

Container beverage prices increase in line with scheme costs

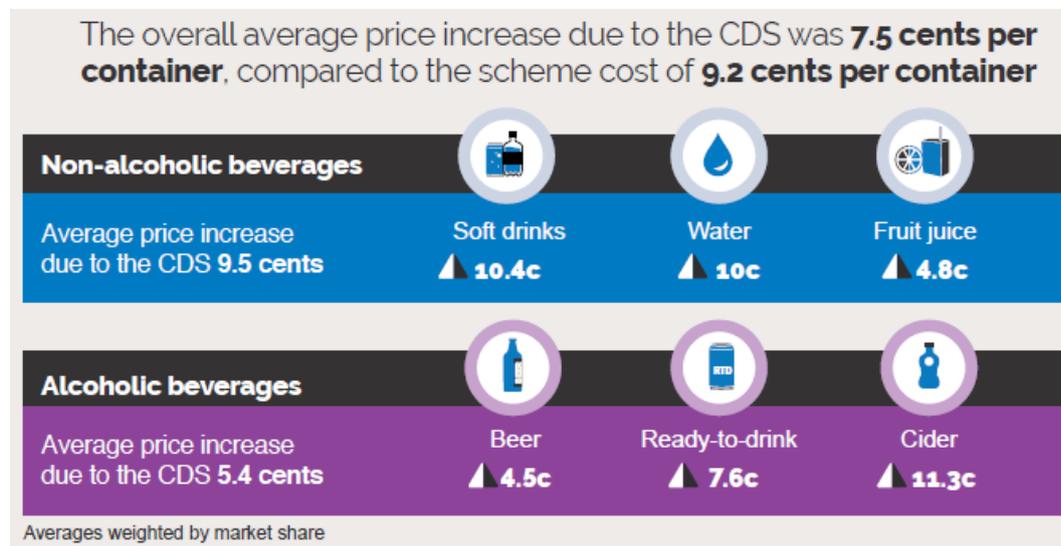
The Independent Pricing and Regulatory Tribunal (IPART) has found that the price of container beverages increased in line with the costs of the NSW Return and Earn container deposit scheme (CDS) which commenced last December.

IPART is monitoring the effects of the CDS in its first year of operation in response to Government concerns that suppliers may seek to raise the price of beverages above the costs of the scheme.

IPART's review has found that the CDS has increased eligible container beverages by an average of 7.5 cents per container since the scheme started in December last year, compared to a scheme cost of 9.2 cents per container.

In the first nine months of the scheme's operation:

- ▼ Soft drink, juice and water prices rose by an average of 9.5 cents due to the CDS.
- ▼ Prices of beer, cider and ready-to-drink mixes increased by an average of 5.4 cents due to the CDS.



IPART Chair, Dr Peter Boxall, said that while overall price increases are in line with what would be expected, changes are needed to improve the transparency and efficiency of the scheme's costs and maintain the competitiveness of some beverage manufacturers, wholesalers and retailers.

"We are seeking feedback on a range of recommendations to address scheme cost volatility and potential barriers to competition," Dr Boxall said.

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More information is available at ipart.nsw.gov.au

The recommendations include:

- ▼ Requiring scheme administrator Exchange for Change to:
 - Bill suppliers for the scheme's costs at the end of each month based on actual numbers, rather than the current approach of billing in advance for the costs of the scheme based on estimates of the volume and type of containers sold and returned. This would reduce fluctuations in scheme costs from month to month.
 - Increase its payment terms from 7 days to 30 days to reduce cash flow pressures on beverage suppliers, particularly small to medium sized businesses.
- ▼ Reducing the up-front \$80 approval fee levied by the NSW Environment Protection Authority (EPA) for each product in the scheme to \$13.70, so that it only recovers the variable costs of assessment, with the fixed costs of the CDS Portal to be recovered through the scheme compliance fee. This would reduce barriers to entry for small suppliers in NSW.

Dr Boxall said the recommendations are in addition to the NSW Government's temporary assistance package for businesses on the NSW-Victoria border impacted by the CDS, identified in IPART's Progress Report in April.

Over 70 submissions about the CDS have been considered as part of this review, with further submissions being sought in response to the draft recommendations put forward today. Submissions are due by 2 November with a final report to be provided to the NSW Government in December.

A full copy of the draft report is available on IPART's website.

About Return and Earn

The NSW Government introduced a Container Deposit Scheme (CDS), known as Return and Earn, in December 2017 to reduce the number of drink containers ending up as litter and cut the state's total litter volume by 40% by 2020. Under this scheme, consumers who return empty eligible beverage containers to Return and Earn collection points receive a 10-cent refund per container. Businesses that supply beverages in eligible containers into NSW pay monthly fees to cover the costs of the scheme, and can increase the price of eligible container beverages to recover these costs. Most beverage containers sized between 150 mL and 3 L are covered by the scheme (eligible containers). Glass, PET and aluminium make up the largest number of registered containers.