' and where appropriate meet the requirements of the small business and unfair contracts regime.

CCA's are 5-year contracts offered to CRP operators within the scheme and spell out the number and type of sites, handling fees and conditions that each operator must fulfil.

The agreements were reviewed in 2023, following extensive consultation with the operator network and government. The agreements do not contain any financial penalty clauses. However, agreements include a requirement to comply with all relevant legislation, alongside provisions for COEX to monitor and manage operator performance in the event of non-compliance.

Wine and Spirit producers were only given six weeks to comply with the new scheme.

The Amendment introducing wine and spirit containers into the scheme passed Parliament in late August 2023. The expansion of the scheme commenced 10 weeks later on 1 November 2023.

DETSI and COEX were working closely with wine and spirit producers and peak bodies from April 2023 to prepare them for entry into the scheme.

Wine and spirits producers were also afforded a significant transition period by DETSI to be compliant with labelling requirements to facilitate them to run down current labelling stock and enable them to plan for labelling changes in the most efficient manner possible.

Despite COEX's best efforts, it is worth noting that a number of wine and spirit producers are still not registered with the scheme and have not paid any money to COEX for the containers they have sold, placing them in breach of the legislation.

Refunds can’t be paid in cash.

Cash payments have been available since scheme launch on 1 November 2018.

Different types of refund points, including depots and pop-ups, offer three different refund options: cash, EFT or retail vouchers. However, RVMs do not pay cash and instead offer payment direct to bank account or a retail voucher.

In fact, the breadth of cash refund availability is a unique part of the Queensland scheme and approximately 80% of network customers currently prefer cash over other payment methods/approaches.

Soft plastics and/or batteries should be included in the scheme.

The Act outlines the purpose of the Containers for Change scheme, which focuses exclusively on eligible beverage containers and is funded by the beverage industry.

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 is not working with the existing waste and recovery industry.

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.

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.