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PO Box K35
Haymarket Post Shop
NSW 1240

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



PO Box 1307
Milton Qld 4064

ABN 44 009 664 073

P 1800 RETAIL
F 07 3240 0130

www.nra.net.au

To whom it may concern,

Re: SUBMISSION by National Retail Association in response to:
"iPart Progress Report"

The National Retail Association (NRA) welcomes the opportunity to provide feedback on the Independent Pricing and Regulatory Tribunal (IPART) Progress Report in relation to the introduction of a Container Deposit Scheme (CDS) in NSW. NRA is supportive of the Environment Minister's objective to reduce litter, with retailers and customers alike sharing the concern about the harmful impact of littering on the environment.

Under this scheme, consumers who return empty eligible beverage containers to Return and Earn collection points receive a 10-cent refund per container. Only the containers likely to end up as litter are eligible – generally bottles, cans and cartons in sizes that are often consumed outside the home.

We understand that The Premier has asked IPART to monitor and report on the impacts of the CDS over the first year of its operation. However, it should be noted that the existence of a charge payable by suppliers would naturally result in an increase to the price of goods, even though every effort is being made by retailers to keep prices low and stay competitive.

Background

The National Retail Association (NRA) is Australia's most diverse retail industry organisation, servicing close to 20,000 stores and outlets nationwide. We are a not-for-profit organisation built on strong relationships with our members.

We exist to help retail and service sector businesses comply with an ever-changing and growing regulatory environment. Our services are delivered by highly trained and well-qualified in-house

experts with industry specific knowledge and experience. We provide professional services and critical information right across the retail industry, including the majority of national retail chains and thousands of small businesses, independent retailers, franchisees and other service sector employers.

Members are drawn from all of the sub-categories of retail including fashion, groceries, department stores, household goods, hardware, fast food, cafes and personal services like hairdressing and beauty.

NRA has represented the interests of retailers and the broader service sector for almost 100 years. Our aim is to help Australian retail businesses grow.

IPART Recommendations of note

1. Exchange for Change publish the following information prior to issuing its June invoice and all subsequent invoices:
 - - forecast container volumes for the next three months for both Network Operator volumes and MRF volumes
 - - a description of how container volumes were estimated
 - - forecast costs per container for the next three months
 - - costs per container for previous months based on actual container volumes recovered via the Network Operator and MRFs (once known) (ie, what the costs would have been if forecasts were 100% accurate).

Support the intention for further transparency on the process, however we believe that any disclosure needs to take the necessary steps to protect commercially sensitive information, particularly on how estimates on container volumes were arrived upon, as well as assumptions that make up the forecast.

2. NSW Environment Protection Authority and Exchange for Change amend the payment terms for first supplier contributions to the CDS from seven days to 30 days, consistent with the payment term requirements for NSW Government agencies.

Supported approach by the industry. As mentioned in the report, the current payment terms are 'out of step with standard industry practice', and this approach may go some way to ease the ongoing cash flow burden of the industry.

3. That the EPA publish a contract summary for each of the agreements with the Scheme Coordinator and the Network Operator
 - As noted in the Progress Report, the Network Operator has collection points and agreements
 - with a number of retailers including Woolworths, Coles, IGA and Food Works, as well as sporting clubs and universities. We therefore question what publishing of this information would accomplish, given that engaging in an agreement with the Network Operator is

voluntary and has been taken up by a large array of stakeholders.

- The NRA questions the legality of the EPA publishing an agreement (or details of an agreement) between a Network Operator and a third party (in this case many of NRA's membership) without direct consultation with the third party
- The NRA therefore requests that such stakeholders are directly consulted before any such decision to publish details is made.

IPART areas seeking comment:

4. What are your views on the costs and benefits of different options for addressing the impacts of the CDS on businesses in the NSW/Victoria border region?

options provided for consideration:

- a) Defining an exclusion zone adjacent to state borders, within which the scheme does not apply.
- b) Developing a financial assistance package to adversely affected businesses, via a one-off payment to businesses based on actual sales in the first year

- Option a; we would challenge that this would simply 'move' the problem this context could
- Option b; there would be some question regarding the classification and eligibility of businesses.

5. Are there any aspects of the NSW Government's CDS that could be changed to reduce the costs of the scheme whilst maintaining the contractual arrangements that support the scheme and achieving the NSW Government's policy objectives?

- Handling fee adjustments to occur once every six months, as opposed to once every month. Given the desire to reduce administration on all sides as well as the need to keep prices stable, making changes less frequently would likely ease the burden on industry and the administration on all sides.
- Prohibit RVMs and depots from accepting more than 100 containers from a single person in a single day. This will reduce the number of people raiding peoples kerbside recycling bins and undermining local Council collection.
- Have the Auditor-General review the EPA agreement with Tomra-Cleanaway. The final number of RVMs proposed was the worse-case option from the original RIS and should be scrutinised as to whether the NSW taxpayer has benefited from this option.
- Have NSW accept another jurisdictions product registration or have the NSW scheme now accept registrations from other jurisdictions, returning fees to stakeholders that have already been incurred.
- That the Govt fund a float to avoid the need for true-ups. Industry can thus just be billed on an ex post-facto arrangement. This removes the industry costs of managing cash-flow as well as the costs of having systems set up to properly account for pre-and-post reconciliations
- Find a way to accept containers that are damaged or missing a label.

IPART comments of note:

Either full or partial costs have been passed on to the consumer, with no evidence of price gouging.

As discussed in the previous submission, it is in no-one's interest to gouge consumers given the likely impact on such businesses. In those situations where partial costs have been passed on, there are two likely considerations:


- a) Natural competition has kept prices as low as possible, with stakeholders taking some margin sacrifice in order to stay competitive
- b) Further to the report's findings, it is too early to make assumptions on market activity. The 'discounting' that has occurred may not last, as it represents margin loss for various businesses in the supply chain.

Review the \$80 container approval fee to ensure that businesses have not paid over and above the bare minimum - particularly for small businesses (as small businesses with a wide range of products on low volumes are adversely impacted).

Recommended Response:

Support

Sincerely,


David Stout
Manager Policy
National Retail Association