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HEALTH, ENVIRONMENT AND INNOVATION COMMITTEE

Members present:

Mr R Molhoek MP—Chair
Ms SL Bolton MP
Ms K-A Dooley MP
Mr JP Kelly MP
Mr DJL Lee MP
Dr BF O'Shea MP

Staff present:

Dr J Rutherford—Committee Secretary
Miss A Bonenfant—Assistant Committee Secretary

PUBLIC HEARING—INQUIRY INTO IMPROVING QUEENSLAND'S CONTAINER REFUND SCHEME

TRANSCRIPT OF PROCEEDINGS

Wednesday, 30 April 2025

Brisbane

WEDNESDAY, 30 APRIL 2025

The committee met at 9.50 am.

CHAIR: Good morning. I declare open this public hearing for the committee's inquiry into improving Queensland's container refund scheme. My name is Robert Molhoek. I am the member for Southport and chair of the committee. I acknowledge the Aboriginal people and the Torres Strait Islander people of this state and their elders past, present and emerging. I also acknowledge the former members of this parliament who have participated in and nourished democratic institutions of this state. Finally, I acknowledge the people of this state, whether they have been born here or have chosen to make the state their home, whom we represent to make laws and conduct other business for the peace, welfare and good government of this state.

With me here today are Mr Joe Kelly, the member for Greenslopes and the deputy chair; Ms Sandy Bolton, the member for Noosa; Mr David Lee, the member for Hervey Bay; Ms Kerri-Anne Dooley, the member for Redcliffe; and Dr Barbara O'Shea, the member for South Brisbane. This hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the hearing at the discretion of the committee.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. Can members and witnesses please remember to press the microphone on before they start speaking and off when they are finished. I ask everyone to turn their mobile phones off or to silent mode.

FRAVAL, Mr Markus, Senior Vice-President, Strategy and Business Development, Asia-Pacific, TOMRA

GINGELL, Mr Chris, Vice-President, Public Affairs, Pacific, TOMRA

CHAIR: I now welcome representatives from TOMRA. Would you like to make an opening statement?

Mr Fraval: We very much appreciate the opportunity to attend today. We are certainly grateful for the opportunity to participate in this parliamentary inquiry into improving Queensland's container refund scheme.

TOMRA was founded in 1972 with the invention of the world's first reverse vending machine for the collection of used beverage containers. TOMRA remains the global leader in container refund scheme, CRS, technology and today is also the world's largest non-retailer CRS refund point operator. We have over 80,000 reverse vending machine installations globally, operating in roughly 50 international CRS markets, collecting more than 48 billion containers every year for recycling. We play an active and integral role within the Australian container refund scheme market and TOMRA prides itself on the collaborative approach with all stakeholders, of which there are many in the CRS. We currently operate over 500 reverse vending enabled refund points throughout Australia, making TOMRA the largest CRS refund operator in the nation.

In the last 12 months, TOMRA has collected more than 1.7 billion used beverage containers directly through our nationwide refund point network and more than another one billion through TOMRA sorting technology utilised by third-party refund points and networks, whether those are small businesses or charity operators. TOMRA is a major CRS collection point operator in Queensland with 25 RVM kiosks and 10 depot installations, mainly in South-East Queensland, where we employ around 85 people currently. In partnership with Cleanaway, we also operate as the network operator for the New South Wales container refund scheme, Return and Earn; Victoria's container refund scheme, CDS Vic; and the new Tasmania container refund scheme, Recycle Rewards, which is actually going live tomorrow.

Importantly, almost 100 per cent of the plastic and glass bottles collected through our refund point networks are upcycled within Australia back into plastic and glass bottles in a process we call closed-loop recycling. That is something that we are passionate about in TOMRA for the circular economy.

TOMRA recognises and appreciates the Queensland government's intention to improve the Queensland's container refund scheme. Through our global CRS experience over the course of the past 53 years, TOMRA knows first-hand that well-designed international container refund schemes achieve container return rates of over 85 per cent, with many achieving in excess of 90 per cent. It is quite a reasonable target in our view and entirely appropriate for Queensland to target that return rate.

However, that target will be forever unattainable without the integration of, in our view and experience, the following two symbiotic policy levers that are currently well below best practice in Queensland's CRS. These are an increase in the container deposit value, which currently sits at a very low 10 cents, to at least 20 cents, with policy mechanisms in place for the deposit value to automatically increase in line with CPI to ensure it remains consistent and meaningful to consumers. The second is an increase in the level of consumer convenience, in particular by an increase in small-format retail-based return points such as RVMs that can operate viably at lower volumes. That is important because if you try to put in big infrastructure it needs large volumes to be commercially viable and you end up sending existing operators basically broke.

To finish off, in reality it is only those two fundamental and complementary design factors that are capable of shifting return volumes to achieve the 85 per cent legislated target. That return rate has been successfully achieved and exceeded in nations such as Germany, Finland, Denmark, Slovakia, Norway, Sweden, Lithuania, Iceland and Estonia, all of which have those two policy levers integrated into their respective CRS. Again, thank you for the opportunity to appear before the Health, Environment and Innovation Committee today. I look forward to your questions.

CHAIR: Thank you, Mr Fraval. I find the technology quite fascinating. In fact, I recently visited a centre where they are using AI to sort up to 100 different categories of rubbish. I wonder if we will see reverse vending machines that have that capacity in Australia, maybe not in my lifetime but—

Mr Fraval: There is technology available already.

CHAIR: You note that you invented the first reverse vending machine. Are currently operational RVMs capable of accepting bottles and other items that are not currently included in the scheme, for example plastic bottle caps?

Mr Fraval: Absolutely. In most states that we operate in we are accepting containers with caps on. The machines are actually capable of identifying whether containers have caps on or off—not with 100 per cent accuracy. Generally what happens is that we accept them with caps on and they go through the recycling process. Depending on the recycling process, those caps and that material value can also be captured. In terms of both litter outcomes, where if you separate the cap it becomes litter, and recycling outcomes, we would recommend the caps are left on.

CHAIR: Can you explain why it is important to separate the caps from the bottles?

Mr Fraval: Our view is the opposite. We would prefer that caps are left on the bottles so that they go through the recycling process and can be captured. If they are separated, what typically happens is that the bottle has value and is recycled and the cap can be left somewhere and littered. We would actually advocate that they remain together.

CHAIR: Coming out the other side, once you start processing the product for recycling, would the cap be processed separately to the bottle?

Mr Fraval: It depends on the particular reprocessing facility. For instance, a cap on a PET bottle is made out of HDPE or polyethylene. When it goes through a sorting plant, flaking and separation, it will separate out in a float/sink tank and you can capture that material separately for recycling from the PET.

CHAIR: It is probably a little off-subject, but are reverse vending machines capable of recycling batteries?

Mr Fraval: Not the current reverse vending machines. That is not to say that there could not be inventions or developments for batteries. Reverse vending machines are designed around beverage containers and around items that are consumed on a daily basis, so currently not.

CHAIR: Are you aware of any RVMs globally that would be capable of that?

Mr Fraval: Both TOMRA and other parties have looked at batteries and, for various reasons, have felt that reverse vending is not the right mechanism for the collection of batteries.

Mr J KELLY: What are those reasons?

Mr Fraval: There are multiple different types of batteries, of course. 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.

Mr J KELLY: In your submission you talk about increasing the deposit amount. Obviously, Australia currently has a fairly uniform deposit amount. If one state went it alone, would there be a risk of interstate movement of materials?

Mr Fraval: You would have to say that there is some risk of that, but we would point to the fact that South Australia had a scheme at five cents and then 10 cents for over 30 years before any other state moved and they were able to, within reason, control for that. Obviously, having an increased return rate served them very well. To your credit, Queensland has already expanded the scheme to wine and spirits, which we do not have in New South Wales, so you could argue that there is already movement of wine and spirits across the border from New South Wales to Queensland.

Mr J KELLY: Is there any analysis done around the participation rates of recycling based on household income? It would seem to me from a micro-economic perspective that it is more likely that the higher the household income the less a deposit of any amount makes a difference.

Mr Fraval: Correct, yes. There has been research done by various scheme coordinators within Australia. We also do our own research in New South Wales and elsewhere. There is definitely a correlation between socio-economic status and the incentive to recycle. We see the highest returns typically in the lower income areas, absolutely. It is very much a challenge in urban areas generally, not only because of convenience but also because of the lack of a meaningful incentive. Ultimately, a CRS is about providing an incentive and an ease of collection—those are the two fundamentals—and if you do not have those then, of course—

Mr J KELLY: If you have just thrown your cans into your yellow-top bin, though, is that a problem?

Mr Fraval: Cans are less of a problem than, for instance, other materials such as glass and PET, where you will get more contamination and wastage in the yellow bin, but those materials are still counted towards the CRS figures. It is debatable as to whether they are really recycled to the same degree in a circular way. Certainly, the purity of the material through the refund point network will be higher.

Mr J KELLY: Have any jurisdictions anywhere in the world explored other options to get people at higher income levels to recycle—for example, a discount on rates or more benefits for the community group of your choice? Has that sort of approach been taken?

Mr Fraval: There are lots of different complex ways you can target particular areas, streams, demographics, multi-unit dwellings and whatever else—I notice some of the other advocates are pointing to all of these things—but, fundamentally, CRSs are built on two things: the deposit rate and convenience. The markets that are getting 90 per cent or 95 per cent are simply putting on a high enough incentive that the mainstream population are incentivised—not just people who are socially disadvantaged collecting large volumes—and making it convenient enough to do it. If you get those fundamental things right, everything else falls into place.

Ms BOLTON: Good morning, Markus and Chris. In your submission you mention the potential for cannibalisation of existing depot operators. The last thing we want to see is the ones that are doing well start falling over, but wouldn't reverse vending machines also have an impact on them?

Mr Fraval: They would, and I think we say that in our submission. As soon as you put more collection points in, of course it will have an influence on those that are around it. In our view, the fundamental problem in the Queensland design is that it has basically built on depots, which are larger facilities that require larger volumes to be commercially viable. For planning reasons, there is a limited number of locations you can put those and they are not convenient by themselves. If you try to put more in then, because they require large volumes, you really do affect the commercial viability of those. You do need to look at formats that can take less volume and have less impact but still provide that convenience. They will still impact on the volumes of others, but that is inevitable in boosting the convenience to consumers. We would suggest that, to avoid the impact on others and to also increase the overall return rate, we should consider an increase in the deposit value at the same time, because those work together in conjunction.

Ms BOLTON: Coex said in their submission that if you increase the amount in the initial stages there will be an increase but that actually drops off. Do you have any response to that?

Mr Fraval: I think the data is there and we can provide more data on that. South Australia actually looked at their return rate, and when they increased their deposit from five cents to 10 cents there was a substantial jump up. Over time it did further decrease, which is exactly what you expect with the erosion of the deposit value with inflation. Just as our milk and bread gets more expensive to buy, the value of the 10 cents declines. It jumped up to just under 82 per cent from sort of mid 60s and it has gradually declined over time. It is for exactly that reason that there needs to be an increase and a continued increase with CPI over time so that we do not get into that same situation.

Ms BOLTON: We have communities that are desperate to be rid of a whole host of plastics. From all of the work that you have done, is there anything else that you believe we could be including with the technology?

Mr Fraval: Including in the CRS?

Ms BOLTON: Yes.

Mr Fraval: Yes. In plastics in particular, Queensland took the lead. Again, we congratulate them on taking the lead in terms of glass for wine and spirits. There is, I understand, discussion in the interjurisdictional committees about expanding other materials up to three litres, because there are quite a lot of plastic bottles that are not eligible due to their contents. A juice of a certain percentage is out; a juice at another percentage is in. There is some complexity for consumers around that and that could be addressed. We would not advocate for a plethora of other materials through CRS because CRS is specifically designed for beverage containers that are consumed on a daily basis. For instance, an expansion to batteries or even food containers or other items will not necessarily fit with the infrastructure and consumer habits so there are some limitations. The kerbside system is probably a better solution for some material forms than the CRS. It is horses for courses.

Ms DOOLEY: Thank you both for your presentation and submission. My question is around how the return-to-retail model that you have in New South Wales differs from the Queensland model and whether you think we should adopt elements of that.

Mr Fraval: We would not quite characterise New South Wales as 'return to retail'. The way we think of return to retail is when there is actually a legislative mandate for retailers to return. That is what you see in countries that are performing at 90 per cent plus. What we have endeavoured to do in New South Wales is, without that legislative mandate, try to get as much infrastructure as possible close to convenient locations where consumers are visiting regularly as part of their daily habits. We have a lot of reverse vending machine kiosks in shopping centres, in their car parks. We have some of those now in Queensland—25—but I think we are at almost 360 in New South Wales. That is still the bulk of collections in New South Wales because of that convenience.

CHAIR: We will need to end it there because we do have a lot of other submitters. I think we have one question on notice, and that is for you to provide some more data on the effectiveness of an increase to 20 cents.

Mr Fraval: I am happy to do that.

SHARP, Mr Tony, Founder, Substation33

CHAIR: Welcome. I invite you to make an opening statement.

Mr Sharp: I am Tony Sharp, I am the founder of Substation33. Thirteen years ago I founded Substation33 for a large community organisation in Logan, YFS Ltd. YFS typically does a lot of work for people who are marginalised from the mainstream. I started there as a youth worker. Substation33 is a social enterprise and its purpose in the world is to create employment opportunities for people who are marginalised from mainstream employment. It is a big mouthful, but that is what we do. We have been doing that very successfully for the last 13 years. It is based on electronic waste and battery recycling and providing computers to the community. Since COVID hit we have delivered more than 10,000 computers into our community for between \$50 and \$100 a computer.

Around three years ago we started conversations with Coex, and we now contract to Coex on three different streams. We have a CCA, a container collection agreement, with Coex. That is to collect commercial quantities of containers from pretty much within the Brisbane CBD. They are collected in bins in buildings like this one. We take them back and count them, and the funds are distributed either to the organisation or to a charity, or whatever it might be. We also offer a concierge service and have reverse vending machines in Uptown, the old Myer centre. That is probably the only storefront. It feels and looks like a retail store. People come in and sign up for the container refund scheme and distribute their containers through a reverse vending machine. We concierge that and offer them the service to get their membership numbers going. A large percentage of people who use that facility are homeless people, so it tops up their income or gives them at least some income. The days can be challenging but it is good work.

The third and most significant piece of work we do is contract to Coex for a secondary sort facility from the TOMRA machines. TOMRA machines sort heavies, which are glass, and lights, which are the other seven commodities. We get that delivered to a site in Logan and then we secondary sort it into individual components. I will not list them out, but PET is obviously a large consumer and so are aluminium cans. All of this creates employment opportunities for our people. That is the thing about Substation: it is about the people. We just happen to have services that we provide that create money that we can pay people.

The other thing that is very important that I want to bring to this committee is that Substation very proudly pays everybody under the modern award. We have nobody on a job capacity assessment. If you can work for us, you get paid the modern award. It is a great starting point for people. It is a great place for them to learn and to grow and to get into their family homes and to change the dynamics and the economics within the family home.

I will always push forward, in the submission that we put forward and today again verbally, that part of the scheme needs to maintain its social impact, and the social impact that Substation is able to provide is probably at the top of the food chain within the scheme. Plenty of other operators are doing it, for sure, but we get people who are marginalised from mainstream, we bring them out of that shell and we get them to be a tax-paying citizen. That is what we want to do.

We are also very interested in developing a solar powered reverse vending machine system and that is using recycled lithium batteries from cars or laptops and recycled solar panels and battery management systems that we design. It is a complicated piece of work, but the great thing about that is that we can put reverse vending machines into car parks without infrastructure changes.

CHAIR: I will go to the member for South Brisbane for questions first.

Dr O'SHEA: Thank you for your submission and particularly for putting those case studies in, reading about Nick and Matty and seeing the work you are doing and the dignity of work for people. Thank you very much for helping people transition into employment. I noticed that you were talking about an overseas tour and that in some of the places you were looking at people were actually getting cash back or money back into their bank accounts. Do you see that is something that can come here as well?

Mr Sharp: That happens now anyway, through depots or through reverse vending machines where people get money paid back into either a PayPal account or their bank account. That is a pre-existing component of the scheme.

Dr O'SHEA: With the cash coming out?

Mr Sharp: There was also part of the scheme where people would get a docket from a depot, for example, and they could take that docket to a machine—a reverse teller, if you like. They would place the docket in and that gives them the cash back out.

Dr O'SHEA: They normally have to take that to—

Mr Sharp: That is already part of the scheme.

Dr O'SHEA: But they normally have to take that to Woolworths or something like that.

Mr Sharp: I could be wrong, but in most cases depots would not use a cashier as such. Some are still using them, but in general people are trying to get away from that. It is just because of the risk with cash handling, I believe. It is probably not a direct answer, but in our experience at Uptown a large percentage of our people—the people who bring containers in to us—are homeless and it is top-up for them. They do not have any problem; we do not have a cash portal there at all. It is all money to bank or money to their PayPal account and people are quite happy to wait for the 12 or 24 hours or whatever that might be to get that money. They do not seem to have a problem with that. It is a definite cohort, but I do not think the seven- and eight-year-olds would want that.

Dr O'SHEA: I saw about your innovation hub that you have running there. How easy would it be to build those small reverse vending machines, for example, for going to events or, as you say, in the car park?

Mr Sharp: We would not want to build the reverse vending machines; we want to build the infrastructure that houses the reverse vending machine. It is not necessarily about the reverse vending machine; it is about the back end of it. It is about making sure that the container you put in through the hole in the front is an eligible container, it has a 10-cent rebate on it and money can go back to you. That is the technology as opposed to the actual machine.

Just to add to that, there are plenty of options out there for people to build technology. We could build technology to be a sorting facility, through using AI or whatever you want to do, with the technology we already have in the building, our innovation hub. We do not want to do that because we want people who are less fortunate than the rest of us pulling containers off a belt, getting an employment outcome, getting a job and getting income. It cannot be all technology. We have to still have jobs for the future; we have to have people working. We need people working and getting their hands dirty. Busy hands help youth justice kids become better people.

Dr O'SHEA: I agree.

Mr LEE: Thanks very much for your presentation. It was particularly interesting to read Nick's case history as well. It was very helpful in understanding where you are coming from. I am interested in what impact increasing the refund rate, the deposit rate, would have on organisations like yours.

Mr Sharp: The evidence is quite clear that an increase in the rebate rate to 20 cents or whatever that number might look like is going to increase the volumes. If we have an increase in volumes then an organisation like ours can do more work because we have more income because we are processing more product. That is what we want to do: we want to get more product through the scheme so we have more hands busy so people get paid more money. That is it in a nutshell. The higher the return rate, the better for us.

As well as that, we would like to think that Substation is a leader in the pack in Queensland around social enterprise. We are good for the community and we are good for the environment. I would also like to think that people would look to Substation and say, 'We'd like to do what Substation is doing in the north of Brisbane or in North Queensland'—or wherever it might be. We do not want to expand outside of Logan. Our heart and our soul are in Logan. We are very happy to stay put in Logan and do our thing, from a corporate perspective as well as from my perspective. We want to stay in Logan, but we would like to be able to offer the model to other people to duplicate outside of our region, north or further south.

Mr LEE: I understand that the refund is just one lever—it is not the only lever—in terms of improving recovery rates. In your opinion, how could access be improved for the reverse vending machines in facilities like high-rise buildings, schools and the like?

Mr Sharp: One of my great passions is around schools. We do a lot of work—and I am sure other operators will talk about this as well—in schools where there are no reverse vending machines and there is no technology, so we are trying to build a community of technology. We are trying to make kids more savvy. If they are putting the containers into a conventional green bin with a white lid on it that says 'Containers for Change', everything goes in there; there is no disparity. However, if we have reverse vending machines, fridge style reverse vending machines with technology, the young people can get their money on the spot, onto their phone, and they can spend it at the tuckshop.

The cleanliness of the product is the secret here, because nothing else can go through that machine. I am very keen for that at schools, universities and high-rises, but that is not the technology that we would be doing. That is not our role in the scheme. Our role in the scheme is to potentially

get those containers that go through the reverse vending machine and they go into a bin in either a crushed format—but it is a co-mix load: glass in one bin and lights in the other bin—and our job is to manually hand sort those lights into their various commodities so they go off out of our site clean to the final recycler at the other end. It would be clean aluminium that goes out and clean PET that goes out, so it is not dirty. Our job is to make sure that is clean, good, recyclable product.

Ms BOLTON: It is good to see you again, Tony. It has been some years and the work you do is quite phenomenal. That is why I have been trying to get you to Noosa—one day! You have so much experience already with batteries and we are hearing that batteries are a big problem. What would you suggest in terms of how we go forward in a similar manner to what you have done with the lithium batteries or other batteries including the embedded ones?

Mr Sharp: That is a long question.

Ms BOLTON: I know.

Mr Sharp: Maybe we can take that offline. I would be happy to come and see you about that. There are definitely some options, but I say to the gentleman from TOMRA that it is not a reverse vending machine thing. That is not what it is at all. It is way too dangerous. They have to be taped off. The piece of work we need to do is to get the consumer—I think it comes back to the retailer. That is a question without notice; it is back to the retailer. The retailers need to look after it.

CHAIR: I have noticed that Officeworks used to have a receptacle for batteries but they do not anymore. You can drop off computers and all sorts of other things, but they no longer take batteries.

Mr Sharp: I do not want to hijack this committee meeting to talk about batteries. However, 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; we know that. Our job is to create opportunities for that.

Ms BOLTON: What about plastics? Is there anything else that you believe could be processed through Substation33—an opportunity that currently is not being utilised?

Mr Sharp: I think already there is a good feed channel through the scheme. There is a good feed channel out the other end; that already exists. What we would do would be very small form factor. It would be experimental or that sort of thing. We are not in that part of the scheme. We do not want to be in that part of the scheme. There are already embedded systems and processes and logistics around that. That needs to stay as it is. We are happy to take some and muck around with it.

Mr J KELLY: All of that is very interesting. I have followed your organisation and dropped off numerous computers there over the years. Going back to the substance of the inquiry, in terms of your engagement with Coex have you found them to be relatively easy to work with? Have they been good partners? Are there areas that you feel could be improved or opportunities for improvement?

Mr Sharp: The one answer to that is there are no improvements that I think need to happen. It is a challenging space they work in. I put that in my report as well. It is a challenging new space. I think the challenge we have is that as a community we are not minded towards social outcomes necessarily. We are certainly not minded towards recycling, and that is an Australian thing. We are the largest consumer of everything. That is why Substation exists. We beat the USA on consumerism. What legislation is trying to do is force us to be better humans at better recycling. I think Coex's job in trying to manage that is very difficult. It is new; it is only very young.

The piece that probably needs to have a little bit more work around it is definitely education for young people, and that is my passion. My five-year-old grandchildren are the ones who are passionate about recycling, but I am not sure that we as the adults in the room are offering them—I am not saying Coex; I am saying us as the adults in the room—the opportunity to recycle yet. When they look in the bin and it is full of rubbish, they lose heart. It is not Coex's fault; it is ours. In general, we all need to be better. We all need to be doing it better. I just do not know where that sits in the conversation. I think they are doing a great job.

Mr LEE: With respect to your Uptown model shopfront container refund point, could you clarify whether there are any plans for expansion and just what that means and looks like?

Mr Sharp: It is a very small form footprint shop and it is just about capped out. I think there is more opportunity for that within the scheme. In other countries around the world—and I was in Europe looking at these sorts of things—it is a thing. It is not the big depots that we would see typically; it is

more a small shop within a shopping mall and you can drop your containers in there or it is a fridge style thing, like a Coca-Cola reverse vending machine, for example, and you enter your containers into that.

Mr LEE: When you refer to Europe, what parts are you referring to?

Mr Sharp: Mainly Norway.

CHAIR: Thanks, Tony. I do not think we have any other questions and we need to keep pressing on due to time. Thanks for the tremendous contribution your organisation makes. It is incredibly admirable and very important work.

Mr Sharp: Thank you very much.

CHAIR: Thanks for being here today.

PROOF

SCOTT, Ms Lisa, Director, Government Relations, Australian Grape & Wine Inc.

CHAIR: Welcome, Lisa. I invite you to make an opening statement.

Ms Scott: Thank you and good morning. Thank you for the opportunity to appear today. I represent Australian Grape & Wine, the national body representing Australia's wine grape and wine producers, including many small and family owned businesses here in Queensland. Australian Grape & Wine's submission to the inquiry has the endorsement of all state wine industry associations. We strongly support evidence-based glass recovery and recycling policies and are committed to sustainable packaging practices. However, we have significant concerns about the expansion of Queensland's container refund scheme to include glass wine bottles.

Our concerns fall into four key areas. First is the lack of clear policy rationale. Wine bottles make up less than one per cent of the litter stream and are already widely recycled through kerbside systems, yet the scheme was expanded without adequate consultation, transparent objectives, baseline data or a full cost-benefit analysis released to stakeholders. Second, we have concerns about whether better alternatives were properly assessed. Models using glass-only kerbside or communal bins deliver superior glass recovery, lower carbon emissions and greater cost efficiency to the community. While other jurisdictions have at least attempted to evaluate and report on some of these options in their cost-benefit analyses, Queensland has only released a summary, not the full analysis, after the scheme commenced, leaving stakeholders unclear whether superior alternatives were properly considered. Third is the inequality in cost allocation. The full administrative and financial burden falls on wine producers, particularly small and medium businesses, who have little ability to pass these costs on. This 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. This risks compounding financial pressures on regional businesses throughout Australia without delivering meaningful environmental gains to the Queensland community. Fourth is the significant administrative burden placed on small businesses. The complexity and cost of complying with the scheme has led some wine producers to stop selling into the Queensland market altogether. For many small producers the compliance costs simply outweigh the returns, ultimately reducing consumer choice in Queensland.

We are also concerned about a lack of transparency. Without baseline data or disaggregated container recovery rates, it is impossible to measure whether the inclusion of wine bottles has improved recycling outcomes or simply reallocated existing recovery of containers from kerbside bins at significant costs. Australian Grape & Wine urges the committee to recommend working with stakeholders to develop a more nationally consistent, equitable and evidence-based approach to glass recovery and recycling. Our goal is simple: to achieve the most efficient system for glass recovery and recycling for the community, delivered through an equitable and fair funding model. We believe the current container refund scheme meets these objectives.

Finally, AGW is not supportive of increasing the refund amount as this increases the cost burden without delivering proportionate environmental benefits. Solutions should target materials where improvement is required rather than apply to glass, which is already widely recovered and recycled via existing kerbside collections. Thank you and I look forward to your questions.

CHAIR: You mentioned the administrative burden and the fact that there are some suppliers from other states who are choosing not to supply their product into Queensland. Can you perhaps elaborate on what that administrative burden is and why that is a particular issue?

Ms Scott: When the scheme was introduced, it was at a very rapid pace and the timeline for introduction, particularly as Queensland is the first jurisdiction that has included wine and spirit bottles, was a shock to producers. We have about 2,000 wine producers in Australia. To get that message out to people that things are changing in a six-week period, that people had to register with Coex for a container refund agreement—it was impossible for Coex to execute those agreements with producers prior to the commencement of the scheme. People were basically selling wine into Queensland unlawfully.

The department said that they would apply an education-first approach. That is cold comfort when there is a financial penalty of over \$77,000 in the legislation if you are selling wine into Queensland without a container recovery agreement, without barcodes on your bottles. A lot of small and medium wine producers do not have barcodes on their bottles if they do not sell via retailers and they just sell out of their cellar door. Barcodes are an additional cost. In terms of the refund mark that needs to be applied to the back of bottles—we have a grace period for that; it does not commence for another two years—that is a cost that producers will have to face on the back of recent changes

to labelling such as pregnancy warning labels. FSANZ have a recommendation to food ministers at the moment to include energy labelling on the back of wine labels, so that is another cost. The five-day payment terms when you are a small business is somewhat—

CHAIR: What do you mean by five-day payment terms? Can you explain that?

Ms Scott: Yes, of course. Through the Coex portal, and depending on the size of the wine producer, they are required to enter their sales into Queensland monthly, quarterly or annually and then they are invoiced for the 10-cent refund plus the scheme contribution fees and they have five days to pay that invoice. The Queensland government has its own on-time payment policy for small businesses which is 20 days, and it is unable to meet that 100 per cent of the time so I do not think the industry think it is unreasonable that small businesses have the opportunity for that same standard 30-day payment period.

CHAIR: In reporting on their sales into Queensland—they would have online sales and they would have supply agreements or distributors—how do they track all of that data and compile that for their monthly or quarterly reporting?

Ms Scott: That is a great question. The supply chains for wine are very different to other fast-moving consumer goods so it is very difficult to track, and who is required to report that information is also not specifically legislated. There was a first-sale guide that Coex put together, but it just created more questions than it provided answers. It could be the distributor. I could provide my wine to a distributor. Technically, the last point of sale in Queensland is responsible.

CHAIR: How much does the wine producer pay for each bottle that it sells into Queensland?

Ms Scott: The South Australian Wine Industry Association have done a survey of their members and it is approximately 25 cents per bottle.

Mr J KELLY: I am a big supporter of the wine industry, growing up in that renowned wine region of Townsville. I regularly support the bottom two shelves of the bottle shop. Whatever that segment of the market is, I am there.

Ms Scott: We appreciate your support.

Mr J KELLY: It produces good wine, let me tell you that. I was reading a couple of articles recently, particularly in light of the tariff situation that is going on around the world, and obviously there have been some changes in relation to Australia's relationship with China around wine as well over the last few years. Post COVID and post changes in attitude of the Chinese government in relation to Australian wine, the industry has had some improved returns over the last few years. Do you have a list or any evidence of operators who have stopped selling into Queensland since the introduction of the container refund scheme?

Ms Scott: Yes, we have. Again, the South Australian Wine Industry Association have done a survey of their members and approximately six per cent have said they no longer sell wine into Queensland. It is more anecdotal evidence. I can take that on notice to get names for you if that is what you are seeking.

Mr J KELLY: That would be helpful. In the submission I seem to recall you talked about an equitable scheme. Could you talk us through how this scheme might be made more equitable?

Ms Scott: That was reference to it being referred to as a product stewardship scheme, but 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. 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.

Mr J KELLY: The scheme was announced in 2022 and started over a year later. Is it true there was quite a significant number of meetings between yourselves and the department of environment and was there any support offered for those sorts of smaller producers?

Ms Scott: It is safe to say that the consultation was not fantastic. We did have a couple of round tables with all of the state wine industry associations and the department. Support was offered to Queensland small producers in terms of some refund for barcodes. Obviously, the Queensland government's support was targeted to Queensland, but that support was not extended to any other jurisdictions.

Mr J KELLY: Obviously, decisions around the sorts of bottles, cans and containers that are recycled do not sit at the Coex level—that is at a government policy level—but, in terms of your engagement with Coex, how have you found the relationship with Coex in terms of trying to work through implementation of government policy?

Ms Scott: I think, as the previous witness said, Coex had a very difficult job to do. They were given a very truncated timeframe in which to implement this scheme and the former government did not seem to be for turning in terms of slowing down to iron out some of those issues before the go-live date. The absence of disaggregated data makes it difficult for us to prove whether or not the inclusion of wine and spirit bottles has led to the increase in glass recovery that Coex are attributing to wine and spirit bottle inclusion, so we would really be very keen to see that data. I know that a lot of other submissions have mentioned that lack of data as well.

Ms DOOLEY: Thank you for your submission and for being here today. Your submission notes that Victoria has that fourth kerbside bin. I note that one of your recommendations is that we may move to that model here in Queensland. Would that mean that you want to come out of the container refund scheme altogether?

Ms Scott: Yes, that is correct. Our position is that the original policy intent of the container refund scheme—sorry, I use container deposit scheme interchangeably as it is used elsewhere—was as a litter reduction scheme. Wine bottles contribute less than one per cent nationally to the litter stream so we were excluded from the scheme Australia-wide for a reason. The fourth bin option that Victoria is in the process of implementing at the moment diverts more than double away from landfill compared to the container deposit scheme.

Ms DOOLEY: Because that would involve an agreement by councils. Obviously, the collection of those does impose significantly more cost to a council to do that.

Ms Scott: That is right.

Ms DOOLEY: What would be another alternative if we did not adopt that?

Ms Scott: That is our preference. The kerbside yellow bin generates significant glass recovery and recycling so we do not think there is anything wrong with the existing system, but to improve it we think the fourth bin or glass-only option has greater environmental and economic outcomes than the container deposit scheme.

CHAIR: I am thinking maybe just return to retail and get a discount off your next bottle of wine would be the way to go—a significant discount off the next bottle of wine.

Ms BOLTON: Returning to product stewardship, you spoke about spreading the cost through the whole chain. Do you have an example of where that is done elsewhere?

Ms Scott: I can take that on notice for you.

Ms BOLTON: Please, if you could. Also, should the current glass situation remain, you did have in your submission regarding the 'other' containers that should be included in the scheme. Can you give me an example?

Ms Scott: The Victorian fourth bin option includes all glass, so it is not just beverage glass—food glass, jars, pasta sauce et cetera.

Mr LEE: In your submission you talk about transparency and reporting, and you expressed some concern about Coex with their annual reporting. I want to explore the changes in the reporting mechanisms in the annual report. Could you expand on that for us?

Ms Scott: Yes, of course. When preparing our submission, I was looking through the annual reports and trying to find where they report against the targets for glass recovery and recycling. It started off as being a nice little neat table with graphics at the front and then it became increasingly difficult to find until in this annual report. We cannot find disaggregated data; we just cannot find the information we need. I think it would be helpful for stakeholders for there to be consistency so that the annual report—like the federal government departmental annual reports—has the same format every year and you know where to go to find the data you are looking for.

Mr LEE: It would seem they have a discretion to set whatever information is provided in terms of the reporting around waste management and targets?

Ms Scott: It is just not easy to find.

Mr LEE: Has that varied from year to year?

Ms Scott: It does. As I said, it seemed to be in table format and fairly easy to find several years ago, but the last couple of years it has not.

Mr LEE: To your knowledge, is that reported against the requirements of the legislation?

Ms Scott: I could not tell you.

Dr O'SHEA: If the deposit amount went up to, say, 20 cents, obviously you would be concerned about the impact of that on businesses. You were looking at maybe a proportionate fee, depending on unit sales, and maybe an exemption for small and medium manufacturers for maybe the first 5,000 units. How would you see that proportionate fee working?

Ms Scott: We would be happy to work with government to come to an arrangement that meets the objectives without reducing recycling outcomes or environmental outcomes. We just think a cookie-cutter approach and one-size-fits-all is not the best approach. We would be very happy to work with government on that.

Dr O'SHEA: You mentioned that when the scheme extended to the wine and spirit bottles the data was not looked at then. If this was to roll out across the country, what specific data would you like to be looked at in the other states before it went to the wine and spirit bottles?

Ms Scott: That is a great question, Dr O'Shea. As we have outlined in our submission, there was agreement at the national environment ministers level for a harmonised approach to the scheme. While we do not agree that the scheme provides the best environmental or economic outcomes, if that is a decision that is taken then harmonisation across jurisdictions is extremely important. Otherwise, it just quadruples and more that regulatory burden on small businesses. It is very important that harmonisation does take place.

Ms DOOLEY: Given that Queensland is the only state that does wine and spirit bottles, to your knowledge is there any evidence of people from New South Wales trucking their bottles over the border?

Ms Scott: I do not have any visibility of that, no. It would be interesting for border towns, though, I think. That would be an interesting study for someone to do there.

Ms DOOLEY: That has been raised as a concern by other contributors.

CHAIR: Thank you, Ms Scott. We have two questions on notice: one was to do with how many producers of wine have stopped selling into Queensland and any other information you can provide around that; and the other was about examples of a stewardship scheme that spreads costs across the supply chain. The deadline for answers to those is 13 May. Thank you.

SLOAN, Ms Gayle, Chief Executive Officer, Waste Management & Resource Recovery Association of Australia

CHAIR: Welcome. I invite you to make an opening statement.

Ms Sloan: I will probably be the controversial one for this morning's session, but that is okay; I am used to that. Thank you for the opportunity to have me today at the Health, Environment and Innovation Committee's inquiry into improving the Queensland container refund scheme. At the outset, I would like to pay my respect to the traditional custodians of the land and pay my respect to elders past, present and emerging and recognise that the work the waste and resource recovery sector does is part of a long tradition of caring for country.

We are the national peak body for the waste and resource recovery industry. As such, we cover the whole breadth and depth of that industry. We have over 380 individual members in Queensland and 50 companies. We absolutely believe that there has to be a strong, systems-based approach to material management, and we see that CDS is one part of managing the packaging in this stream. We are very grateful that the government is reviewing the CDS scheme, or CRS scheme—sorry, I, too, have worked in the previous jurisdiction and get confused—and we are very keen to look at how Coex manages containers for exchange. We note that this was actually established under a waste and recycling act; however, you are not going to hear very much about the waste sector until I begin.

Whilst Coex is the administrator of this scheme, it actually does so on behalf of government and not the beverage industry. I think that gets lost regularly. Coex operates in many ways as a cost centre for beverage. It is not a not-for-profit. It has \$190 million currently on its balance sheet. I do not know of any not-for-profit that has a balance sheet of that extent.

Coex, as it says in its own submission, is funded by the beverage manufacturers who sell drink and eligible containers under the scheme. That is not correct. Taxpayers, ratepayers and the community who buy these products pay for that scheme. This is a community scheme funded by community and not industry funded. There was also, at the beginning of this scheme, \$35 million put in by government as a loan, even though originally it was going to be from beverage. It was repaid. There were also grants given by government at the beginning to some operators. I think it is really important that we recognise that this is not a beverage-funded scheme but a community scheme that was meant to work with existing waste and resource recovery infrastructure for the benefits of the broader community, the environment and the economy. That has not happened, and I think that is in large part why we are not seeing the return rates we are getting. This is the only scheme where the scheme coordinator was not tendered, so there is a not a contract in place with the scheme coordinator to deliver the outcomes.

We have an act with two KPIs: 85 per cent and 307 depots. 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. Western Australia came after this scheme and made it very clear that they needed to put safeguards in place in relation to ensuring that the KPIs were met and that they actually had an independent on the board. In Queensland, two of the nine board directors are appointed by government. Steve Dawson, the minister at the time, was on the record saying that they were going to make sure those conflicts of interest were managed and they would not have a beverage-led board as a result. I think it is five members versus four of beverage.

Having said that, all of these schemes could work if we worked collaboratively and had a clear role at the table from the get-go, as the waste and resource recovery industry, because 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.

The relationship with collection points is something else I want to touch on. I am not going to go through all 14 recommendations. Mr Kelly, my industry does not have the same experience in dealing with Coex. It is not a pleasant relationship; it has been really problematic. I have many small businesses that have lost a lot of money through investing in Queensland due to changes in co-ex. We have contract terms that are quite harsh and unreasonable. It is very difficult when you are dealing with one monopoly operator to actually have a fair contract conversation.

We see innovation that is stifled. We have had innovation such as Uber for cans that we were told we can no longer do as a company and told that it must be provided by free and everyone has it. We have had other operators go into commercial premises and provide services that have also not been able to be continued. We were desperate to innovate, but we cannot in the same extent because we are continually asked to do more with less. Wine also had an impact on my sector. There was no change to the handling fee and has not been as yet. We have had additional requirements put on collection points, such as loading of vehicles, with no additional payments. We have seven sorts. We talked earlier about lids. I would love to go into lids; I love talking plastic. No other jurisdiction requires seven sorts. Collection points are required to do an awful lot.

The irony is that, despite the claims by Coex that this is a more efficient scheme, it is a more expensive scheme. New South Wales is less than the Queensland scheme. The claims of the improved efficiencies through this model are not correct. We think you need a stronger and more transparent scheme that has clearer KPIs and contracts and better engagement by government. I was a little bit surprised to watch the government review discussion the other day. It seemed very hands-off. Other jurisdictions are very hands-on with their CDS scheme. They are looking and talking to them regularly about KPIs, delivery and layouts. We do not seem to have that interaction in Queensland.

I think it is also important to note that there are real challenges around the depots. I also saw that there was a lot of conversation about more depots going out but less being taken. Queensland has not had the same master plan approach to rolling out depots to ensure there is appropriate access across the state. Other contracts, such as New South Wales, had real clarity around locations that had to be done so that we actually met the access arrangements of travel time. Having more depots in and of itself does not mean more containers. It is co-located in the same zones. You need to make sure you have a statewide spread and you have real clarity that you are not pillaging and taking from other operators nearby. Having that statewide view of where container points must go so that people can access them easily is really important. I note there are 380 at present, but over 100 of those are bag drops. Other jurisdictions do not put the bag drops in the total numbers, so that is less.

We have fewer RVMs in Queensland. I am not really sure why the planning requirements that we worked on in 2017-18 did not go ahead. We did attempt to do similar to New South Wales, but for some reason that just did not go forward. There is the ability to have more depots, but it is really important that we do not ruin the commercial viability of the existing depots, because we have seen that and we have seen closures. To my knowledge, Queensland is the only state that has had depots closed. These are significant capital investments by operators that are not being honoured, and having depots open up next to you makes it really difficult for you to manage and grow your business.

Lastly, I will touch on the relationship with the regionals. We were very nervous as an industry with the approach the Queensland government took when they set up this scheme. We were concerned it set up a competitor to MRFs and MRF product because, at that stage, particularly regional MRFs were the ones aggregating glass, plastic and aluminium. They were the ones trying to find markets. We could arguably collect more, but our biggest challenge is markets and remanufacturing facilities. Queensland is the only state that really has not seen the capital investment and remanufacturing that other states have. We have not seen PET facilities being built for recycling here. Coke talks about two facilities in Victoria. The model here has not lent itself, through the portal and the short-term contracts, to the investment of remanufacturing in Queensland. I was really upset and disappointed when I saw that both Coex's and Lion's solutions to that, or one of the proposals, is to export that material offshore. We should not be exporting our waste offshore. We know that the community, post 2018, do not in any way support us sending that material offshore. With a balance sheet of \$190 million, you could start investing in remanufacturing facilities and creating jobs in Queensland, and that is what we should be doing. The other thing we should be doing is looking at using Australian recycled content in our beverage containers that are in this scheme and making a genuinely circular scheme.

I do not support the fourth bin. We do not need to do that because it is an additional cost on councils. The beauty of the CDS is that you can also put the material back through the bin and claim the redemption. That is something that happens through the MRFs and people consciously do that. I personally do not. In the four years in New South Wales, I put mine in my bin. I know that my council gets that money and I am okay with that but it is being recycled. We do not need a fourth bin for that.

What we have to do is look at how we can use this broader infrastructure and these supply streams to work with regional areas to provide other outlets for aggregation of materials. We have attempted to work with Coex and raised putting soft plastics, batteries and other things that are going

into those depots and aggregating, but we are told it is outside the scheme. It makes no sense to have 200 to 300 sites that could be taking other waste and resource recovery materials just quarantined for beverage. The community is already coming back and they are used to the habit of source separation. We know that we get better clean streams for remanufacturing. We should be maximising those in Queensland and bringing more materials through. I might stop there.

CHAIR: Thanks for that very frank opening statement, Ms Sloan. You mentioned that the New South Wales scheme is less expensive. Could you elaborate on how?

Ms Sloan: The cost per container returned—I believe it is in Coex's submission—is about two cents to three cents cheaper based on total numbers returned and total mats paid out. There are more efficiencies, I would say, in terms of the numbers of what is coming through, including potentially the cost of transportation. One of the things that comes up time and time again around the logistics contracts here is that you cannot compact so you are moving air around the state. Arguably, given there is a clear role for waste and resource recovery personnel in the network operations, there is a better understanding of logistics, handling and management, I am going to guess that the efficiencies are being achieved through the way the system operates in New South Wales.

CHAIR: You also touched on the negative impacts on regional centres. Could you elaborate on that?

Ms Sloan: Whilst it is very clear from the data that the regional centres are using the CDS more, what has happened is that the material stream that used to go through MRFs and have a value has reduced which makes it less economical for the volumes for the MRFs' operations. Whilst some value has gone back through the redemption in the sense of the portal and the amount you get, the overall amount is less. In order for a facility to be viable, there tends to be about 20,000 to 30,000 tonnes going through, but we are seeing less of that volume going through the yellow bin.

One way of addressing that—and a number of the MRFs were included in that down the coast but Mackay, for example, was not—was the ability to be an aggregation or a co-location point for CDS material. What we need to do is look at how we can make these schemes work together to make sure there are opportunities to join transport and logistics and opportunities to co-locate infrastructure so that councils are able to provide that service in an economically viable way as well.

Mr J KELLY: Thanks for that presentation. Given that no other state has hit 85 per cent—even South Australia, which has been operating for 50 years—and given that we have moved from around 16 per cent up to 67 per cent recycling rates, how do you justify portraying this as somehow not working?

Ms Sloan: I said the way Coex operates is problematic; I did not say the scheme was not working. The opportunity is to improve, and I have talked about ways to improve.

Mr J KELLY: Okay. In what specific ways do you feel that Coex is not working? What are the issues?

Ms Sloan: I think the way the network is rolled out is problematic and is causing real issues to operators to actually manage material and grow their businesses. We know there are issues and challenges with the data and the transparency of the scheme. I also think it does not work in providing a broader remanufacturing and circular approach to that material that is collected. The remanufacturing is not occurring. I think there are many ways that the scheme is not working and would benefit from a refresh.

Mr J KELLY: You mentioned that you felt the contract negotiations were unfair because of the David versus Goliath scenario.

Ms Sloan: Master-servant, David-Goliath; I will take either of those.

Mr J KELLY: Is there a way to make those contract negotiations fair? Are you proposing some sort of collective bargaining approach, which I am sure a lot of businesses and the ACCC might not have good support of? Are there other ways to do this? Is there a way to establish some sort of a mechanism to review those contracts?

Ms Sloan: Absolutely. I think what got lost in part of this is that this is still a government scheme. When we were first developing this scheme and I was one of probably two people still involved with this scheme, Queensland was a state that did not draft the contracts or contract terms as a government. It left it very much to the PRO. Other states did not take that approach because they wanted to make sure there was some partnership, there was buy-in. Government could have drafted those contracts and kept a close eye on monitoring, managing and delivering those contracts or working with collection point operators to provide an outlet to make sure they are not being unconscionable.

It is not easy for small operators, and I would say there was a definite approach to keep operators small. In fact, the first contracts that came out had a distinction between those that had 10-plus sites and those that did not. It was always set up to try to keep operators small and divided. Government could play a far more active role, particularly given the objective of the act to complement waste and recycling in Queensland, to make sure that it did actually achieve that.

Mr J KELLY: You mentioned in your submission around recommendation 3 or 4 the need for a closer working relationship between Coex and councils. Are you envisaging that looks like running joint facilities, or is it more around improving the planning processes? Is there something else you are anticipating in that recommendation?

Ms Sloan: All of the above but particularly the MRFs and the broader waste and resource recovery infrastructure capacity and the remanufacturing ability. There is an awful lot that could be done, maybe even starting with one of the recommendations we also have that the board be reshuffled and there should be a local government representative on the board, as well as the waste and recovery industry as well as charity, so the whole stakeholder group is represented across the supply chain. This is so particularly with regional councils, and we have members in regions. They were really nervous around the next round of contract negotiations and being able to tender for facilities that will work in regional Queensland. We do not want that; we want the jobs in the areas and we want to remanufacture this material in Queensland into products in Queensland.

Mr LEE: Thanks for your presentation, Gayle. It is good to see you again. You mentioned in your presentation that there was no public tender for the product responsibility. Is that a fact?

Ms Sloan: Yes. Discussions went behind closed doors, with KPMG monitoring them early on. We were not privy to those conversations. I think there was a letter exchange between the department in 2017.

Mr LEE: Recommendation 7 is to 'remove the requirement of a 7 factor count and align with other states'. Can you expand on that? What does that look like in other jurisdictions?

Ms Sloan: Maybe TOMRA would be better to answer those questions, but some jurisdictions require lids on or lids off. Those additional requirements that depots need to meet are a time and a cost factor. They also restrict the ability to deploy technology. We have a number of operators that work in multiple jurisdictions and they cannot use the technology that sorts for them in Queensland because of this unique requirement for seven sorts. What should drive this is the end market and what the end market needs in order to reprocess this. It should not just be that it seems like a great idea to sort. We know that the reprocessing facilities can deal with lids on, as we heard earlier. Whether it is PET, labels, HDPE: they can separate that. Glass also can be separated by the facilities. You have had significant investment in Owens-Illinois in South-East Queensland so they have the technology to do that. The additional requirement to do additional sorts at the same price in Queensland takes time and effort.

Mr LEE: You also talk about audit methodology. Can you explain the issues with that?

Ms Sloan: When this scheme was developed in 2017-18, there were MRF protocols and audit methodology for factor counts to determine what was in a bin for redemption purposes. To be completely frank, I have not been close to that part of the scheme for a number of years. I gave up the fight and moved onto WA, to be honest, but what I am told by those who are currently doing the audit methodology is that it is still time consuming and cumbersome; it is arguably normalised. I think there is a real opportunity to have a refresh.

One of the other things that I think is a real opportunity to improve on, which I talked about in my submission, is that we need to bring commercial and industrial facilities into this scheme and absolutely get those containers through. One way we should be doing that is what we are starting to see in other jurisdictions with source separation of recyclables more generally—yellow bins. New South Wales has recently required FOGO to be done through commercial premises. We should not just be having CDS separate in commercial and industrial. We should be making yellow bins mandatory, and they could go through MRFs or CDS as well and claim those redemptions too. That would drive greater recovery out of commercial—hotels, office buildings et cetera. That is definitely one way we would absolutely support. That may mean the MRF protocol needs to be updated to allow the redemption and the revenue sharing back to the MRF operator. That would actually put some money in the system to assist with those C&I collections which at the moment are not required and are hampering broader resource recovery rates in Queensland.

Mr LEE: What is that Coex audit methodology based on? Is that based on some best practice model or framework?

Ms Sloan: Yes. Anne Prince Consulting did it in New South Wales and Queensland, and I think Wayne Short did the glass in New South Wales. It is eight years on so there is an opportunity to review and see if it can be streamlined.

CHAIR: We are actually out of time, but I know that the member for Noosa has one quick question.

Ms BOLTON: You mentioned that soft plastics and batteries could be incorporated. Do we have another jurisdiction that is doing this as an example?

Ms Sloan: Of source separation collections?

Ms BOLTON: As in incorporating it into the scheme. You said that currently it is outside—

Ms Sloan: It is not within the scheme. What we are talking about is the fact that you actually have a depot model where you can take more than just one product. You would not be redeemed through the scheme; you are actually building on the infrastructure to say you can have alternative bins where you can take that and be serviced.

For example, in New South Wales with a number of its depots, Sell & Parker take batteries at the same depot that takes CDS. It is not redeemed through the scheme. I have always said that Queensland has the best transfer station network that you can see. Councils really use their infrastructure well. You have your tip shops and you have this culture of already going back and returning separated-at-source materials, so what you do is you leverage that as a drop-off point for multiple products because you already have your logistics in place.

In South Australia, which has the oldest scheme, a lot of their depots offer multiple type service offerings like this—for example, batteries, electric lights. You have that culture of returning to a place, and the beauty of co-locating with CDS is that there is a financial reward for those elements and you think, 'Whilst I'm there, I'll drop this as well.'

Ms BOLTON: So it is totally possible.

Ms Sloan: It is absolutely possible. We must leverage this amount of investment from the community back into the broader waste and recycling network.

Ms BOLTON: Thank you.

CHAIR: Thanks, Ms Sloan. We will now take a break and reconvene at 11.30.

Proceedings suspended from 11.13 am to 11.32 am.

DOWSE, Mr Ed, Container Deposit Schemes Director, Lion

MAGUIRE, Mr Jeff, Director, Packaging Collection and Recycling, Australia, Pacific and South-East Asia, Coca-Cola Europacific Partners (via videoconference)

CHAIR: Welcome. Would you like to make an opening statement?

Mr Maguire: I thank the committee for the opportunity to address the inquiry. I am here today representing Coca-Cola Europacific Partners. As the director of Packaging Collection and Recycling for Australia, Pacific and South-East Asia, I am engaged with governments, industry and communities across the Asia-Pacific region to drive CCEP's collection and recycling efforts. I have been involved in container recovery for over 25 years through the South Australian container recovery scheme, and for the last decade I have been focused on establishing container recovery schemes across the remainder of Australia and internationally, including Queensland.

The state of Queensland is very important to CCEP. Our largest single production facility in Australia is out at Richlands and we employ around 700 local people. In 2018 we worked with the Queensland government to bring this innovative container recovery scheme to the public. We studied the existing schemes and decided there must be a model that would better share the social and financial dividends of the scheme and recycling for all Queenslanders. As part of this co-design with government, the government legislated an 85 per cent target amid strong pressure from the NGOs. In short, the government aimed at reaching EU-level return rates established over decades in the EU driven by different scheme structures and in a very short timeframe. However, they did not introduce policy or structural requirements into the legislation and regulations which would make hitting 85 per cent possible; for example, by requiring businesses, commercial and industrial, to participate in the scheme by recovering and recycling containers. Six years on, reflecting on Coex's progress, it is important to recognise that the scheme is designed primarily to recover containers from consumers following at-home consumption. As a general indication, approximately 75 per cent of all beverage consumption occurs at home and the remaining 25 per cent of consumption occurs in commercial and industrial settings.

As indicated, the scheme is constructed to capture consumer at-home consumption, not commercial or industrial consuming. Achieving a collection rate of about 67.6 per cent within this target market translates to about a 90 per cent collection rate of that at-home consumption. This places the scheme amongst the highest performing globally, given the structure of the scheme and the market segment targeted under the legislation. Addressing the collection of consumption in the commercial and industrial sector is a significant opportunity for the scheme.

Looking forward, what will take the scheme to the next level? From a CCA perspective, the biggest opportunity lies in improving the collection of PET or food-grade plastic. The material is highly sought after, enabling businesses like ours to make old bottles into new ones. It has become a raw material resource that is no longer a waste product for us. Unfortunately, all the recovery schemes nationally, including the MRF volumes, only recover about 50,000 to 55,000 tonnes of the possible 80,000 to 85,000 tonnes of beverage PET annually. Industry and governments have invested in significant onshore recycling infrastructure for PET, and the current collection rates are failing to ensure the supply of adequate feedstock to fuel that in-store capacity. The remaining volume ends up in landfill, depriving the community of deposits and industry of future packaging circularity.

In summary, from my perspective, to address the loss of this valuable resource and to drive packaging circularity, we urge the government to avoid short-term reactions by raising the deposit value and: implement meaningful reforms to increase the number of collection points, increasing convenience and accessibility for consumers; mandate the separation, collection and recycling in public and government properties such as jails, hospitals and government offices; require mandatory separation, collection and recycling in the commercial and industrial sector; increase the landfill levies and potentially make it illegal to knowingly landfill beverage containers; and improve the sortation practices in material recovery facilities to ensure the maximum level of recovery of PET. In our view, by adopting these measures Queensland can lead the nation in recycling performance, delivering enduring benefits for both the environment and the community. Thank you.

CHAIR: Could you elaborate on your statement about households effectively recycling 90 per cent?

Mr Maguire: Ed has an opening statement as well. Is it okay if he makes an opening statement and then we come back to questions?

CHAIR: Sure. We are happy to do that.

Mr Dowse: Thank you, Chair, and thank you to the committee for your invitation to appear today. Lion is a leading Australian beverages company and we are proud to be the custodian of the iconic XXXX brand and the XXXX Castlemaine brewery here in Brisbane, where we employ about 170 Queenslanders. Lion also has a long history and involvement in the management and governance of container recycling schemes in Australia dating back almost 50 years with South Australia. Active participation in container deposit schemes is a core pillar of our sustainability strategy. We have worked and continue to work collaboratively with governments and industry partners to design and fund implementation of schemes across Australia.

The Containers for Change scheme in Queensland has been incredibly successful and personally, having been involved in schemes for nearly eight years, I am particularly proud of what has been achieved in Queensland in terms of jobs, with over 1,500 jobs for Queenslanders, our network of over 80 operators and the outcomes achieved for the community of Queensland. The Queensland scheme is a leading example of producer responsibility schemes. Both the scheme's structure and features of the scheme have been adopted in other jurisdictions and are even being looked to in other areas such as soft plastic schemes that are in development. The Queensland scheme was the first in Australia to provide through technology the ability to donate refunds to any charity or community organisation registered with the scheme from any return point in the state, a feature that has since been replicated in five other states. Western Australia has adopted the Queensland model and South Australia has recently consulted on proposed legislation to adopt the same model as part of its scheme modernisation.

Globally, producer responsibility scheme structures are in place in all of the leading European schemes. As a strong supporter and funder of this scheme, we are committed to and invested in further improving the scheme in Australia, but it is important that government, industry and other interested stakeholders work together to adopt a balanced approach in achieving any improvements which considers the impacts of any proposed change on the beverage industry manufacturers, consumers and the community and as part of the broader waste strategy.

While we are strong supporters of container refund schemes in Australia, it is important to understand that they have added significant additional costs to the business models of beverage companies like Lion and placed upward pressure on prices for consumers. In 2023-24 the beverage manufacturing industry contributed close to \$1.5 billion towards these schemes in Australia. Simply increasing the refund amount from the current 10-cent level would drastically increase costs for beverage manufacturers while placing upward pressure on prices for all consumers and only have a temporary impact on return rates. There is a significant body of evidence that shows that there are more impactful ways to drive long-term increases in return rates which would not carry the same inflationary impacts or unintended consequences. This is covered in our submission. In particular, we think some simple changes to reduce red tape could unlock a drastic increase in the number of return points, addressing convenience and accessibility, which remains a key barrier to Queenslanders returning in higher rates, particularly in South-East Queensland.

As Jeff also alluded to, we think there is an opportunity for further consumer educational campaigns to consider including more beverage products in the scheme, investigate options for multiunit dwellings like apartment buildings and office buildings and look at ways to further encourage out-of-home returns like in government buildings and across the commercial sector. We believe that these simple solutions could deliver, in a sustainable way, more revenue for existing and new scheme operators, local businesses, community groups and charities while reducing the impact on beverage manufacturers and, in turn, the Queenslanders who buy our beverages.

CHAIR: I will go back to Mr Maguire with my question. Can you unpack the statement you made around household recycling that the 60 per cent equates to 90 per cent?

Mr Maguire: The concept is that we are achieving a roughly rounded-up 68 per cent recovery at the moment in the scheme of the 75 per cent of consumption that occurs at home, so 60 per cent of the 75 per cent gets us up to around that 90 per cent mark. That also comes back through MRFs. The MRF returns are added in to the collection network. Where we believe there is a lot of volume which escapes our nets—as I said, it is a valuable resource to us—is pubs, clubs, restaurants, cafes and events. I encourage the committee, next time they are at a cafe, to ask the owner what happens to the container and whether they actually have that recycled. We firmly believe there is a lot of leakage from that sector which does not make it back into the recycling loop.

Mr Dowse: When we talk to consumers, they say they participate—that is a great thing; we have strong participation rates—but often then when you dig down deeper into that and ask, 'Do you participate with every single beverage container that you consume?' the answer is quite different.

They say, 'Well, no, I actually just take my containers from home. When I am out and about, I dispose of it somewhere on my journey or wherever I am at that time.' I think consumers trust that the right thing is being done with that container, but that is not necessarily the case.

Dr O'SHEA: We have been hearing through the submissions that the two most important levers to pull in terms of increasing the recovery rate are increasing the refund and improving convenience and that you really need to do those two things in parallel. For example, in Germany they have a 98 per cent return rate with a 43-cent equivalent refund. How do you feel that we can increase our recovery rates without increasing that refund?

Mr Dowse: That is a really great question. I would probably dispute that those are the two main levers. They are two levers. Certainly all of the research that has been done, including studies done by the heads of the EPA group, shows that accessibility and convenience is No. 1 by a long way and I think we have a way to go there, certainly in South-East Queensland.

Other factors that are really important include awareness and understanding of the scheme—how, where and when people can return—and also attitudes towards recycling. There are other policy levers. We talk about an incentive, and that is one measure or one way you can drive scheme return. If you look to somewhere like Germany, Germany also have a number of other policy levers that drive participation in the scheme. They have bans on containers in landfill. They have mandatory business licensing for their waste so they have to segregate those containers. They have some of the measures that Jeff alluded to before built into the system, which is why they have such a strong rep.

In the Australian context, without having some of those primary levers addressed first—accessibility, convenience and really strong awareness—any increase in the deposit rate will not have an impact. It will only be temporary. That was seen in South Australia—when they went from five cents to 10 cents, it went back down to the pre-change levels within a couple of years.

Dr O'SHEA: How do you feel about the return-to-retail model where people take their containers back to point of sale?

Mr Dowse: That is another really great question, and something that is somewhat of a feature in the Australian scheme—I would say return to new retail in a lot of circumstances. I think there needs to be a balance. Convenience means different things to different people. We have a really great foundation for the network in Queensland that involves depots. Those depots are operators who will go out and search for containers and provide an option to the community, which is convenient for some. They take on a lot of containers. Often people can drive in and have them unloaded from the boot of their car without having to even get out of the car.

Return to supermarkets, or return to retail, is definitely convenient for some people as well. I think we need to have a balance of both. If you have a mandatory return-to-retail scheme, you may find that that then impacts on the network that has already been built. There needs to be a balance. I do not think it is mandatory; I think it is definitely more retail. Jeff, I do not know if you have anything to add to that one.

Mr Maguire: I think return to retail is a really interesting concept. Again, we would have to defer to the retailers. Their retail footprints are quite crowded now. In a lot of European and some Canadian places, return to retail is actually in-store return to retail and there are certain things about that in-store return to retail which is structurally different from the scheme we have put in place—the voucher cannot be cashed; it must be shopped in-store. There is more incentive for the retailers to get involved in some of the international schemes and when they built the store they had to build the store with a return point. There would be a transition that would have to be managed with the retailers.

Mr Dowse: One final point on that: Coex has certainly had a desire to grow the network and, I guess, fill in the gaps in some of the metro areas around Brisbane. That has been challenging for the organisation because of planning restrictions, because of the challenges in actually getting sites approved, and that includes a lot of those retail locations. That is certainly an area that could be unlocked to improve retail accessibility.

Ms DOOLEY: Thank you both for your submission and presentation here today. On page 4 of your submission, you note that you are working with P&C organisations to try to make them donation points of collection. Have I got the right one? Yes? How will that create universal access?

Mr Dowse: Sorry?

Ms DOOLEY: No, it is not your submission. Sorry! That is the wrong page. My apologies. Sorry. Go to the member for Hervey Bay.

Mr Maguire: We do, however, think it is a good idea. Schools could benefit from the scheme.

Mr Dowse: I know that Coex is doing a lot in that space.

Mr LEE: You made an assertion that an increase in the refundable amounts has only a temporary effect—or words to that effect—on recycling. Do you have any evidence to support that assertion?

Mr Dowse: The evidence from South Australia showed that within a few years it went back down, following the increase from five cents to 10 cents.

Mr LEE: The other question I had was in relation to page 3 of your submission, which talks about 1,580 jobs across 16 to 18 First Nations local government areas. How does this compare with other Australian jurisdictions?

Mr Dowse: That is a really great question. The Queensland jobs figure, as I understand it, which has been supplied by Coex, is probably the strongest in the country in terms of container deposit schemes. The model of the scheme here provides for more jobs because of the depot-based network as opposed to a machine-based network. We are particularly proud of that jobs figure. It is one of the best ones in the country.

Mr LEE: When you say it is one of the best, how does it compare with other jurisdictions? Do you have that information?

Mr Dowse: I do not have the figures to hand. I could certainly take that on notice and provide the figures from around the country. I do have visibility and it is reported in each state. I know it is higher than other schemes. You do have to factor size into it as well. WA will not have anywhere near as many jobs but it is half the size in terms of the scheme itself. Queensland is, I would say, the leader in terms of jobs.

Mr LEE: That would be good. Thanks.

CHAIR: We are out of time but I will let the member for Noosa ask a quick question.

Ms BOLTON: Product stewardship—we heard earlier about spreading the cost across the chain. Is that something that you feel is a good idea?

Mr Dowse: It is a really good idea in concept but the challenge is making sure that you are not levying multiple times. The principle which all the schemes in Australia have been built around is first supply, and that way you know that you are capturing all of the supply at one point. That cost flows through to the supply chain. In effect, by levying it at first supply we are in fact achieving that.

Ms BOLTON: And the difference between VPET and PET?

Mr Dowse: I might throw over to Jeff for this one because he is the specialist in plastics.

Mr Maguire: VPET is virgin PET and RPET is recycled food-grade PET. What we are trying to achieve in the country is being able to recycle everything we collect into food-grade PET that can be used to manufacture new PET bottles.

CHAIR: Thank you. Thanks for appearing today. We have one question on notice, which requires a response by 13 May, and that was the participation of First Nations peoples in local government areas in other Australian jurisdictions.

Mr Dowse: Can I just clarify: the 1,580 is all jobs, I think. First Nations is obviously a subset of that.

CHAIR: Thank you. Member for Redcliffe, get ready with your question because we have actually got the P&C group coming up next!

Ms DOOLEY: My apologies.

CHAIR: I will let you get back to the balmy weather, the birds and the beach. We are sorry we could not join you there today, Jeff.

Mr Maguire: Thank you, Chair. It has been a pleasure. Thank you so much for your time.

O'BRIEN, Ms Clare, Strategic Partnerships Manager, P&Cs Queensland

WISEMAN, Mr Scott, Chief Executive Officer, P&Cs Queensland

CHAIR: Welcome. Would you like to make an opening statement?

Mr Wiseman: Yes. Thank you to the whole committee. It is a pleasure to have the opportunity to present to you. P&Cs Queensland is the peak body representing over 900,000 parents within the Queensland state school system. Our network of over 1,200 parents and citizens associations in every school, school councils and some 58,000-plus volunteers gives us a unique statewide presence and a strong voice to advocate for and improve educational outcomes for every child throughout Queensland.

We welcome the opportunity to address the inquiry into the Containers for Change refund scheme. We acknowledge the scheme's importance in promoting recycling, reducing litter and benefiting our communities. Our submission today will focus on the key areas where we think the scheme's effectiveness can be enhanced, drawing from our direct experiences and the insights from our member associations. P&Cs Queensland has been involved in the scheme since its early consultation phase. We consistently advocated for the inclusion of schools as collection points to improve accessibility and community engagement.

Our 2018 pilot program, funded by the Department of Education, demonstrated the potential for schools to drive significant change and increased participation in the scheme. However, we encountered certain challenges, operational complexities and insufficient support, and a lack of collaboration hindered the broader participation in the scheme, especially for schools and not-for-profit organisations. Previously, Coex's actions unfortunately created a number of barriers. Thankfully, the situation has improved, given that we are now so many years on. We are now working more collaboratively with Coex to improve the scheme and increase access through schools becoming donation points, or CRPs.

Our recommendations to the inquiry, as tabled in our submission, are centred on improving accessibility—expanding the network of refund points, particularly in schools, leverages an opportunity because everybody knows where their local schools are—enhancing incentives by increasing the refund amount for donated containers to further motivate community groups and schools, particularly in that community fundraising space, and ensuring robust governance. Strengthening community oversight and stakeholder engagement in the scheme's administration will certainly be beneficial. We believe the recommendations will make the CRS more efficient, effective, transparent and equitable. We have provided our submission in detail to the committee and would welcome any questions.

CHAIR: Thank you. I should honour the fact that I said I would let the member for Redcliffe ask her question.

Ms DOOLEY: I am keen, obviously. Thank you for being here today and your opening statement, Mr Wiseman. On page 4 of your submission, you outlined that you think local P&Cs could be a collection point. We acknowledge that schools have holidays and are closed for about 18 weeks of the year, so what would be the plan then? Would it just be for school communities to have a collection point or would it be open to the public? Do you want to talk us through that?

Ms O'Brien: There are currently around 20 bag drops or pods on school land. We previously partnered with an operator, Return-It. We are pleased to say that those CRPs remained operational during COVID, when depots were locked down and RVMs were shut. The CRP, as a refund point or a donation station, is designed to sit on the school's perimeter and be accessible 24 hours a day, seven days a week to the local community. Those people walking their dogs who find a container can put it in. Working mums, like me, who are busy can return their containers when they do school drop-off. They are incredibly accessible.

Mr J KELLY: With a scheme like that where you have a bag drop facility basically sitting on the perimeter of a school, who gets the money from that? Does the P&C get the money or does it go to the bag drop organisation?

Ms O'Brien: At the time we were writing the submission we were in negotiations, and now we are pleased to announce that Queensland state schools will be able to apply through their P&C to become a refund point. They will get the full 10-cent donation through those. There are two models. One is a donation station. I do not think there are any in your electorate, sorry, Joe. There might be one in South Brisbane. They are the shipping container style model that you will see at Windsor State School. We have some up in Cairns and Stafford. They work really well. There is the ability for schools

or P&Cs to also become container refund points where they will get a small handling fee. You as the consumer get your 10 cents back and a small handling fee will be paid to the P&C. We are really proud that that agreement has come to fruition after seven years.

Mr J KELLY: There is no need to apologise; Greenslopes State School is all over it. They are ahead of the game. I see it every Thursday morning when I am walking the dog. You mentioned in your submission a bit of a change in terms of the relationship with Coex from 2023 onwards. Since that time have you seen more schools participating in the scheme as a result of the change of culture at Coex?

Ms O'Brien: We have another report we are able to table which I thought was upgraded but the technology is not great these days. We have our close-out report from the pilot program we ran for the first six months of the scheme. What we found with the change in Coex was that they partnered with us. Previously, we were locked out of discussions. We were almost treated like the patsy in the corner by the former leadership team. In the first 12 months of the scheme it was actually the little depot operators such as Return-It and Envirobank that supported us to get kids recycling. Since 2023 there has been a significant change. Coex now support creating resources for our P&Cs. They support bags. We now see the investment they are making in infrastructure to help schools participate. We struggled for the first 12 months to get a bin on a school ground. P&Cs in your electorates are mums and dads and that is fundraising dollars. They should not have to put fundraising dollars into a scheme that got a \$35 million Treasury loan for their first 12 to 18 months. That is not very equitable.

We have seen a phenomenal change. It is good to see. We will say, though, there is probably more that needs to happen. The team at Coex, as in the staff themselves, are excellent to work with. It is probably a governance piece with that board make-up: not having a charitable representative, an industry representative and an operator makes it hard. That is probably why it has taken so long, whereas if there had been a more balanced board from the get-go we may have got that cut-through. We are glad that after seven years we are progressing and hopefully every school has a pod.

Mr J KELLY: Would it be fair to say that you now have almost a cookie-cutter approach that you can basically take to a new school? I know that when Greenslopes set up they had to solve all the problems themselves and work through all the various issues—how they get containers to the recycler, how they collect them, how they deal with workplace health and safety and all those sorts of things. Do you have a cookie-cutter model?

Ms O'Brien: P&Cs Queensland provides from insurance all the way down to logistics. We have worked with Coex. We do have this cookie-cutter approach: you follow the bouncing ball. You do not need to reinvent the wheel. Greenslopes actually had some of the most innovative solutions with the lollipop lady collecting containers—almost like a drive-through before a drive-through depot was a thing. We saw some great innovation. In order to scale and lift return rates, we do need a cookie-cutter approach that is safe for children, efficient and community focused, and that is what we have now.

Mr J KELLY: Other than her propensity for wearing blue jerseys a couple of times a year, Ms Jak, the lollipop lady, is a legend. Might that model work for other peak bodies that have aggregate members like sporting clubs, Scouts, Girl Guides and those sort of things?

Ms O'Brien: I cannot comment on other—

Mr Wiseman: What we saw with the inception of the program was a whole range of different ways of doing it which came with some inherent dangers as well such as the backs of utes, trailer pick-ups and all those things that come with parents volunteering their time, but that then generated problems around access to schools. We had utes driving across ovals—all of those headaches and nightmares you can imagine.

We need a very structured process here because you have not only the P&C as a stakeholder; you have parents and community as well as the children. You also have the Department of Education and the schools and teachers. The whole process is built around looking after all stakeholders, making sure that systems and processes and insurances are all place, as well as your standard operating procedures for all aspects.

CHAIR: I think what I heard is that we can partially fund lollipop ladies through the container refund scheme and save some money!

Ms BOLTON: I see that last year 788 schools registered with CFC. Besides the issues in the past—and now you have your cookie-cutter model, you have access to pods and all of that—is there any reason the take-up is not happening across the board? Has there been any particular reason?

Ms O'Brien: I think there are some inherent issues. On day one when the scheme launched for charities or not-for-profits to sign up through the portal—and we are hoping everyone here signed up with their scheme ID and our member number—it was incredibly hard for P&Cs. P&Cs are statutory bodies; we are actually the safest set of hands any of you MPs can donate money to because we have a high level of governance, being an independent incorporated association. However, those poor little P&Cs had to try to prove their charitable status to get a scheme ID. It took a long time. We also have a turnover of 30 per cent of executive members. We call it the golden triangle: you have to have a really engaged P&C, a really passionate student body and the school leadership supporting recycling on school grounds and you get some phenomenal results. We are seeing some schools with 100,000 containers. Rolleston State School is my favourite. It is a school of 60 kids. One of the dads on the P&C was passionate and did a deal with the mines and their first drop-off was 62,000 containers, so it can be done. The P&C is probably one of the most motivated volunteer-based organisations that is happy to do the heavy lifting when there is a benefit for their children. I hope that answers your question.

Ms BOLTON: Not quite. I am trying to figure out, of the remaining schools, what might be the constraints.

Ms O'Brien: There is a lot of duplication in the data. We have worked really closely with Coex. When people struggled to get a scheme ID, you then had individuals going out and getting their own scheme ID, so we have had to do a lot of work to cleanse the data to make sure from a fraud perspective that money that was supposed to go to the P&C was truly going there. We did find some instances of parents registering under a different name, so we have cleansed that data.

We do a members survey which asks our members—all 1,266 of them—how many participate. We are seeing participation rates grow. We asked about that propensity to participate in the future and that is growing. The more support and, as Joe said, with the cookie-cutter approach—one of the things we are looking at is, as you all know, your tuckshops and uniform shops in your state schools have a standard way of operating. With the new partnership with Coex for schools we are looking to roll that out so it gets treated like a commercial entity within a school, and that will see the uptake where we do not have this duplication of scheme IDs.

Ms BOLTON: We heard about socio-economic households that are often in the higher echelons where there is not the amount. Through your cookie-cutter approach, do the parents within their own street connect to gather all of those? Is any of that happening?

Ms O'Brien: We have a toolkit, which is a bottle-drive. We know in our data—and we can table a report—we ran various collection models onsite. If anyone has kids, everyone knows about pester power. I kind of disagree that it is parents making the decision. If we can educate the future generation—my child who is nine sees recycling at his state school and it is now the done thing. I almost get a smack when I am not recycling and the questions are asked. If we are looking for a cradle-to-grave strategy, we really have to engage the kids and we have to start. It cannot be this thing that keeps getting kicked down the road: 'We'll wait for curriculum and we'll wait for version 9 to roll out.' If we can get recycling on school grounds, if we can teach kids about contamination—I have heard a few conceptions around contamination and bins and things. If we can educate our kids—and we have that in our pilot program report around the contamination. The first day we did a bottle-drive we had cat food containers and shampoo bottles. It took one day of sorting with the kids teaching them and then you have a recycler for life. That is that cradle-to-grave behaviour strategy. It is not a flash in the pan; it is not a big bang; it does not get this instant uplift, but we are driving behavioural change through society.

Mr Wiseman: The other thing I would add to that is that it needs to be a sustained approach. Our model is working around sustained engagement with the school and the community. You cannot just go, 'Well, there's a pod.' Everyone gets excited about the pod and two months later everyone has forgotten about the pod that is there. You need a program where there is continual engagement throughout the process as well. We have 48 per cent of our P&Cs already engaged in the system, so there is a lot of space for us to grow that accessibility as well, and everybody knows where their state school is.

Ms BOLTON: Fantastic.

CHAIR: We heard earlier from Waste Management & Resource Recovery Association that it is essentially a government program. It would have seemed logical to automatically register all of our schools.

Ms O'Brien: It would, wouldn't it? The challenge, though, is that the P&C is a statutory body. As I say, they are the safest set of hands as they are slightly independent of government. The other thing that was disregarded previously was what we call the new Coex—post 2023—really took our Brisbane

feedback on board. Under the Education (General Provisions) Act and the statutory bodies act, state schools cannot fundraise. They do not have the ability to fundraise. Fundraising should be occurring and all money should be moving through the P&C. For a long time we had to try to deal with the old Coex to say, 'You guys cannot keep setting up schools. You are actually creating problems down the line because schools cannot fundraise. State schools should not be fundraising. The P&C is there and their function is to fundraise.' It was a quite complex part of the law we were trying to articulate to them around fundraising and for the school to do it they have to get a sanction. It is just easier to have the P&C and the parents involved. You would think it would have been easier to just register every school.

CHAIR: It sounds like we might need to look at regulation around that.

Mr LEE: You have just touched on the issues you had with the Waves for Change implementation in 2019, and I understand the structure of P&Cs. You mentioned earlier in your submission the relationship with Coex and you said it has improved. I would be interested to hear more about how the relationship with Coex has improved.

Ms O'Brien: My first meeting for P&Cs with the leadership team at Coex was getting a stick figure on how the CRS worked. When you are spoken to and treated like that by some of their executive, it is not very nice. We had P&Cs early on who wanted to run colouring-in competitions of the Coex logo. As an ex-marketer myself I was thinking, 'This is brilliant,' and we were getting emails saying, 'You can't use our logo,' and that really prohibitive talk when we were trying to engage people. Now I have weekly meetings with the network and growth team. I meet quarterly with the marketing team. We have a joint business planning framework which we are starting to implement. We are treating them as a pseudo network operator rather than a PRO where we will submit our annual plan to them and we will have a steering committee that says, 'Yes, that's going to work.' There will be representatives from Coex and some parent representatives, and Scott and I sit also on that committee. We are really excited for this new way forward. We could not have done it if there was not the change in—just mutual respect.

Mr LEE: What was the main catalyst for that and when did it occur?

Ms O'Brien: There was a period of change. In the first 12 months we received absolutely no support. Then they rolled out Waves of Change without coming through us. We do have a document, which I can table, which has a timeline. If you do not mind, I want to refer to it because I want to get the year right. We lost a couple of years there with COVID.

In 2020 we were the only CRPs—and they did not even thank us—that stayed open that helped them drive volume during COVID. It took until 2023 for any engagement. I think there was a change in leadership from the CEO and executive general manager level down. There was a definite change in their marketing team and their government relations team in terms of how they treated us. We saw a definite change there. I cannot speak from an operations perspective. There was a definite change with wanting to come to our conference, wanting to meet with parents and wanting to do webinars with us. We saw this definite change when they scaled up their engagement and growth team.

CHAIR: We are out of time. Thank you so much for your contribution today and for the work that you do with our schools and our kids across the state. It is an important program and an important part of P&Cs. We will see what we can do about getting one automatically registered, but that is a whole other discussion.

PRICE, Ms Alison, Chief Executive Officer, Waste Recycling Industry Association of Queensland

CHAIR: Would you like to make an opening statement?

Ms Price: Thank you, Chair, and thank you to the committee for the opportunity to appear before the parliamentary inquiry into Queensland's container refund scheme. Normally when I attend a parliamentary inquiry—our industry has certainly had a few the last couple of years—I would be accompanied by an additional industry witness who I can refer some more technical questions to. Unfortunately, while WRIAQ's members gave me probably more feedback for this parliamentary inquiry than I have had for many other consultations that have been run in recent times, not a single one of them was willing to sit beside me and appear publicly to speak out against a scheme that effectively has a monopoly over Queensland's largest ever waste and recycling investment.

One of the beverage industry submissions referred to the container refund scheme network as a 'strategic asset enhancing sovereign capability'. I agree. 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.

As I set out in my written submission to this inquiry, Queensland's container refund scheme has failed to meet its recycling targets. Those targets were high, but so they should have been in a situation where the fox was being given—without any transparent procurement process—the entire henhouse to vertically integrate with their existing beverage operations. In New South Wales, Victoria and Tasmania, the container refund scheme is split. The scheme coordinator is made up of the beverage industry and is responsible for the marketing and promotion of the scheme; the collections, logistics and sorting are the functions of an independent network operator. In Queensland, the entirety of the scheme is controlled by big beverage. This brings me to the governance of Coex.

The Coex board is made up of mostly representatives from big beverage, with little, if any, experience in the waste and recycling sector they are operating in. While big improvements have been made to Coex's culture under Natalie Roach's leadership, I still hear plenty of stories of decisions that reflect incompetence and a lack of knowledge when it comes to waste and recycling issues and, unfortunately, poor behaviour by a monopoly scheme. Unfortunately, the contracts of the scheme operators do not allow them to meet as a group and be supported by an industry association such as WRIAQ.

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.

For container deposit schemes to be successful, they must be convenient for the consumer and have incentives for the consumer to use the scheme. Convenience means more accessible refund points. To do this, refund points need to be contractually obligated and better empowered to drive return rates, innovation and efficiencies in their area and, at the same time, protected from a monopoly scheme setting up another operator around the corner from them when they have made a substantial investment into their businesses. These businesses are mum-and-dad businesses owned by ordinary everyday Queenslanders and we do need to treat them better.

This inquiry is a tricky one, and I do not envy the committee. We are talking about a scheme that is negotiated behind closed doors, that in many cases bypassed the waste and recycling industry and treated them very poorly and which has achieved wonderful things for the Queensland community in terms of jobs and social and community benefits. We are talking about complex issues: an industry that functions internationally, not just domestically; the logistics and tyrannies of distance that Queensland suffers; and complex motivations from different sides to achieve what we all hope is the best outcome for recycling in Queensland.

It is important to note that, while this inquiry is into Queensland's container refund scheme, the recommendations of the inquiry will inform some of the very important and urgent work that must be done to get difficult waste streams such as lithium batteries out of our trucks and waste-recycling facilities. It is pretty easy to sit here and prosecute the past. My focus is on how we can work through this inquiry to improve Queensland's container refund scheme and incorporate the expertise and the innovations of our waste and recycling sector. I welcome your questions.

Dr O'SHEA: Thank you very much for coming today. What are your views on increasing the refund from 10 cents to, for example, 20 cents?

Ms Price: There is a lot of research that shows that increasing the refund will increase the return rate. It certainly has not kept up with inflation. We would be quite supportive of increasing the refund. That would definitely help Queensland achieve better recovery rates.

Dr O'SHEA: What are your views about trying to increase the processing of recycled material, such as aluminium or paper, which is now being sent offshore?

Ms Price: That is a tricky and very complex question. In Queensland we have the benefit of some very large holes in the ground and very cheap landfill compared to other countries. We also have a population spread out over a big distance, and that makes recycling in Queensland very expensive. Recycling in Queensland creates jobs, but it also costs money in comparison to putting things into landfill. We are about to do a waste strategy review and a waste levy review in Queensland. I hope that the government will send a very strong signal as to which option they would like. Both these things are possible, but we do need to understand that we are not necessarily the best place to do all of the processing of our recyclables. Sometimes it is better to send some things overseas for cheaper processing. In the case of some products, we do not import enough of those products to Australia—things like paper and cardboard, for example, and all of the packaging that comes in from overseas. If we kept all of our paper and cardboard here in Queensland, we could not possibly find enough uses for it or sell enough of our recycled product locally. That recycled product then has to compete internationally, which is very challenging for us with our high costs.

Mr LEE: You mentioned there is a lot of evidence or research to support an increase in the refundable rate having an impact on recycling rates. Some of the submissions referred to graphs which were somewhat ambiguous. When you say there is lots of research supporting that assertion, I would be interested to know what specific research you are talking about. Perhaps that can be taken as a question on notice.

Ms Price: TOMRA's submission had a very good graph with statistics. I believe ACOR, the Australian Council of Recycling, also had some good statistics in their submission. WRIAQ have not done any research on different rates, so we rely on that of others.

Mr LEE: I noticed that one of the graphs provided in one of the submissions referred to a correlation; there is not necessarily a causative relationship. You spoke about the importance of the board of Coex having industry representation. Can you walk us through what difference that would make from a governance perspective?

Ms Price: A lot of the scheme that operates in Queensland is the actual container refund depots, the logistics behind the collection and the sorting and processing. If the scheme is run by beverage companies—obviously, as I have mentioned, they have an inherent bias towards perhaps not recycling as much because their beverages and their products will cost more. There is a lot of knowledge within the waste and recycling industry, so I think that is what we are missing here. Coex have definitely improved their culture quite substantially, but they still do not have senior executives with significant waste and recycling industry logistics knowledge. They have no board members with waste and recycling industry logistics knowledge. That is how you make a scheme like this work—with the many years of experience of the waste and recycling industry here in Queensland.

Mr LEE: You also raised in your submission the structural separation that exists in other jurisdictions. Can you advise the committee which jurisdictions are doing that particularly well in terms of a structural separation so that you do not have those issues with alleged conflicts of interest and monopolies?

Ms Price: Yes. I believe the schemes in New South Wales and Victoria have separate network operators. That means that the beverage companies are in charge of the marketing and the coordination of the scheme, and the waste and recycling industry runs the logistics and the operation of the scheme which they are experts in. Those are tendered contracts. They are tendered regularly and they change with performance.

Ms BOLTON: You are not the first witness to say how important it is that we get batteries and plastics all into one spot. I am trying to understand how that co-location can occur given the schemes we have. Would you have an example of where that is already occurring in another jurisdiction?

Ms Price: Sure. I operate solely in Queensland. We do not have a lot of cross-collections currently in Queensland because of the way the Coex depots operate; however, I can talk about the work that WRIAQ has been doing with the Queensland government around lithium batteries and creating a separate collection network for lithium batteries, which are a big fire risk in our trucks and our facilities.

Coex is obviously run by beverages and is focused on beverages. They do not want their network operators to be distracted and to not be focused on collecting bottles and cans because that is their target and that is their focus. This network that has been built needs to belong to Queensland and be used for all things. There are many network operators who would welcome the opportunity to diversify their businesses and to collect other things. Those network operators are in Queensland, but their contractual requirements and their arrangements with Coex currently restrict them from doing that. That is a problem that I am hoping this inquiry will resolve for Queensland.

Ms BOLTON: I have asked this question of other witnesses: do you see that product stewardship as something that needs to occur with costs across the chain?

Ms Price: Yes. I would go one step further and say that 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 recommendations from this inquiry will inform the design of the schemes that Queensland will no doubt be looking to launch in the near future.

CHAIR: We heard from Coca-Cola and Lion earlier that the gap in collection was largely in commercial and industrial collection. Do you have any thoughts or reflections on that comment?

Ms Price: I do. It is actually a conversation Natalie and I were having just yesterday. There is a fantastic network of collections across Queensland provided by the waste and recycling industry. Currently there is no requirement for businesses to separately have a yellow-lid recycling bin and a lot of our yellow-lid recycling bins are sorted through arrangements with councils and partially owned council MRFs. In the regions, the processing capability is perhaps focused more on households and less on businesses.

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.

An example is recent Tropical Cyclone Alfred. We had five days in South-East Queensland where the entirety of the state was shut down and there were no collections. When we reopened for business there were flooded sites, flooded transfer stations, and the waste and recycling industry did what we are used to doing in a disaster: we got the waste away as quickly as possible. We are very good at providing those logistics. We would like the opportunity to continue to provide those logistics so that all product stewardship schemes work far more effectively in Queensland.

CHAIR: That concludes our hearing for today. Thanks to everyone who has participated. Thank you for your contribution, Ms Price. Thank you to our Hansard reporters. A transcript of these proceedings will be available on the committee's webpage in due course. I note again for those who received questions on notice that responses are due by 4 pm on Tuesday, 13 May. I declare this public hearing closed.

The committee adjourned at 12.30 pm.