26 October 2012

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
Via email: ec.sen@aph.gov.au

RE: SENATE ENVIRONMENT AND COMMUNICATIONS REFERENCES COMMITTEE IN RESPONSE TO: INQUIRY INTO CONTAINER DEPOSIT SCHEMES

Dear Committee members,

The WFA is supportive of the present campaign being run by the AFGC to communicate industry concern over a Container Deposit Scheme (CDS).

Such a Government intervention would be a significant industry burden and consumer cost for little environmental gain.

Evidence suggests Container Deposit Schemes are costly and poorly designed and that there are superior ways of reducing litter and increasing recycling rates.

Wine bottles are demonstrably not a contributor to waste or litter streams, with Keep South Australia Beautiful (KESAB) statistics showing that total 'beverage' containers contribute 2.58% to the waste stream nationally and in SA 1.88%. Of the 320 glass items counted in the latest KESAB Wave Report only six were wine and spirit bottles, down from eight in the previous period. Of the 2.422m^3 volume of litter collected from the 151 sites, glass items accounted for 0.059 m^3 in estimated litter volume and wine and spirits glass 0.005 m^3.

The existing South Australian and Northern Territory CDS presently exclude wine containers largely on the basis that they are not a demonstrable contributor to the waste stream.

Depending on the amount of the deposit, ACIL estimates retail prices will increase by 12-28 cents per litre, generating a volume hit of 3.48-8.07% for wine beverages.

Adding the costs of a CDS to the existing pressures on the wine sector from oversupply and forex rates, among others, makes it challenging to ascertain exactly how much of the CDS costs will be passed through or absorbed. It is, however, an inescapable conclusion from the existing Northern Territory and South Australian schemes that consumers will be the ones who ultimately have to pay.

Whether the costs hit mainly consumers or a mix of consumers and suppliers, CDS is inescapably a big cost to the economy. From a consumer perspective faced with significant rises in the cost of living, a CDS would be an unjustifiable consumer levy for the negligible environmental return.

A deposit on wine bottles, therefore, has the potential to dampen sales in an industry that is already under significant competitive pressures and is unable to increase prices without even further damaging sales.

ACIL also estimates that 767-1,695 direct jobs will be lost as a result of any national container deposit scheme. Around 877 of these would come out of wine production, hitting regional areas in particular.

From the available evidence and the independent Packaging Impacts RIS process, it appears that a CDS is not the best way forward in managing container litter problems and provides a poor return on investment for the environmental outcome being sought.

Australian wine is committed to its environmental responsibilities through both EntWine (our environmental assurance program) and the National Packaging Covenant (over 66% of wine produced is a signatory to the Covenant). Additionally we have worked hard with glass suppliers to increase the percentage of recycled glass being used in production and invested significant research and development efforts towards lightweight bottles.

Of Australia’s 2,500 wine companies, around 2,300 are small (crush less than 1000 tonnes) and the cost of compliance would be significant. As the Australian and State/Territory Governments have indicated their strong intentions to minimise regulatory burden on business (and small business in particular), we would appreciate your consideration of our sector’s concerns as you contemplate a response the Bill before you.

The WFA made a submission to the Packaging Impacts Consultation RIS and we are pleased to make ourselves available should you require further information.

Yours sincerely

Paul Evans
Chief Executive Officer