



Letter to the Editor

8 April 2018

Dear Editor,

I refer to your article, 'Companies pocket \$400 million a year from unclaimed refunds' (7 April 2018) in which the suggestion is made that the beverage industry is making windfall profits from the NSW Container Deposit Scheme. This is demonstratively wrong.

The scheme, which is funded entirely by the beverage industry, is modelled on similar schemes in South Australia, the Northern Territory and many other countries around the world.

The scheme has been specifically designed as a cost recovery model, not a profit generating model. Beverage suppliers pay only for containers that are actually collected or returned through the scheme. There is no pool of "unclaimed refunds" to profit from as claimed in the article.

Over the past four months, since it commenced, more than 204 million containers have been returned to collection points around NSW. This has seen some \$20 million returned to families and communities in container deposit refunds; in addition, a significant amount of money is expected to be returned to Councils and recyclers for containers returned through kerbside collections which councils must use to benefit rate payers. These refunds are paid out after the end of the quarter.

The facts are these: since the scheme started the beverage industry has been charged some \$184 million by the scheme coordinator, Exchange for Change (EfC). Funds can only be used to pay refunds and the cost of operating the scheme. Suppliers pay a month in advance so there is always funding available for consumers when they return a container to a collection point and also for the refunds on containers recycled through kerbside collections.

At the end of each month refunds to consumers are reconciled against funds paid in advance by suppliers and any difference means the supplier may pay less into the fund for the next month. EfC is not "returning" large amounts of money to any beverage supplier, big or small.

Container returns have been rising as more collection points have been rolled out and consumers embrace the scheme.

The NSW Premier asked the Independent Pricing and Regulatory Tribunal (IPART) to monitor and report on the impact of the NSW Container Deposit Scheme (CDS) on beverage prices. The IPART review will involve monitoring and reporting on the impact of the Scheme between 1 November 2017 and 1 December 2018. The NSW Fair Trading Commissioner has warned against engaging in misleading and deceptive conduct in relation to price increases that are not a result of the scheme.

In the meantime, some of the beverage industry's biggest businesses are on the record saying they will pass on any savings from the scheme costing less than anticipated to consumers.

Peter Bruce
CEO Exchange for Change