

Ms Sophie Dunstone
Secretary
Senate Standing Committee on Environment and Communications
Parliament House
Canberra

25 October 2012

Dear Ms Dunstone

Inquiry into Container Deposit Schemes

Thank you for your invitation of 16 October 2012 to provide a submission to the inquiry. We have structured our comments around the terms of reference.

a. Management of the operation of container deposit schemes in South Australia and the Northern Territory

The container deposit schemes in SA and the NT are established and managed under the relevant state/ territory legislation. In order to sell its products in those jurisdictions CCA must comply with the relevant regulation. The SA scheme is a relatively mature one whilst the NT scheme only came into force in January this year.

Both the SA and NT schemes are market based and providers of services at the “super collector” or coordinator levels under the legislation are subject to competition. Competitive markets for the supply of these services required under the legislation do exist in both SA and the NT with beverage manufacturers having a choice of supplier. There are currently 3 approved industry super collectors in SA and 5 approved industry coordinators in NT. CCA owns one of the super collectors that operate in both SA and the NT. Competition in both markets is subject to the Commonwealth *Competition and Consumer Act 2010*.

b. The cost structure of the beverage industry's involvement in these container deposit schemes
CDL schemes by their nature are expensive. This has been demonstrated by the recent cost benefit analysis conducted for Environment Ministers and by the recent consultation regulatory impact statement.

Some of the types of costs incurred in running the SA CDL scheme were described in the “*Public Report on the Review of the Economic and Environmental Impacts of the Beverage Provisions of the Environment Protection Act 1993 (Container Deposit Legislation) in South Australia*” prepared for the

SA EPA in March 2000. That report stated "In addition to the payment of handling fees to super collectors, beverage filler/distributors identified additional costs as follows:

- Printing of separate labels for South Australia. One company estimated this to be in the order of \$200,000 per annum.
- Holding additional stock units with loss of warehouse capacity.
- Additional line change time and loss of production efficiencies.
- Additional administrative and accounting work.
- Cost impacts of small volume runs." (p22)

CCA's pricing approach is to recover the costs of regulation from the region covered by that regulation.

c. The use of unredeemed deposits and unused handling and transport fees

From CCA's perspective the charges made for operation of the scheme take into account the benefit of unredeemed deposits and handling charges. That is these are used to offset the cost of the scheme. In SA the level of such offset has been relatively consistent, however the NT scheme has no historical data on which to base estimates and the system has incurred significant one off start up costs which need to be recovered.

d. Alternative scheme structures which ensure beverage producers cannot pass on unreasonable costs from these recycling schemes if such schemes are implemented in additional states or nationally

CCA does not support deposit systems which have been shown by the recent Packaging Consultation Regulatory Impact Statement to be much more expensive than alternative solutions.

CCA's view is that the best way to minimise costs associated with any environmental scheme is to impose the minimum level of regulation and allow competition in the provision of services to take place.

Thank you for the opportunity to make this submission.

Alec Wagstaff
Director Corporate Affairs