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14 September 2020

Stephen Palethorpe
The Senate Standing Committee on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Copy:

RE: Inquiry into the Recycling and Waste Reduction Bills 2020

Dear Legislation Committee,

Container Exchange (QLD) Limited (COEX) would like to take this opportunity to thank you for inviting a submission to the inquiry regarding the Recycling and Waste Reduction (RWR) Bill on phasing out certain waste exports.

Queensland's Container Refund Scheme (CRS), *Containers for Change*, was introduced on 1 November 2018, aimed at reducing litter and increasing recycling across Queensland. COEX is the not-for-profit organisation created to establish and operate the scheme. COEX has been the Product Responsibility Organisation (PRO) behind *Containers for Change*, ensuring the scheme fulfils its responsibilities, since 2017.

COEX does not participate directly in the waste export sector and does not operate in co-mingled waste collection. The CRS collects used beverage containers separated into 'source-separated' commodity groups. The difference between waste and commodity is established through separation at collection into single material types. These recyclable materials are far cleaner, more easily used and deliver a higher yield, than 'co-mingled' waste collected through other means.

COEX has submitted to the taskforce on several occasions during the process of developing the RWR Bill. They are chronologically ordered and summarised below. Please find the documents attached for your further reference. I would be more than happy to appear as a witness at the Committee hearing if required.

Appendix 1, dated 3 December 2019

"SUBMISSION TO THE COUNCIL OF AUSTRALIAN GOVERNMENTS (COAG) - WASTE EXPORT BAN"

COEX's view of banning export trade has two main impacts:

1. Market Distortion – demonstrated through the China ban on plastic waste imports which impacted trade flows and (to a lesser extent) prices; and
2. Reduced Circular Economy Participation – restricting Australia from participating in the global circular economy.



COEX believes the removal of export bans, Australia's participation in the Global Circular Economy, will lead to reduced participation in the global recycling economy.

In effect, this ban makes Australia a net importer of waste, needing to develop markets and supply chains to manage waste designed and manufactured overseas.

The individual states (incl. Tasmania and Victoria), through legislating a CRS will have created a \$2.0 billion industry focused on the collection, sortation and processing of post-consumer beverage containers for recycling. The product collected and processed through the CRS is of the highest quality and is in high demand in what is effectively a global commodity market.

Banning the export of these baled beverage containers will distort this global commodity market and most likely have a negative impact on Australian trade flows, prices and Australian commodity values. Significantly, those commodities with little or no economic value will end up as waste in local council landfill.

Importantly, any such ban will restrict Australian businesses from participating in the developing Global Circular Economy. *As such, all used beverage containers collected from Container Refund Schemes should be exempted from the COAG export bans.*

Appendix 2, dated 12 February 2020

"CONSULTATION REGULATION IMPACT STATEMENT – PHASING OUT CERTAIN WASTE EXPORTS"

Container Exchange (QLD) Limited (COEX) agrees with the policy objectives of achieving better protection of the environment and human health through improving the management of Australia's waste plastic, paper, glass and tyres.

Additionally, COEX agrees that Australia should actively manage the risk of countries imposing waste import restrictions. Doing so will ensure that Australia's waste and recycling sector is well placed to manage any future disruption or closure of global waste markets without resulting in adverse environmental or human health impacts locally.

COEX believes that source-separated recyclable commodities with low contamination should be excluded from the export ban and remain eligible for export. These commodities are highly sought after as they provide a higher yield when recycled due to their cleanliness and purity. This has the positive impact of increasing recycling and decreasing the CO2 emissions required to manufacture these products from original source materials.

COEX, while recognising the policy objectives, also recognises the fact that the export market is still important to businesses in Australia and the environment. A ban on exporting this recyclable material will immediately result in large stockpiling of the materials with a proportionate impact on their market value and price.

COEX has seen industry-led movement which shows that recycling capabilities are now developing locally, but this will take time. In the interim, a blanket ban will result in high value recyclable commodities being stockpiled, causing strain on infrastructure and the environment.

Excluding high-quality and high-value recyclable commodities from the ban will facilitate the circular economy locally and globally, encourage recyclers to invest in new processing capacity and minimise any risk of the material ending up in landfill.



A ban on 'source-separated' commodity materials could lead to the following adverse impacts:

- **Environmental strain.** Reduction in these clean commodities being used to develop end products would mean more virgin material is being used, having an adverse impact on the environment. Stockpiling could also increase the possibility of hazardous material leakage, warehouse fires and waterway contamination.
- **Infrastructure strain.** Slow moving inventory could put strain on otherwise productive warehouse space in the circular economy, and in extreme cases this could lead to illegal storage of material.
- **Collection scheme financial strain.** Due to lower sales revenue achieved, the CRS price would increase which would lead to higher costs to local industry and the Australian consumer.

Appendix 3, dated 11 August 2020

"RECYCLING AND WASTE REDUCTION LEGISLATIVE PACKAGE"

COEX received the draft legislation and has noted the potential impacts on the Queensland CRS. To ensure we can sustain operations and continue making a positive contribution to the resource recovery and recycling sector, we have compiled a list of impacts based on the legislative outputs for the Taskforce to consider.

Please refer to Appendix 3 for the full list of impacts and suggestions provided by COEX on the 11 August 2020.

Appendix 4, dated 7 September 2020

"FEEDBACK AHECC CODES"

In line with COEX's February 2020 feedback to the National Waste and Recycling Task Force, COEX proposes that source-separated (e.g. CRS) recyclable commodities with low contamination be excluded from the export ban and remain eligible for export. These commodities are highly sought after because they provide a higher yield when recycled due to their cleanliness and purity. This results in the positive impact of increasing recycling and decreasing CO2 emissions compared to manufacturing the same products using virgin-sourced materials. To that end, *there should be an additional HS category for this material which should then be exempt from the ban.*

In accordance with COEX's August 2020 feedback to the Task Force, when it comes to the definition of 'processed' vs. 'unprocessed', clarity and specificity will be critical. Ambiguity may lead to confusion and possible unintended breaches. To that end, categories should be transparent as to what can be considered processed, e.g. sizing, the physical process that had been undertaken, or the purity (which may lead to CRS glass being allowed), or some other characteristics that clearly differentiate *processed* and *unprocessed* glass.

Finally, COEX proposes the AHECC should be specific regarding fines or cullet, not fines and cullet. Some exporters will no doubt export a specific size fraction which will not (normally) include fines.

Conclusion

COEX's strategic goals are aligned with the intentions of the RWR Bill, seeking to better protect the environment and human health through the effective management of recyclable commodities. With intuitive policy decisions to assist the transition, COEX believes improvements in Australian recycling and processing infrastructure can be achieved which deliver on the RWR Bill's goals, whilst not negatively impacting Australia's ability to participate in the global and domestic circular economies.



If you require any further information, please do not hesitate to contact Glenda Viner, General Manager
Corporate & Community Relations on telephone or by email at

Yours sincerely

Ken Noye
Chief Executive Officer
Container Exchange (QLD) Limited



Appendix 1, dated 3 December 2019

Appendix 2, dated 12 February 2020

Appendix 3, dated 11 August 2020

Appendix 4, dated 7 September 2020





Container Exchange (QLD) Limited
Level 17, 100 Creek Street
Brisbane, QLD, 4000

RE: SUBMISSION TO THE COUNCIL OF AUSTRALIAN GOVERNMENTS (COAG) - WASTE EXPORT BAN

On 9 August 2019, COAG agreed Australia should establish a timetable to ban the export of certain waste plastic, paper, glass and tyre products.

As the Product Responsibility Organisation (PRO) responsible for administering the Container Refund Scheme (CRS) in Queensland, Container Exchange (QLD) Limited (COEX) is uniquely placed to provide guidance to COAG on a range of issues including recyclable commodity markets, circular economy movements and sustainability initiatives both in Australia and globally.

Please find following COEX's interim submission to COAG, which will be followed by a further submission noting the tight consultation and submission timeframes from the COAG program.

COAG Waste Bans – two key impacts

COEX's view of banning export trade has two main impacts:

1. Market Distortion – demonstrated through the China ban on plastic waste imports which impacted trade flows and (to a lesser extent) prices; and
2. Reduced Circular Economy Participation – restricting Australia from participating in the global circular economy.

These two primary issues are summarised below.

Market Distortion

The import ban recently introduced by China has delivered the following impacts, leading to distortion of trading markets:

- Prior to its ban, China imported around 73% of global plastic waste (15 Million tonnes per annum)
- Japan and the US were the largest suppliers
- In 2017, China 'national sword' implemented bans on certain plastic imports, and much stricter contamination thresholds (effectively a ban)
- Global trade immediately dropped by around 80%
- Trade shifted, moving to SE-Asia, with Malaysia, for example, increasing imports by around 470,000 tonnes per annum
- Growing SE-Asian imports in the aftermath of the China ban resulted in the SE-Asian countries also imposing bans
- For Australia, plastic exports, fell from around 8,000 a month to just 1,000 a month
- The ramifications of this ban continue to be felt in Australia's regions



- Despite the market instability, plastic waste prices have remained relatively strong with 2019 prices averaging around US\$390/t – 15% higher year on year. Prices continue to trend higher as demand for high quality PET increases.

COEX has included some statistics on its market participation since commencement of the Scheme in Queensland. Refer *Appendix A*. Further analysis and market assessment will be provided in COEX's subsequent submission.

Reduced Circular Economy Participation

COEX believes the removal of export bans, Australia's participation in the Global Circular Economy:

- Without exports, Australia, by definition, cannot participate in the Global Circular Economy
- Australia currently imports:
 - around US\$6 Billion of plastic waste
 - and is an increasingly net importer of glass containers. Beer imports, for example account for around 16% of total supply in Australia in 2015-16
- In effect, this ban makes Australia a net importer of waste, needing to develop markets and supply chains to manage waste designed and manufactured overseas
- COEX is now restricted to selling glass in Australia
- In effect though, because of transport costs and a lack of domestic competition, the export ban means COEX is restricted to selling to a monopsony (O-I) in Brisbane. This impacts dramatically on price and value
- Those commodities with little or no economic value will end up as waste in landfill

COEX will provide further insights on the value of participating in the global circular economy in its subsequent submission.

Consultation Period

COEX notes that the request for information from the Commonwealth was distributed on Wednesday, 13 November 2019 for responses by Tuesday, 3 December 2019. COEX was only made aware of the consultation and request for information on Friday, 29 November 2019. This is manifestly insufficient time to be able to effectively respond to such a complex and potentially impactful economic and social issue for Australian business and communities.

Accordingly, COEX requests that the timeline for formal responses to the intended COAG ban on the export of these commodities be extended to Friday, 28 February 2020.

Conclusion

The individual States (incl. Tasmania and Victoria), through legislating a CRS will have created a \$2.0 billion industry focused on the collection, sortation and processing of post-consumer beverage containers for recycling. The product collected and processed through the CRS is of the highest quality and is in high demand in what is a global commodity market.

Banning the export of these baled beverage containers will distort this global commodity market and most likely have a negative impact on Australian trade flows, prices and Australian



commodity values. Significantly, those commodities with little or no economic value will end up as waste in local council landfill.

Importantly, any such ban will restrict Australian businesses from participating in the developing Circular Global Economy. As such all used beverage containers collected from Container Refund Schemes should be exempted from the COAG export bans.

Should you require further information on this submission, please contact Glenda Viner at

Yours sincerely

Ken Noye
Chief Executive Officer
Container Exchange (QLD) Ltd



Appendix A

Who is Container Exchange?

Queensland's Container Refund Scheme – *Containers For Change*

Queensland's Containers Refund Scheme (CRS), Containers for Change, was introduced on 1 November 2018, aimed at reducing litter and increasing recycling rates across the state. Container Exchange (COEX) is the not-for-profit organisation created to establish and operate the scheme.

Each year in Queensland, approximately three billion beverage containers are sold in our state and litter surveys show that they are the second most littered item in our environment.

The Waste Reduction and Recycling Act 2011 (the Act) is the legislative framework which the Containers for Change scheme operates in. The Act requires the scheme to operate under the principle of product stewardship – an environmental management strategy that means all entities involved in the lifecycle of a product are responsible for managing its environmental, social and economic impact.

The scheme is funded by the beverage manufacturing industry paying a weighted average scheme price on every eligible beverage sold in Queensland. The key elements of the scheme are:

Beverage Manufacturers - Companies who produce non-alcoholic and alcoholic beverages in containers that are eligible for a refund under the scheme.

Retailers – Outlets which sell eligible beverage containers to Queensland customers

Customers – who purchase beverages and collect beverage containers in Queensland

Container Refund Points – Container Refund Points (CRPS) are contracted private businesses where customers return eligible containers for a refund. They can be depots, bag drops, mobile and pop-up services or reverse vending machines (RVMs).

Logistic Providers – Contracted transport companies that move scheme material from CRPs to processors.

Processors – Contracted facilities where containers are sent to be baled ready for sale/auction.

Material Recovery Facilities – Private businesses contracted to local councils where eligible containers that are disposed of in yellow top bins are retrieved and baled ready for sale/auction.

Auction Portal – COEX managed portal through which Baled beverage containers from Processors and MRFs are available for purchase to an approved panel of recyclers – in Australia and overseas.

Recycling Panel – Accredited Panel members purchase scheme material (baled beverage containers) from the auction portal and must recycle it.



The COEX auction portal is the destination for material collected via the Containers for Change scheme. COEX's Recycling Panel is a key component of waste industry engagement and participation within the scheme. Recycling Panel members can exclusively bid for scheme materials via the scheme's secure auction portal.

Businesses wishing to join COEX's Recycling Panel are required to complete an application detailing their experience within the recycling industry, the activities they undertake and demonstrating their alignment to the scheme. If the applicant is an exporter, they must also explain what procedures they have in place to ensure materials they send to offshore buyers are recycled. These applications are then provided to COEX's Audit and Risk Committee who complete a due diligence process and evaluate information supplied.

Once approved, Recycling Panel members can bid on scheme materials placed on COEX's auction portal. Panel members who have existing contractual relationships to purchase scheme product from Material Recovery Facilities can do so via the platform with commercial arrangements managed confidentially.

COEX conducted industry research prior to extending formal invitations to selected recyclers and waste industry operators commencing in September 2018. Advertising and promotion through industry media continued September 2018 and October 2018 and at scheme commencement there were 12 members on the panel.

In March 2019 the application process was reviewed in response to changes in the operating environment of the recycling and waste industry with the implementation of China's National Sword policy.

As at November 2019 there are 27 executed contracts with recycling panel members, 43 approved members on the panel with one further application awaiting evaluation.

As at 31 October 2019:

| Material Type | Tonnes |
|---------------|---------------|
| Aluminium | 6,396 |
| HDPE | 316 |
| PET Clear | 4,408 |
| PET Colour | 241 |
| Glass | 42,210 |
| Total | 53,573 |



The following outlines some of the unique aspects of the Queensland scheme for your reference:

- The sale price of the material underpins the high value of the material within an established ***global commodity market***;
- The Containers for Change launched in November 2018, shortly before the holiday period. The PET market is heavily impacted by Christmas, New Year, and Chinese New Year, so the launch time had a negative impact on the achievable values early in the scheme, as supply was high (due to the scheme's success) but demand was low. These prices have now corrected; and
- The Queensland scheme sells product from processors located throughout the State to "approved recyclers" via an on-line auction portal. The approved recyclers are vetted prior to entry onto the recycler panel to ensure their bona-fides in respect to recycling capacity and capability.

Average Pricing

The graph below shows the weighted average price by product and month since scheme launch. The product steeply increased in value around May. This is related to the initial high supply / low demand caused by scheme launch, and then a market correction in May. We saw a deepening of the market as more buyers joined the approved recycler panel, and demand increased for this valuable commodity. The value of PET Colour also saw a steep increase around this time.

The modest drop in weighted average price of PET Clear in September-October was related to high regionally based material volumes sold over the course of the month. This lower price is driven by the additional freight costs required to get the material to a port for export. We would expect to see continued fluctuations in the weighted average of this product: the value will appear "lower" in the months where there is a higher ratio of regional product sales.

The drop in PET Coloured value between July and August can be explained similarly: prior to this time only metro PET Coloured had been available for sale. It took time for the regional processors to amass enough product to sell, and they started doing so in July/August. We will continue to see fluctuations in the weighted average of this product due to the sales model.



COEX CONTAINER
EXCHANGE

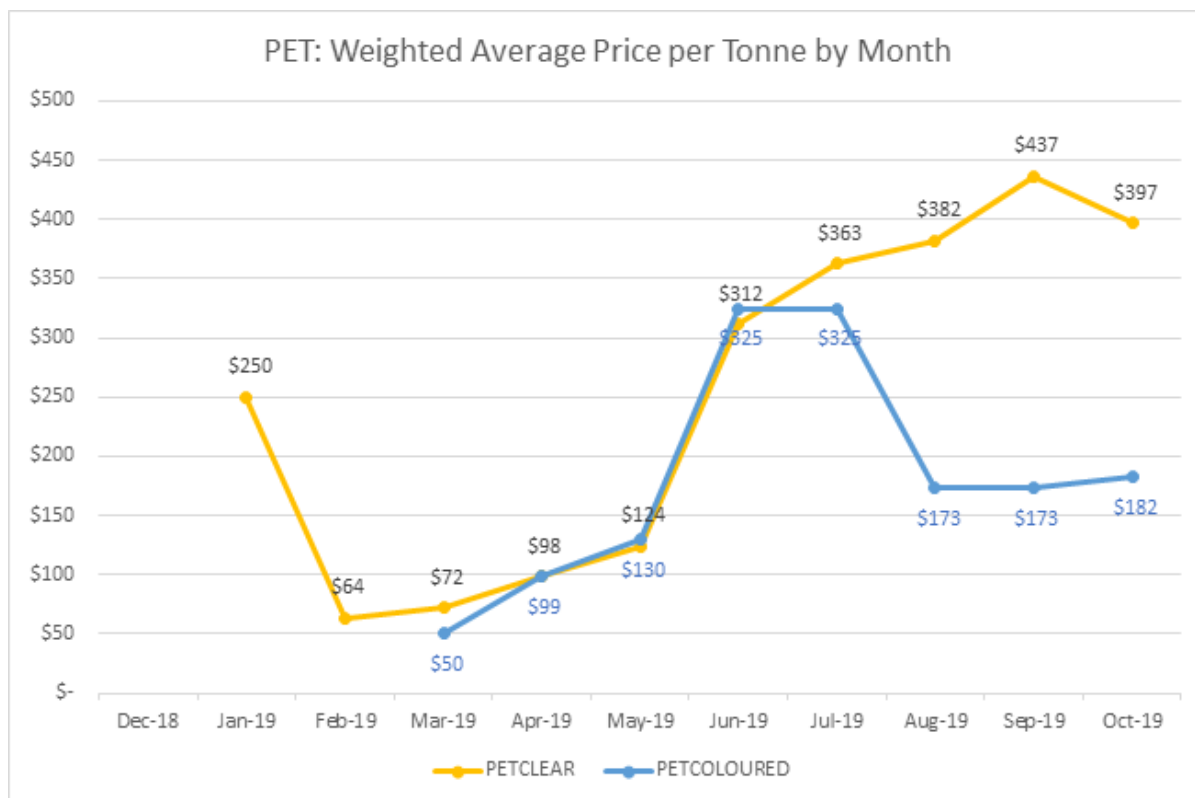


Figure 1

In order to demonstrate the metro product value trend, please see the graph below showing the high-low value per month of *export-ready*, metro PET Clear. This is despatched from processors who can provide all container loading requirements for export (including extensive photographs and documentation evidencing the high quality of the material). The market correction in May-June is starkly visible in this graph, and recent values since June have been steadily increasing.



COEX CONTAINER
EXCHANGE

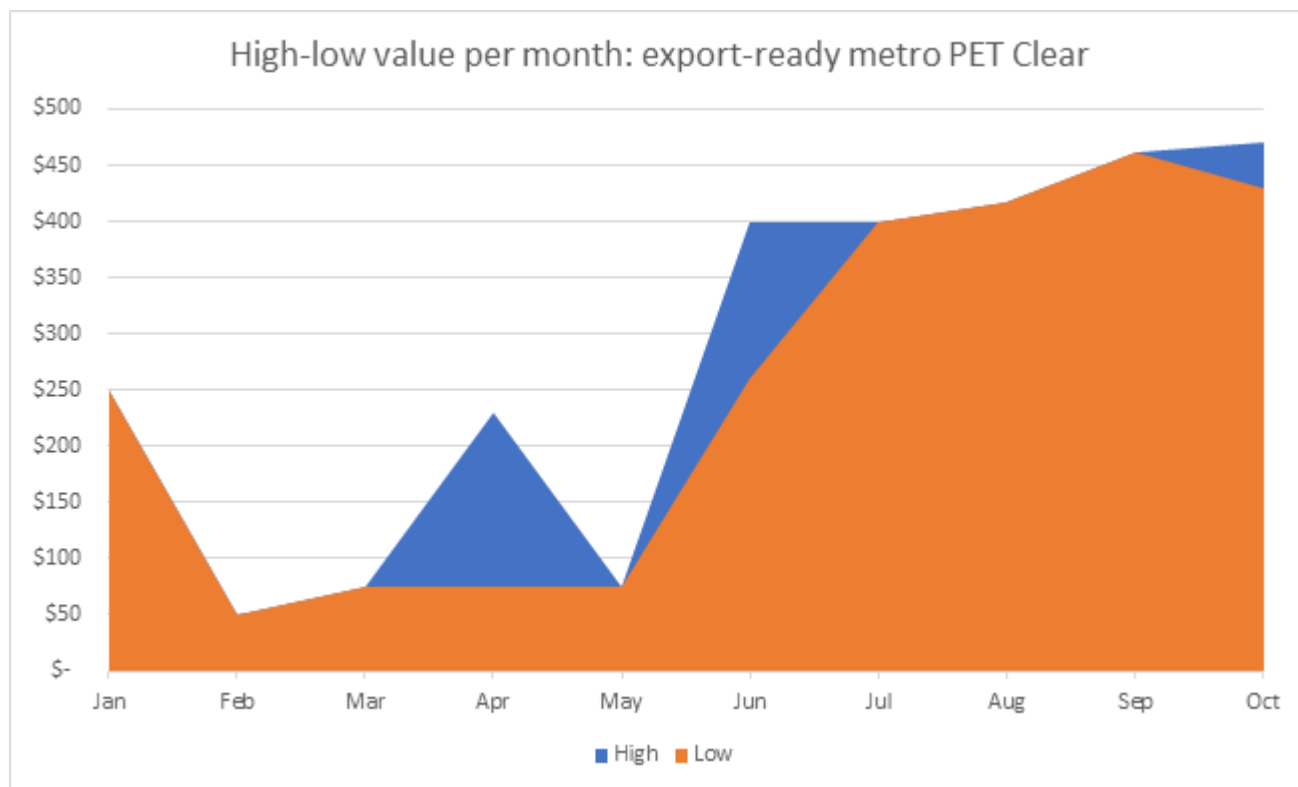


Figure 2

Volumes and Destinations

Prior to collecting purchased material, the approved recycler/buyer must declare the destination of the product. This data is then verified quarterly through the quarterly recycler statutory declaration.

However, due to the scheme sales model, where products are sold from processors throughout the state, there are several recyclers/buyers who operate a holding yard model. They will purchase product and consolidate it into a holding yard or storage facility prior to exporting to meet a specific customer contract.

As such, some proportion of PET that is destined for export is initially listed with an Australian destination or an undeclared export destination. These items are corrected and verified through the quarterly reporting. The information below is accurate up to 30 June but contains some unverified data due to timing.

In the first year of sales of product, ~4,600T of PET Clear, and ~241T of PET Colour was sold.



PET Clear Destinations:

| PET Clear | Weight | Percentage |
|--------------------|----------------|-------------|
| Australia | 1819.80 | 39.44% |
| Malaysia | 96.02 | 2.08% |
| Northern Ireland | 112.90 | 2.45% |
| Portugal | 222.82 | 4.83% |
| Romania | 729.66 | 15.81% |
| Taiwan | 350.92 | 7.61% |
| Turkey | 1144.23 | 24.80% |
| Unknown Export | 137.74 | 2.99% |
| Grand Total | 4614.10 | 100% |

As can be seen in the above table the market for this material is deep and the global demand is quite broad. The percentage declared to remain within Australia would be accurate as the product has been despatched to NSW-based PET plants.

Although there is some Australian capacity to accept this product, we have noticed that the export product tends to achieve a higher realisable value. Again, underpinning the high value of this processed CRS PET in a global commodity market.

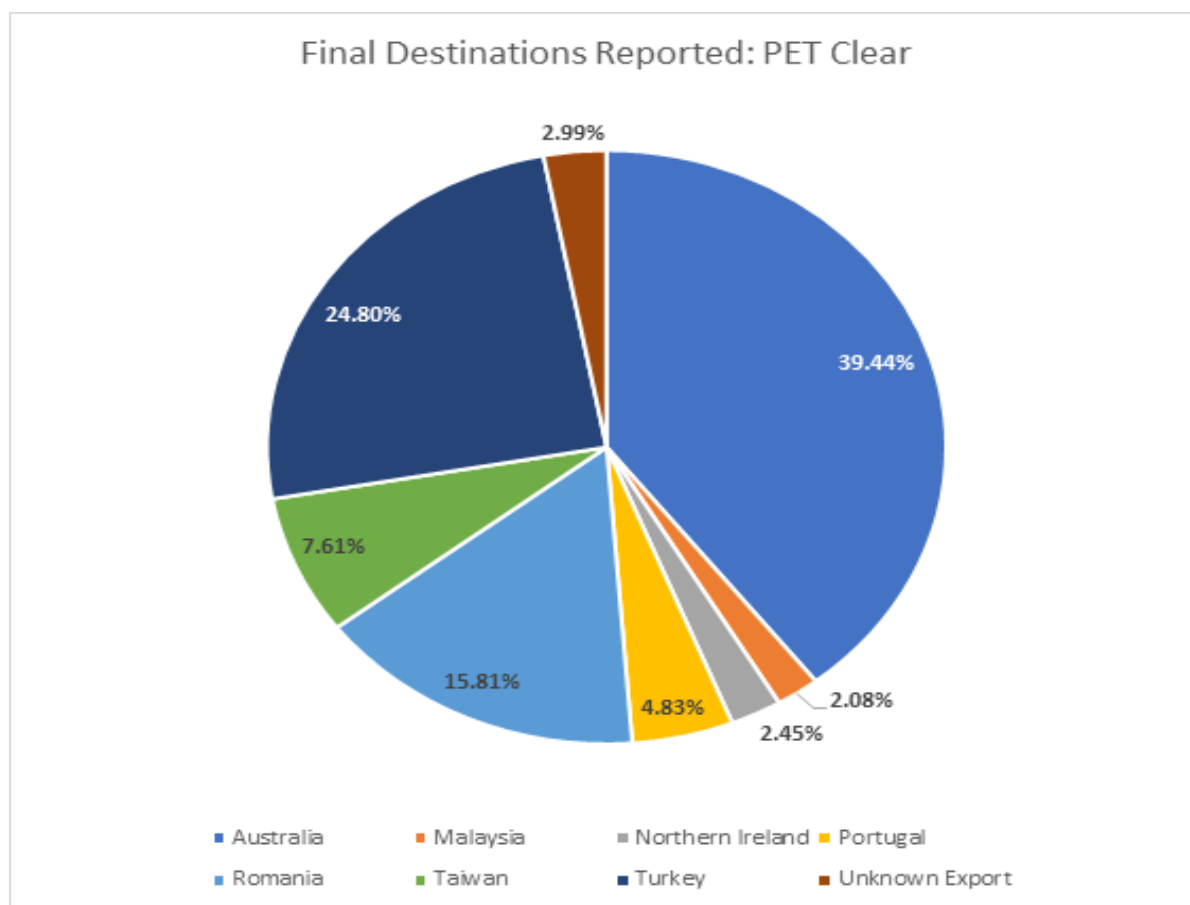


Figure 3



PET Colour Destinations

| PET Coloured | Weight | Percentage |
|--------------|---------------|-------------|
| Australia | 132.48 | 54.86% |
| Hong Kong | 17.76 | 7.35% |
| Romania | 53.34 | 22.09% |
| Taiwan | 37.89 | 15.69% |
| Total | 241.47 | 100% |

Sales of PET Colour are heavily weighted to the latter half of the year – with significant volumes of the product yet to be verified through the quarterly reporting. We believe a significant proportion of the 54.86% declared to remain in Australia will be redistributed amongst the other declared countries, as these buyers have operated on the holding yard / consolidation model prior to exporting the product.

The PET Colour typically is re-processed into fibre. The material requires no reprocessing prior to being recycled in the country of destination.

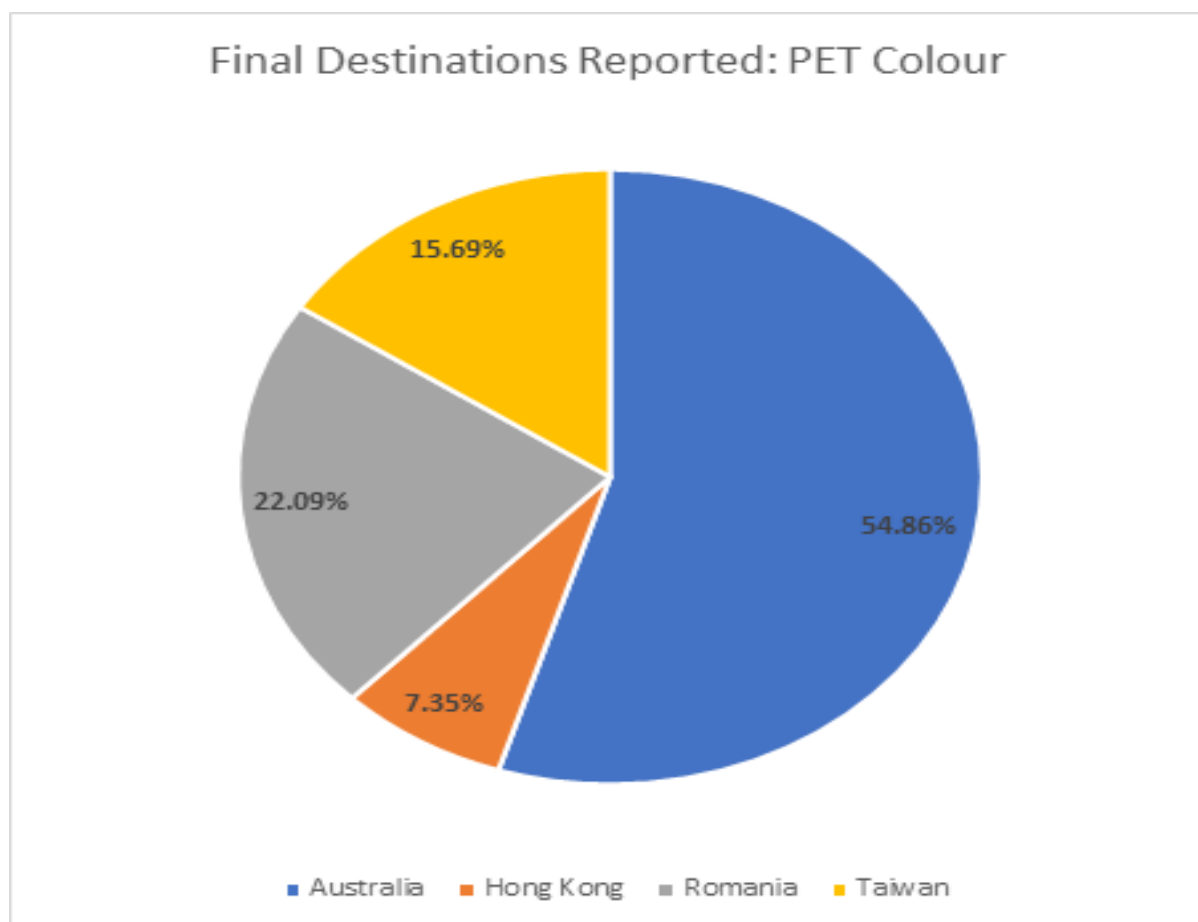


Figure 4



Product Quality

To date, the Queensland Container Refund Scheme (CRS) PET Clear and PET Colour has received zero contamination complaints from export buyers. PET Clear has received one reported contamination complaint from a domestic recycler since go live in Queensland, and the contamination impacted a single bale in the load. Across the scheme the product is of a high quality, with repeat purchasers and high competition for the material. At every point the scheme focuses on educating participants to ensure the product maintains the highest quality status. The material requires no additional processing prior to being recycled.

As can be in the photos below there is a visible difference in the product quality between CRS material and the mixed plastics bale generally produced by the MRF process.



CRS Bale of Clear PET and other plastics



High contamination rates of PET/HDPE/PP

Appendix 1, dated 3 December 2019

Appendix 2, dated 12 February 2020

Appendix 3, dated 11 August 2020

Appendix 4, dated 7 September 2020





COVER SHEET FOR SUBMISSIONS

CONSULTATION RIS - PHASING OUT CERTAIN WASTE EXPORTS

Overview

The Department of the Environment and Energy, on behalf of all Australian governments, has released a Council of Australian Governments' (COAG) consultation Regulation Impact Statement (RIS) on phasing out certain waste exports. The Department is inviting members of the public and industry to provide submissions. Submissions should be provided by **12 February 2020**.

Contact details

| | | | |
|---|-----------|------------------------|--------------------------------------|
| Organisation (if applicable) | | | Container Exchange (QLD) Limited |
| Title | Mr | Name (required) | Ken Noye |
| Position within organisation (if applicable) | | | Chief Executive Officer |
| Postal address (required) | | | L17, 100 Creek St, Brisbane Qld 4000 |
| Email address (required) | | | |
| Phone number (optional) | | | |

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If you do indicate that your submission is confidential, it will not be published on the Department's website.

Is this a confidential submission?

☐ Yes ☒ No

(If yes, please clearly mark each page of your submission 'confidential')

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Submission instructions

Submissions are due by 12 February 2020. Any submissions received after this date will be considered at the Department's discretion.

Submissions should be sent electronically, preferably in Microsoft Word or other text-based formats, to the email address below.

All submissions must include this cover sheet and reference the project name.

Submissions should be sent to:

Email: coagwasteexportban@environment.gov.au



Australian Government

Department of the Environment and Energy

Post: National Waste and Recycling Taskforce
Department of the Environment and Energy
GPO Box 787
CANBERRA ACT 2601

For further information please call 1800 803 772.



Container Exchange (QLD) Limited
Level 17, 100 Creek Street
Brisbane, QLD, 4000

12 February 2020

National Waste and Recycling Taskforce
Department of the Environment and Energy
GPO Box 787
CANBERRA ACT 2601
By email: coagwasteexportban@environment.gov.au

RE: CONSULTATION REGULATION IMPACT STATEMENT – PHASING OUT CERTAIN WASTE EXPORTS

Dear National Waste and Recycling Taskforce,

Container Exchange (QLD) Limited (COEX) would like to take this opportunity to thank you for inviting participation in the response to the Regulation Impact Statement (RIS) on phasing out certain waste exports.

Queensland's Container Refund Scheme (CRS), Containers for Change, was introduced on 1 November 2018, aimed at reducing litter and increasing recycling across Queensland. COEX is the not-for-profit organisation created to establish and operate the scheme.

COEX has been the Product Responsibility Organisation (PRO) behind Containers for Change, ensuring the scheme fulfils its responsibilities, since 2017.

COEX does not participate directly in the waste export sector. The CRS collects used beverage containers separated into 'single-source' commodity groups. Subsequent to collection and sale, some materials are exported by purchasers. Consequently, COEX have seen fit to answer questions 5, 7 and 18 below.

5 Do you agree with the policy objective as outlined?

Container Exchange (QLD) Limited (COEX) agrees with the policy objectives of achieving better protection of the environment and human health through improving the management of Australia's waste plastic, paper, glass and tyres.

Additionally, COEX believes the secondary objective of ensuring Australia actively manages the risk of countries imposing waste import restrictions. Accordingly, Australia's waste and recycling sector is well placed to manage any future disruption or closure of global waste markets without resulting in adverse environmental or human health impacts locally.

Both policy objectives are well aligned to COEX's own purpose, vision, and strategic objectives.

| COEX's Strategic Objectives | Option 1 | Option 2a | Option 2b |
|--|----------|-----------|-----------|
| Increase recovery and recycling | ✓ | ✓ | ✓✓ |
| Reduce littering and landfill disposal | ✓ | | ✓✓ |
| Opportunity for social enterprise | | | ✓✓ |
| Beverage manufacturers responsibility | | ✓ | ✓ |
| Complement existing activities | | ✓ | ✓ |

Legend:

✓✓ = Strongly aligned

✓ = Weakly aligned



7 What is your role in the waste stream (producer of waste, collection, recycler, exporter)?

COEX does not directly play a role in the waste stream. In Queensland, the CRS collects used beverage containers that are recyclable commodities. The difference between waste and commodity is established through separation at collection into single materials. These recyclable materials are far cleaner and more usable (higher yield) than 'co-mingled' waste collected through other means.

The scheme collects recyclable commodities including aluminium, glass, steel, liquid paperboard (LPB), PET, and HDPE/LDPE. COEX aim to increase beverage container recovery rates in Queensland to 85% by 2022, saving hundreds of millions of used beverage containers per year going to landfill.

As the PRO responsible for administering the CRS in Queensland, COEX is uniquely placed to provide guidance to COAG on a range of issues. These include recyclable commodity markets, circular economy movements and sustainability initiatives in Queensland, Australia, and globally.

It is important to note that COEX does not operate in co-mingled waste collection. Co-mingled collection has been the cause of many waste trade issues such as the rejection of Australian exports. Image 1 depicts an Indonesian customs officer inspecting a container filled with material originating from Australia, which included hazardous material and was rejected. Image 2 depicts COEX CRS material, and it is evidently a cleaner product – one of much higher value and usability.



Image 1 – The Guardian “Indonesia sends rubbish back to Australia and says it's too contaminated to recycle”

Source: <https://www.theguardian.com/environment/2019/jul/09/indonesia-sends-rubbish-back-to-australia-and-says-its-too-contaminated-to-recycle> - Juni Kriswanto/AFP/Getty Images



Image 2 – COEX PET Bales



18 Under a prohibition or restriction on waste exports, do you consider there are waste materials that should continue to be eligible for export?

Yes. COEX believes that single-source (or single-stream) recyclable commodities with low contamination should be excluded from the export ban and remain eligible for export. These commodities are highly sought after as they provide a higher yield when recycled due to their cleanliness and purity. This has a positive impact of increasing recycling and decreasing CO₂ emissions required to manufacture the recycled products that are being developed.

COEX is proud of the high-quality recyclable product that it collects through the Queensland CRS. Customers in Queensland as well as overseas now, as well as in the future, will manufacture new goods using CRS material.

COEX, while recognising the policy objectives, also believes the export market is still important to businesses in Australia and the environment. A premature ban on exporting CRS material will immediately result in a large stockpiling and surplus of recyclable materials unable to be processed locally. COEX has seen industry-led movement showing recycling capabilities are being developed locally, but this will take time.

Excluding high-quality and high-value recyclable commodities from the ban will facilitate the circular economy locally and globally, encourage recyclers to invest in new processing capacity and minimise any risk of the material ending up in landfill.

Table 1

| COEX Recyclable Commodity | Proportion exported (estimated over last 12 months) | Estimated premium over co-mingled waste due to higher yield from material (per tonne) |
|---|---|---|
| Glass | 0% | + \$100 ¹ |
| PET | 51% | + \$280 ¹ |
| HDPE | 80% | + \$390 ¹ |
| Aluminium | 95% | same market price |
| Total QLD CRS quantity exported in the last 12 months | | |
| >10000 metric tonnes | | |

¹ EY "How can we find treasure in our trash" https://www.ey.com/en_au/climate-change-sustainability-services/how-we-can-find-the-treasure-in-our-trash

Table 1 indicates the high value of single-stream low contaminant recyclable commodities. In order to ensure that the Queensland CRS is run as sustainably and affordably for the consumer as possible, COEX must be able to leverage their high-value products and generate fair revenue for them.

A ban on 'single-source' commodity materials could lead to the following adverse impacts:

- **Environmental strain.** Reduction in availability of clean commodities being used to develop end products would mean more virgin material is being used, having an adverse impact on the environment. Stockpiling could also increase risks of hazardous material leakage, warehouse fires and waterway contamination.
- **Infrastructure strain.** Slow moving inventory could put strain on otherwise productive warehouse space in the circular economy, and in extreme cases this could lead to illegal storage of material.
- **Collection scheme financial strain.** Due to lower sales revenue achieved, the Queensland CRS price would increase which would lead to higher costs to the Australian consumer.



As a result of these factors and many more, COEX believe it is important that high-quality, high-value recyclable commodities sourced from single streams (e.g. Container Refund Schemes) are exempt from any export bans.

Kind regards,

Ken Noye
Chief Executive Officer
Container Exchange (QLD) Limited



Appendix 1, dated 3 December 2019

Appendix 2, dated 12 February 2020

Appendix 3, dated 11 August 2020

Appendix 4, dated 7 September 2020





Container Exchange (QLD) Limited
Level 17, 100 Creek Street
Brisbane, QLD, 4000
enquiries@containerexchange.com.au

11 August 2020

National Waste and Recycling Taskforce
Department of the Environment and Energy
GPO Box 787
CANBERRA ACT 2601
By email: legislative.design@awe.gov.au

Attn: Kristin Tilley - First Assistant Secretary

RE: Recycling and Waste Reduction Legislative Package

Dear National Waste and Recycling Taskforce,

Container Exchange (QLD) Limited (COEX) would like to take this opportunity to thank you for inviting participation in the response to the **Recycling and Waste Reduction (RWR) Bill** on phasing out certain waste exports.

Queensland's Container Refund Scheme (CRS), Containers for Change, was introduced on 1 November 2018, aimed at reducing litter and increasing recycling across Queensland. COEX is the not-for-profit organisation created to establish and operate the scheme.

COEX has been the Product Responsibility Organisation (PRO) behind Containers for Change, ensuring the scheme fulfils its responsibilities, since 2017.

COEX does not participate directly in the waste export sector and does not operate in co-mingled waste collection. The CRS collects used beverage containers separated into 'single-source' commodity groups. The difference between waste and commodity is established through separation at collection into single material types. These recyclable materials are far cleaner, more easily used and deliver a higher yield, than 'co-mingled' waste collected through other means.

After collection and sale by COEX, some CRS materials are subsequently exported by the purchasers of the materials.

Response to The RWR Bill 2020

COEX received the draft legislation and have noted the potential impacts on the Queensland CRS. To ensure we can sustain operations and continue making a positive contribution to the resource recovery and recycling sector, we have compiled a list of impacts and feedback, based on the legislative outputs, for the Taskforce to consider.

Legislative Output 1: Parties can seek Exemptions

Impact on COEX: We may require exemptions for trade samples during market testing or negotiations

In response to this output, we would like to provide the following feedback:

1. Exemptions should be provided which are broad in nature and scope, to ensure less administrative time is spent seeking them;
2. Exemptions should be long-lasting, at least 2 years in duration;





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3. Exemptions should be applied for in one application process which covers all commodities, markets, geographies, and durations;
4. Each exemption should cover more than one different export market, as requested by the Exporter; and
5. Clear definition of a 'trade sample' such as requirements based on weight (e.g. 27mt or less) or export method.

Legislative Output 2: Parties can seek Export Licences

Impact on COEX: We may need licences for Glass, HDPE, LPB, and PET if they engage in any long-term supply agreements with overseas parties

In response to this output, we would like to provide the following feedback:

6. Licences should be provided which are broad in nature and scope, to ensure less administrative time is spent seeking them;
7. Licences should be long-lasting, at least 5 years in duration to support long term offtake agreements;
8. Licences should be applied for in one application process which covers all commodities, markets, geographies, and durations;
9. Licences should be flexible such that they can support transitional arrangements, e.g. a two-year term with an extension option, whilst onshore infrastructure is constructed;
10. Each licence should cover more than one different export market, as requested by the Exporter, in order to simplify the application process and documentation; and
11. Licences should have no constraints on the quantity or method (e.g. shipping) used.

Impact on COEX: We may need to increase overhead costs to deal with the increase in administrative tasks

In response to this output, we would like to provide the following feedback:

12. A single portal or platform should be developed, where all applications are made, prepopulated with details of waste industry participants or respondents to this process; and
13. The application process should be conducted online.

Impact on COEX: For Quality Assurance and legislative purposes, we may need to ensure domestic buyers have Licences if they plan to export

In response to this output, we would like to provide the following feedback:

14. The register (or list) of parties who have licences or exemptions, and the appropriate supporting detail, should be public so any domestic trade can be conducted with full transparency.

Legislative Output 3: Licences have certain conditions to meet

Impact on COEX: We may need to have a high understanding of the individualised conditions for each commodity

In response to this output, we would like to provide the following feedback:

15. Online fact base including clear definitions and specifications of each commodity, what the requirements are, and examples of conditions being met and not met. For example, photographs and detailed specifications of products in each category that are suitable for export, and similar photographs and specifications for material that is not suitable for export.

Increased focus on the waste trade will lead to COEX needing to be more proactive with KYC practices and any potential breaches linked to the CRS

In response to this output, we would like to provide the following feedback:

16. The register (or list) of parties who have licences or exemptions, and the appropriate supporting detail, should be public so any domestic trade can be conducted with full transparency; and
17. Online fact base including clear definitions and specifications of each commodity, what the requirements are, and examples of conditions being met and not met. For example, photographs





and detailed specifications of products in each category that are suitable for export, and similar photographs and specifications for material that is not suitable for export.

Impact on COEX: We may need to ensure that our products are either processed, cleaned, sorted, or beneficiated

In response to this output, we would like to provide the following feedback:

18. The government should consider a new investment strategy, or a subsidy/grant strategy, which focusses on growing the prevalence and effectiveness of recycling projects to ensure that there is enough beneficiation capacity in Australia. This will mitigate the risk of stockpiling and incentivise onshore investment in processing and/or end-to-end recycling infrastructure; and
19. The government should examine the mandating of minimum proportions of recycled content to ensure pull through / demand for local recyclable commodities will be effective.

Legislative Output 4: Exports will be more expensive and more difficult

The domestic supply of these recyclable commodities will increase, placing downward pressure on local commodity prices

In response to this output, we would like to provide the following feedback:

20. As domestic supply increases, prices will naturally decrease. This means that material should become more attractive to local buyers, but on the other hand local producers and suppliers will find cost coverage of an already expensive supply chain challenging. Government should look at subsidies or other support measures to support the industry through the transition phase; and
21. The government should examine the mandating of minimum proportions of recycled content to ensure pull through / demand for local recyclable commodities will be effective.

Because domestic supply increases, there may need to be additional investment in localised recycling and re-manufacturing capacity

In response to this output, we would like to provide the following feedback:

22. The government should consider a new investment strategy, or a subsidy/grant strategy, which focusses on growing the prevalence and effectiveness of recycling projects to ensure that there is enough beneficiation capacity in Australia. This will mitigate the risk of stockpiling and incentivise onshore investment in processing and/or end-to-end recycling infrastructure.

Non-regulated commodities, e.g. Aluminium, may become more attractive to Traders, so demand for those commodities may increase

In response to this output, we would like to provide the following feedback:

23. There should be periodic reviews of the scope of the RWR bill to evaluate the impact it is having and ensure that changes are made regularly in order to keep the industry functioning properly.

Summary of our previous response to the Regulation Impact Statement in February 2020

COEX continues to agree with the policy objectives of achieving better protection of the environment and human health through improving the management of Australia's waste plastic, paper, glass and tyres. Both policy objectives are well aligned to COEX's own purpose, vision, and strategic objectives.

| COEX's Strategic Objectives | Option 1 | Option 2a | Option 2b |
|--|----------|-----------|-----------|
| Increase recovery and recycling | ✓ | ✓ | ✓✓ |
| Reduce littering and landfill disposal | ✓ | | ✓✓ |
| Opportunity for social enterprise | | | ✓✓ |
| Beverage manufacturers responsibility | | ✓ | ✓ |
| Complement existing activities | | ✓ | ✓ |

Legend:
✓✓ = Strong alignment
✓ = Some alignment





The CRS collects recyclable commodities including aluminium, glass, steel, liquid paperboard (LPB), PET and HDPE. COEX aims to increase beverage container recycling rates in Queensland to 85% by 2022, in the process preventing hundreds of millions of used beverage containers per year going to landfill.

COEX believes that source-separated recyclable commodities with low contamination should be excluded from the export ban and remain eligible for export. These commodities are highly sought after as they provide a higher yield when recycled due to their cleanliness and purity. This has a positive impact on increasing recycling and decreasing CO₂ emissions required to manufacture the recycled products that are being developed. Figure 1 illustrates this valuable premium that source-separated, low contaminant recyclable commodities achieve.

Excluding high-quality and high-value recyclable commodities from the ban will facilitate the circular economy locally and globally, encourage recyclers to invest in new processing capacity and minimise any risk of the material ending up in landfill.

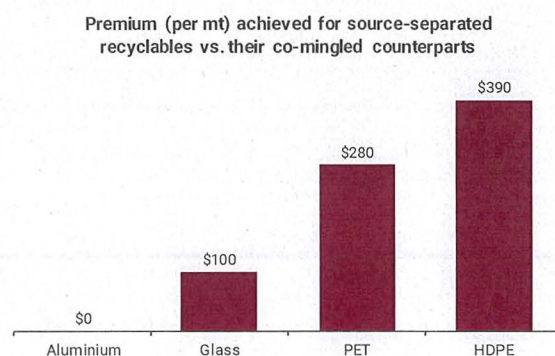


Figure 1: Premium that source-separated material attracts over co-mingled

Source: EY "How can we find treasure in our trash" https://www.ey.com/en_au/climate-change-sustainability-services/how-we-can-find-the-treasure-in-our-trash

Whilst COEX sells entirely to approved onshore recyclers, some material is ultimately onsold to export markets. Figure 2 illustrates the estimated destination of COEX sales by commodity in FY20, showing that aluminium, PET, and HDPE still currently rely on export markets for recycling. Without regulated and open access to the required end-markets, there exists a risk of stockpiling and oversupply in local facilities.

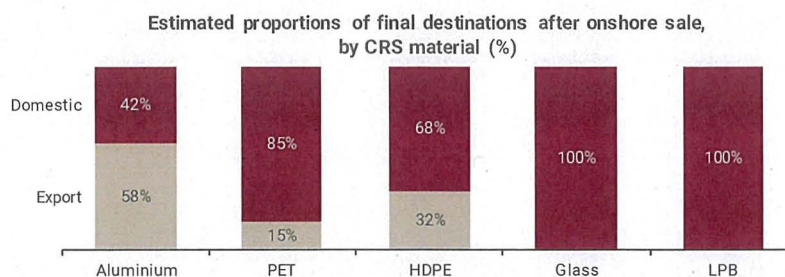


Figure 2: Material recovered by the QLD CRS, by destination (%)





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Conclusion

COEX's strategic goals are aligned with the intentions of the RWR bill, seeking to better protect the environment and human health through the effective management of recyclable commodities. With intuitive policy decisions to assist the transition, COEX believes improvements in Australian recycling and processing infrastructure can be achieved which deliver on the RWR bill's goals, whilst not negatively impacting Australia's ability to participate in the global and domestic circular economy.

COEX looks forward to ongoing engagement and discussions with the Taskforce as this important bill is developed and implemented. If you require any further information, please do not hesitate to contact Glenda Viner, GM Corporate & Community Relations on telephone _____ or by email at _____

Yours sincerely

Ken Noye
Chief Executive Officer
Container Exchange (QLD) Limited

CC Hon Trevor Evans MP
Assistant Minister for Waste Reduction and Environmental Management



Appendix 1, dated 3 December 2019

Appendix 2, dated 12 February 2020

Appendix 3, dated 11 August 2020

Appendix 4, dated 7 September 2020





Container Exchange (QLD) Limited
Level 17, 100 Creek Street
Brisbane QLD 4000

7 September 2020

Rachel Burgess
Assistant Secretary (A/g)
Waste Policy and Reform Branch
Department of Agriculture, Water, and the Environment
National Waste and Recycling Taskforce | Environment Protection Division
John Gorton Building
King Edward Terrace
Parkes ACT 2600
GPO Box 787
Canberra ACT 2601

By email:

Dear Rachel

Re: Feedback AHECC Codes

Thank you for your invitation to submit feedback on the proposed Australian Harmonised Export Commodity Codes (AHECC).

Queensland's Containers Refund Scheme (CRS), *Containers for Change*, was introduced on 1 November 2018, aimed at reducing litter and increasing recycling across Queensland. Container Exchange (QLD) Pty Ltd (COEX) is the not-for-profit organisation created to establish and operate the scheme.

COEX does not participate in the waste export sector, rather we collect commodity materials separated into 'single-source' commodity groups at collection.

As per COEX's February 2020 feedback to the National Waste and Recycling Task Force, COEX proposes that source-separated (e.g. CRS) recyclable commodities with low contamination be excluded from the export ban and remain eligible for export. These commodities are highly sought after as they provide a higher yield when recycled due to their cleanliness and purity. This has a positive impact of increasing recycling and decreasing CO₂ emissions required to manufacture the recycled products. To that end, there should be an additional HS category for this material which will then be considered exempt from the ban.

As per COEX's August 2020 feedback to the task force, clarity and specificity when it comes to the definition of 'processed' vs. 'unprocessed' will be critical. Ambiguity may lead to confusion and possible breaches. To that end, categories should be transparent as to what can be considered processed, e.g. sizing, the physical process that had been undertaken, or the purity (which may lead to CRS glass being allowed), or some other characteristics that clearly differentiate processed and unprocessed glass.



Finally, COEX proposes the AHECC should be specific regarding fines or cullet, not fines **and** cullet. Some exporters will no doubt export a specific size fraction which will not (nominally) include fines.

I trust this feedback is useful to you and I look forward to on-going participation in the National Waste and Recycling Taskforce.

Yours sincerely

Ken Noye
Chief Executive Officer
Container Exchange (QLD) Limited