**Subject:** Coca-Cola Amatil (CCA) Submission to PiCRIS Consultation

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The PICRIS is an important tool for policy determination.  Accepting the difficulties of modelling outcomes in this complex area the approach taken is reasonable in assessing the relative costs and benefits of the various options.  However, the approach assumes no impact on demand for beverages as a result of price changes.   CCA believes this is a key issue which needs to be taken into account when determining policy as reductions in demand will flow on to reductions in employment.  This becomes even more important when the environmental outcomes of the options examined are materially the same.

The beverage industry commissioned research by Acil Tasman to quantify the magnitude of the impacts if this assumption is relaxed and packaging volumes change in response to changes in beverage consumption ( the full research has been provided in this consultation process by the AFGC) .  The scope of the impacts was limited to those on Australian beverage producers and associated Australian packaging producers (the ‘beverage and related packaging industry’).   It did not cover flow effects in retail, service and distribution sectors.

The research showed that in its first year of operation option 4 (a) with an assumed 10c deposit and 4c handling fee would result in direct and indirect losses of over 5000 jobs.

Further that such an approach will result in:

* A loss of 33,456 employee years of full time equivalent employment from the Australian beverage and related packaging industry
  1. This is equivalent to an average annual loss of 1,673 jobs per year between 2016 and 2035 or a change of –3.47 per cent in employment relative to the Reference Case
* A loss in cumulative labour incomes of $2.56 billion (in 2010-11 terms), with a net present value of –$1,041 million (using a 7 per cent real discount rate).

Even before the impact on employment is considered, the PiCRIS outcome is clear in narrowing the most appropriate options to be considered for further evaluation.  It shows only one Option as having a positive economic benefit.  Both variations of option 4 are shown to have great economic costs for no material environmental benefit over other options.  This is despite them assuming huge benefits in reducing the economic cost to local government for existing recycling services.  This assumption has been challenged by a number of local governments who believe their own costs will increase under these options ([www.npcia.org.au/images/stories/npciacds.pdf](http://www.npcia.org.au/images/stories/npciacds.pdf))

CCA supports an enhanced industry product stewardship scheme as described in Option 2(b) which it has developed with other industry players.  This option builds on the proven track record of the current voluntary program implemented by the Product Stewardship Forum by providing protection against free riders and therefore enabling a step change in current investment levels.  It also covers all items in the litter scheme unlike Options 4 and addresses the critical issue of sustainable packaging design.

On the basis of the analysis of the PiCRIS, reinforced by the study of the employment impacts, CCA believes that all option 2a, 2b and 2c should be progressed to examination through the Decision  RIS process and that Options 3 and 4 be rejected.

Alec Wagstaff