



April 8 2019

Independent Competition and Regulatory Commission

PO Box 161,

Civic Square ACT 2608

By email: icrc@act.gov.au

To Whom it May Concern,

The National Retail Association (NRA) welcomes the opportunity to provide feedback on the ACT Independent Competition and Regulatory Commission review on the recommendations in relation to the price and competition impacts of the ACT Container Deposit Scheme (CDS).

We understand that the Government seeks feedback on the progress report and comment on the recommendations provided.

Currently, the differences between state legislation is causing a high level of confusion for customers and an increased administrative burden on businesses with unnecessary red tape. NRA submits that the most immediate priority should be establishing consistency across state jurisdictions, instead of creating more differences.

The NRA supports the Commission's draft recommendations in the progress report in its aim to improve the operation of the CDS and increase transparency and stability of the costs invoiced to beverage suppliers.



ABOUT THE NATIONAL RETAIL ASSOCIATION

The National Retail Association (NRA) is Australia's largest and most representative retail industry organisation, servicing more than 24,000 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.

RESPONSE TO ICRC REPORT

The NRA submits that maintaining consistency between the State and Territories is paramount to the success of any scheme. We understand that the ACT Government is reviewing the current scheme and possibly adopting processes which align with other states and reduce any duplication that may occur. The NRA strongly supports a truly nationally-consistent scheme.

State schemes have a significant impact on retailers operating with a national supply chain, which represent thousands of retail outlets across Australia. These supply chains are not limited to state borders and in many cases, act as consolidation points for suppliers across multiple states. In addition, consumers are more mobile than ever and are often travelling inter-state. Because of this, the success of the scheme hinges on consistency of legislation and messaging across jurisdictions.

With millions of customers shopping across the ACT every week, any increase in the deposit scheme will have a cost of living impact on customers. This is why it is important that the costs of potential changes to the CDS, including any administrative costs and handling fees, are kept to a minimum to mitigate the impact on household budgets. Food retailing is a high volume/low margin business, meaning products attract an extremely thin profit margin. There is simply not enough scope to absorb the cost increase associated with the changes to such a scheme.

We submit that it is not only necessary for the refund amount of 10 cents to remain consistent across all jurisdictions and all containers, but for a common refund mark across all States and Territories to be approved. Changes to the refund mark at this stage (that is before all jurisdictions have adopted the current mark) would create extremely high costs to industry in terms of labelling, production and administration and would ultimately impact costs to consumers. The NRA emphasizes the need for a singular, consistent and nationally-recognised refund mark.



Draft recommendations

The Commission's draft recommendations include:

- ***The ACT CDS should move to an arrears payment model with payment terms of 14 days, in particular if NSW CDS adopts an arrears payment model (from the current advance payment model and 7 day payment terms).***

The National Retail Association supports the move to a payment in arrears model, as this will create consistency and reduce costs at an administrative level. This needs to be in conjunction with the NSW CDS as the two systems are fundamentally linked.

- ***The ACT Government should consider providing the security for the overdraft facility required to implement an arrears payment model, with the associated costs being recovered as a scheme cost from beverage suppliers.***

The National Retail Association supports this recommendation, however, would like further detail on the logistics of this.

- ***The ACT Government and Exchange for Change should work with their counterparts in other jurisdictions to harmonise the ACT CDS with other schemes across Australia, particularly with the NSW CDS, to the extent that harmonisation would benefit ACT beverage suppliers and consumers.***

NRA submit that the most immediate priority should be establishing consistency across jurisdictions, instead of creating more differences. The consumer, manufacturers and retailers would benefit from harmonisation of all schemes across the nation. The benefits would be wide ranging, creating efficiencies and potentially influencing collection rates where confusion is eliminated. The ACT scheme recognizes containers that have been registered in other states, and we would support any discussions amongst the states to contrast a single point of registration nationally.

- ***The ACT Government should consider publishing more information about the operation of the CDS, including on the roles and responsibilities of the Network Operator and Scheme Coordinator, the number of collection points, and the Scheme Compliance Fee charged to beverage suppliers.***

We submit that there needs to be very clear transparency over administration costs and recovery percentages. The costs of the CDS should be readily available to all stakeholders and comparable with what suppliers are charged. We submit that it is important that the handling fee reflects the true cost of operations and that this is easily verifiable.

The scheme should allow enough flexibility to adapt quickly and follow learnings from consumer return behaviour to maximize the scheme's effectiveness.

- ***Based on the analysis to date, ongoing monitoring of price and competition impacts of the ACT CDS is unlikely to be needed beyond the initial 12-month period, ending 30 June 2019***

The National Retail Association supports this recommendation.



CONCLUSION

We consider that a measured return rate is key to the success of the scheme. Further measures of success include the reduction of litter, and this goal can be met with relatively low return rates.

In summary, the NRA submits that the key priority for the ACT CDS should be consistency in all facets of the scheme across jurisdictions. Consistency is crucial to reducing confusion for Australian consumers; excessive administrative costs; duplication across jurisdictions; and unnecessary red tape for industry. Some of the key points for national consistency include eligible containers, refund marks, refund methods and refund amounts.

We hope that by coming together and forming a unified view on policy, retailers have demonstrated that we want to make a positive contribution to your deliberations around a way forward. Our members are eager to be an active part of solutions and the NRA is well placed to assist with this. Any change in legislation needs to have a wide level of support and understanding by all retailers, manufacturers and consumers.

We appreciate your assistance in this matter and look forward to hearing from you. I may be contacted on 0409 926 066 or by email d.stout@nra.net.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read "D Stout", is written over a light grey, dotted background.

David Stout
Manager Policy

