Background
Thirst for Life was a small importer of drinks and cordials and had been in business for 25 years. We imported a wide range of premium drinks from Europe. We had over 30 soft drink variations in our range (these may be 10 flavours in an identical 250 ml glass bottle - some of those flavours would also be available in 750 ml glass and 250 ml aluminium cans). We sold these products nationally through health food stores, cafes, restaurants. Our main range from Belvoir Fruit Farms of the UK which had the differential that the products were only made with real ingredients - no flavourings of any type - just fruits herbs and spices. This makes them expensive to make and therefore the price in Australia was well above locally made products.

In October 2017 after assessing the NSW CDS and considering the impact it and the other new CDS' would have on our business I decided to close the business and ceased operations in December 2017.

Impacts of the CDS on our business

1. Our accounting software could not provide the information to manage the scheme - this meant that we would need to change our computer software to be able to comply with the reporting requirements. The cost in time and resources to do this would have been in the thousands.
2. We sold very small amounts of some flavours - sometimes only 120 cartons a year (cartons of 12). If every State with a CDS had the same application fee as NSW the application cost to sell that flavour would be around 33c per bottle (6*$80/1440). Often the manufacturer deletes a line and introduces new flavours, meaning additional fees to launch a new flavour outside our control.
3. Most of our products were sold in glass bottles and the recycling cost was 14.5c per bottle sold in NSW. Putting up our prices by 14.5c + gst would result in a retail price increase of 25c-32c.
4. I considered deleting a number of the slower selling lines, but these make up around half our product range and we rely on these extra flavours to make the order a sizable one to spread the shipping costs.

As an importer and not a manufacturer our margins are very low. Adding these various costs together meant additional costs of over 50c per bottle for many of our range. Passing on these costs in full would result in a retail price increase of around $1-1.10 including gst. With local soft drink manufacturers having much higher margins and greater scale to absorb the start up costs, it was impossible to increase our prices anywhere near enough to maintain our existing margins

It should be noted that if the CDS was a national scheme rather than 6 individual State based schemes we may not have closed. But the prospect of having to have agreements with 6 different EPAs, 6 different super collectors, pay application fees for the 30 products and do 6 returns each month made my budget income projections for the forthcoming two years very poor and it just did not seem worthwhile to continue in business.

The above issues were raised with the EPA in submissions and at the information sessions they held, but the reality was that they simply were not interested in the issues that the design of the CDS would have on smaller businesses.