

30 May 2018

Dr Peter Boxall AO
Chairperson,
NSW Container Deposit Scheme Review
Independent Pricing and Regulatory Tribunal
PO Box K35, Haymarket Post Shop NSW 1240

By email: ipart@ipart.nsw.gov.au

Dear Dr Boxall,

RE: SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL – CONTAINER DEPOSIT SCHEME PROGRESS REPORT

The Independent Pricing and Regulatory Tribunal (IPART) has been asked by the NSW Premier to monitor and report on the impact of the NSW Container Deposit Scheme (CDS) in NSW. The Terms of Reference include monitoring;

- the effect of the scheme on container beverage prices
- the performance and conduct of suppliers, and
- any other market impacts on consumers resulting from the scheme

A public submission period regarding a progress report released in April 2018 is currently open, with the close date for submissions **8 June 2018**. The Australian Hotels Association (AHA) NSW are pleased to make this brief submission regarding the CDS, and in particular the progress report.

This AHA NSW submission focusses on the plight of members situated in localities adjacent to other States or Territories, and particularly the border between NSW and Victoria. This focus is for a number of specific reasons, predominantly;

- The decision by the Victorian Government not to introduce a CDS. The other locations bordering the Australian Capital Territory and Queensland are not facing the same ongoing issues due to those jurisdictions implementing CDS's in 2018.
- The minimal distance between some towns situated adjacent to the Victorian border - Albury and Wodonga, Echuca and Moama, Mildura and Gol Gol to name a few - where in some cases just hundreds of metres separate businesses.

Our members in border locations have reported two significant effects on their businesses as a result of the introduction of the scheme;

- Sales have decreased significantly, with one member in Albury identifying a 17% reduction in packaged liquor sales since the introduction of the scheme. The collective average reductions are even

higher – approximately 21.5% reduction in sales over the period since the scheme commenced. We believe members have provided these trading figures separately to IPART following individual engagement. Those purchasers have no doubt taken their custom over the border to Victoria.

- A large number of persons in motor vehicles with trailers registered in Victoria have been seen travelling over the border to Collection Points in NSW to redeem CDS monies from large numbers of containers trafficked across the border from Victoria. Again, these purchases obviously occurred in Victoria due to the lower prices of goods in that State, with the empty Victorian beverage containers being transported the short distance to be redeemed in NSW.

IPART in their preliminary report at page 54 discussed two options being compensation or defining an exclusion zone. These options are not sufficient, with the exclusion zone just moving the border to wherever that point ends.

AHA NSW recommends the following;

1. Compensation be provided to eligible premises in border locations for losses sustained since the introduction of the CDS. Excess amounts collected by the Scheme Coordinator could be used for this purpose.
2. As Victoria has not committed to a CDS, premises adjacent to the Victorian border should have their CDS levy proportioned on an incremental basis, with 0 % at Albury and other “Ground zero” locations adjacent to the border, increasing in incremental amounts up to a distance of say 50 kilometres, after which the value in travelling to the border for cheaper beverages will dissipate.
3. The issue of Victorians bringing beverage containers almost certainly purchased in Victoria to NSW collection points will not be solved until CDS labelling comes on line. This should be expedited.

Should you wish to speak further on this issue, or for us to present operators in border areas who can provide firsthand knowledge of their issues please telephone john.green@ahansw.com.au

Yours faithfully,

JOHN GREEN
Director, Liquor and Policing