

20 March 2017

Queensland Container Refund Scheme
Department of Environment and Heritage Protection
GPO Box 2454
BRISBANE Qld 4001

Via email: waste.paper@ehp.qld.gov.au

Implementing Queensland's Container Refund Scheme: WFA comments on the Discussion Paper

Introduction

The Winemakers' Federation of Australia (WFA) is the national peak body for Australia's winemakers. We represent the interests of Australian winemakers and grape growers of all sizes on national and international issues affecting the Australian Wine Sector, through a single organisation.

WFA membership represents around 80 per cent of the national wine grape crush and includes small, medium and large winemakers from across the country's wine-making regions. WFA works in partnership with the Australian Government and the grape growers' industry organisation, Australian Vignerons, to develop and implement policy that is in the wine sector's best interests.

In Queensland, we represent winemakers located in the Granite Belt and Southern Burnett regions, as well as other expanding rural and regional winemaking areas. The 2016 vintage in Queensland crushed grapes valued at over \$2.6 million and in 2016 the Granite Belt exported its wines to China, Japan, Singapore and other regional destinations. The Queensland wine industry provides critical economic investment in its rural and regional communities. The average winemaking industry wage is approximately \$65,000¹ and wine tourism provides important and varied employment opportunities.

Over the last 18 months, WFA has been engaged in consultations with the New South Wales Government on its Container Deposit Scheme (CDS), making submissions on its proposals to ensure effectiveness, efficiency and consistency with the existing South Australian and Northern Territory CDS legislation. We are pleased to note that the Queensland legislation proposes general consistency in scope with schemes already in operation.

We offer the following comments on key aspects of the proposed refund scheme.

¹ Economic Contribution of the Australian Wine Sector, AgEconPlus Consulting, Gillespie Economics, December 2015

Proposed aims of the scheme and its scope

The Discussion Paper notes that the broad aims of the scheme are to *reduce the amount of drink container litter in, and that enters, the environment and increase the overall recycling rate for drink containers.*

WFA notes that wine containers do not enter the environment via the litter stream in any material way.

The Keep Australia Beautiful 2015-16 Litter Report² found that out of a total of 12,324 litter items analysed in the public waste stream in Queensland, 0.09 per cent were wine and spirits containers. This consisted of 8 wine and spirits bottles, 1 wine cooler and 2 wine cask bladders (a total of 11 individual items). This is comparable to results in South Australia at 0.04 per cent and New South Wales at 0.13 per cent. The highest rate in Australia for this category was Western Australia at 0.17 per cent.

Wine containers, glass or otherwise, do not appear in any significant number in the public litter stream in Queensland or any other state or territory in Australia. The WFA therefore strongly supports the exclusion of wine containers under a Queensland Container Refund Scheme, as described in the Discussion Paper, consistent with the New South Wales and South Australian schemes.

If wine containers were included within a scheme in Queensland, the direct cost on the wine industry would be approximately \$13 million every year, not including ongoing business compliance costs. This impost would fall heavily on small regional winemaking businesses in Queensland with limited means to pass on costs to the consumer due to tight contracts at specific price points with retailers already constraining profit margins, and competition from larger wine companies across Australia.

Recent sales data shows that over July to December 2016, a total of 43,088,600 bottles were sold in Queensland.³ At an estimated cost to industry of 15 cents per unit (10 cents plus an estimated administration cost of 5 cents), the total direct cost to the industry would be just under \$13 million over a twelve-month period. Industry would be paying costs of around \$13 million to address 0.09 per cent of the public waste stream.

The regulatory imposition and cost on the industry compared to the benefit is obviously unjustifiable.

Regulations must be consistent with other jurisdictions

WFA supports the exemptions for wine containers and emphasises that the Queensland refund scheme must be consistent with existing and proposed schemes in other jurisdictions where wine containers are excluded. In addition, the interpretation of the regulations by the Queensland Department of Environment and Heritage Protection must be consistent with that applied by other schemes.

² Keep Australia Beautiful National Litter Index 2015-16

³ AZTEC sales data, Australia liquor weighted, July-December 2016

It will be important that industry and the broader community have an opportunity to examine the draft legislation and any accompanying regulations regarding the specific detail of the scheme and its operation.

Ongoing consultation with industry

The WFA urges the Queensland Government to commit to thorough consultation with industry in regard to any future change in scope of this legislation, given the potential significant costs and cross border issues.

Administration processes, including labelling, must be nationally consistent and applicable

As we have noted in submissions on the New South Wales scheme, many of our members also produce products that will be subject to the refund scheme. While details about labelling requirements are not yet known, it will be extremely important that these be able to be applied and/or recognised across all jurisdictions without the requirement for specific state or territory references.

As more state and territory governments seek to develop and implement refund schemes it is critical to industry that the Queensland legislation and regulatory framework be nationally consistent. The scheme structure and administration, particularly in relation to consistent labelling and reporting requirements must be as efficient as possible. The scheme structure must also be designed in such a way that encourages efficiency in management and administration costs to businesses. The overriding priority should be to minimise the regulatory cost to business and thereby to the consumer.

We look forward to ongoing consultation. If you have any queries relating to this submission, please contact Nicole Cosgrove, Manager, Government Relations (nicole@wfa.gov.au 02 6239 8301).

Yours sincerely



Tony Battaglione
Chief Executive