



15 October 2019

Queensland Productivity Commission
PO Box 12112
George St QLD 4003

Submitted via:
www.gpc.qld.gov.au/reviews/pricing-review-of-container-refund-scheme

To whom it may concern

Re: Container Refund Scheme Price Monitoring Review – Container Exchange (QLD) Limited submission

We are pleased to provide this submission to the Queensland Productivity Commission in respect to the Container Refund Scheme (CRS) Price Monitoring Review (the Review).

As the Product Responsibility Organisation (PRO) responsible for administering the CRS, Container Exchange (QLD) Limited (Container Exchange) are pleased to assist the Queensland Productivity Commission where possible in its Review. To the extent that we have any insights or relevant information which assists the Commission, we have detailed these below.

Impact on the price of beverages

Container Exchange acknowledges that the Review is investigating the impact that the introduction of the CRS has had on beverage prices in Queensland, and note the preliminary results identified in the Interim Review. As the scope of Container Exchange's role of PRO does not include the collection of beverage price information, Container Exchange is unable to comment on the impact that the introduction of the CRS has had on beverage prices in Queensland.

We note that that the scheme prices charged to beverage suppliers (as set out in Table 2.1 of the Price Monitoring Review Issues Paper) do not discriminate between beverage suppliers, beverage types (e.g. soft drink versus beer) or the geographic regions within Queensland that beverages are sold. The scheme prices do however vary based on container material type (i.e. glass, aluminium, liquid paper board, PET etc.), to reflect the cost of handling and recycling that particular material type. Container Exchange sees this as a positive feature of the CRS, as it incentivises suppliers of beverage containers to utilise material types that are more readily recycled.

With regards to cross border pricing impacts, Container Exchange notes that each of the jurisdictions bordering Queensland (New South Wales, South Australia and Northern



Territory) have in place container refund schemes that are broadly in alignment with the Queensland CRS. In terms of scope and scheme pricing, this alignment creates a degree of harmonisation across the jurisdictions. Container Exchange would therefore not expect cross border issues to have a material impact on beverage prices or competition.

Competition

Container Exchange does not have access to disaggregated beverage supplier data for the sale of beverage containers across different regions, product types or markets.

As noted in your Interim Review, while the scheme prices are consistent for all organisations supplying beverage containers in Queensland, small manufactures (those that supply fewer than 300,000 containers per annum) are afforded extended payment terms (invoiced quarterly rather than monthly). The Queensland scheme also invoices beverage suppliers in arrears, unlike other jurisdictions which require organisations to make 'upfront' payments for projected beverage sales. In addition, the Queensland CRS does not require beverage suppliers to pay for the registration of products included in the scheme. The intention of these concessions are to reduce the complexity, administrative burden and working capital impact of the CRS on the beverage industry, particularly small suppliers, with a view to enhancing competition and reducing the barriers of entry to the beverage market.

As noted above, provided the scheme price and refund amount remains relatively consistent across jurisdictions, we consider it unlikely that cross-border issues will significantly impact competition or beverage prices.

Performance and conduct

Container Exchange supports the Queensland Productivity Commission's approach to the Review and reporting of unfair and unjust behaviour. Notwithstanding, Container Exchange cannot comment on the occurrence of unfair or unjust behaviour as a result of the introduction of the CRS, as this behaviour has not been directly observed by Container Exchange.

While the introduction of the CRS and the requirement for beverage suppliers to fund the costs of the CRS may have resulted in the scheme price being passed on to consumers, by way of increased beverage prices, any changes to beverage prices are determined at the absolute discretion of the beverage suppliers and beverage retailers. Any increases in beverage prices that are in excess of the scheme price should however not be attributed to the introduction of the CRS.

Captive markets

As noted above, Container Exchange does not have access to disaggregated beverage supplier data for the sale of beverage containers across different regions, product types or markets. We therefore do not have any insights regarding captive markets and any sale price differentials across different markets, or the presence of captive markets.

Other competition impacts

As the PRO, Container Exchange is responsible for ensuring the efficiency and effectiveness of the CRS. As noted in the Interim Review, the CRS was implemented with consideration of the learnings from other recently introduced schemes. Container Exchange intends to continue to look to identify further opportunities to enhance the operation of the scheme into the future for the benefit of the community.



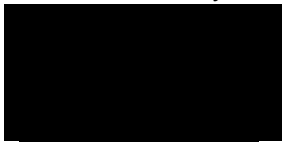
Conclusion

Thank you for the opportunity to provide a submission in relation to the Review. We hope you find our submission useful.

As the PRO and proud custodian of the CRS in Queensland, Container Exchange seeks to work with the Queensland Productivity Commission to the extent possible on this Review. Container Exchange also seeks to actively engage with the Commission on a variety of other matters with respect to the CRS generally, and will do so in the coming weeks.

Please contact Glenda Viner, General Manager Corporate & Community Relations via [REDACTED] should you have any queries.

Yours sincerely



Ken Noye
Chief Executive Officer
Container Exchange (QLD) Limited

