

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

Submission No: 015

Submission By: Queensland Audit Office

Publication:

Your ref:

Our ref: [REDACTED]

14 April 2026

Mr R Molhoek MP
Chair
Health, Environment and Innovation Committee
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Molhoek

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

Thank you for the opportunity to provide a submission to the committee's inquiry on the *Waste Reduction and Recycling (Strengthening the Container Refund Scheme) Amendment Bill 2026*.

My comments on the Bill are limited to the proposed independent auditing requirements for the Product Responsibility Organisation (PRO) and how these might apply to the Queensland Audit Office.

While I am not concerned with the audit requirements, I wish to highlight potential practical implications if they were to be applied in the context of the *Auditor-General Act 2009* (AG Act). Accordingly, I request that the committee considers whether the Bill contains sufficient clarity on appointing independent auditors, and whether these auditors can be different for each of the sections requiring an audit.

Current application of the AG Act to the PRO

Section 30 of the AG Act requires that I audit all public sector entities each financial year. The AG Act defines public sector entities as including entities that are controlled by another public sector entity (e.g. departments, statutory bodies, local governments or government owned corporations).

I am not the auditor of the current PRO, Container Exchange (Qld) Limited (COEX), as it does not meet the definition of a public sector entity for the purpose of the AG Act.

Potential application of the AG Act under the Bill

Both the Act and the Bill require the PRO to be a company registered under the *Corporations Act 2001*. For the requirements of the AG Act to apply, the appointed company would need to meet the definition of a controlled entity under the AG Act.

Assessing whether a company is a controlled entity for the purpose of the AG Act considers a range of complex factors including:

- the membership/shareholding arrangements for the company
- the makeup of the company's board of directors including who can appoint and remove directors
- voting rights of members/shareholders and directors
- whether public sector entities can direct or exert significant influence over the day-to-day operations of the entity.

These factors need to go beyond the government or a public sector entity merely exercising regulatory oversight of the entity.

The Bill provides new expanded powers to the Minister including:

- approving each director of the PRO
- withdrawing their approval of a director, at any time and for any reason or none
- giving the PRO a statement about the Minister's expectations for the performance of the PRO's functions which the PRO must have regard to
- requiring the PRO to agree with the Minister several new corporate documents each financial year including:
 - statements of corporate intent
 - performance management plans
 - governance and investment plans.

While these expanded powers might provide a greater indication of control over the PRO, I cannot definitively conclude that a company appointed as a PRO under the revised Act would meet the definition of a controlled entity under the AG Act. This would require further consideration of the practical application of the expanded Ministerial powers and the structure of the company appointed as the PRO. In assessing whether the PRO was a controlled entity for the purpose of the AG Act, I would also consult with the Department of the Environment, Tourism, Science and Innovation.

Independent auditing requirements in the Bill

The Bill includes 3 sections requiring an independent audit of the operations of the PRO. These sections are:

- **Section 102BV Annual report** – requires the annual report of the PRO to include annual financial statements that have been audited by an independent auditor
- **Section 102CB Annual audit of board** – requires the PRO to appoint an independent auditor, approved by the Minister, to conduct an audit each financial year of:
 - the board's compliance with the *Waste Reduction and Recycling Act 2011* (the Act)
 - the suitability of each director of the board to continue as a director
- **102CC Minister may require audit of Organisation** – allows the Minister to give a notice to the PRO requiring them to appoint an independent auditor to carry out an internal audit of:
 - the PRO's compliance with the Act, and/or
 - the reliability and quality of the information given by the PRO to the Minister or chief executive under the Act.

The Bill defines 'independent auditor' as meaning a person who—

- (a) is appropriately qualified to carry out the audit; and
- (b) is not an executive officer, employee or business associate of the Organisation.

The current Act only requires an audit of the PRO's annual financial statements by a 'third-party auditor'. The definitions of 'third party auditor' in the Act, and 'independent auditor' in the Bill, are similar. Neither the Act nor the Bill directly require the Auditor-General to be appointed as the independent auditor, which is appropriate.

However, should the PRO meet the definition of controlled entity under the AG Act, section 34 of the AG Act would require the shareholders to:

- (a) appoint the Auditor-General to be the auditor of the company; and
- (b) ensure that the auditor-general remains, at all times, the auditor of the company while the company remains a public sector entity.

I would then be required by section 40 of the AG Act to audit the annual financial statements of the company. I believe this would also satisfy the requirements of section 102BV of the Bill and I would have no concerns in conducting an audit of this nature.

However, what is not clear from the Bill is whether the same independent auditor is intended to be appointed under sections 102CB and 102CC of the Bill. The audits under sections 102CB and 102CC are not the types of audits that would be typically performed by me as part of an annual audit of a public sector entity under the AG Act.

Accordingly, I would recommend that the Bill clarify that the independent auditors appointed under sections 102BV, 102CB and 102CC do not need to be the same person.

If you would like any further information, please have your committee secretary contact Patrick Flemming, Deputy Auditor-General, on [REDACTED] or at [REDACTED].

Yours sincerely

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Rachel Vagg
Auditor-General

