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To Whom It May Concern,

Packaging Impacts Consultation Regulation Impact Statement Schweppes Australia Submission

Schweppes Australia is a leading manufacturer and marketer of non-alcoholic beverages in Australia, with operations in all mainland States and more than 1800 employees. Our annual turnover exceeds \$1.1 billion.

We have a strong commitment to minimising the impact of packaging on the community, through reducing packaging weight, and encouraging consumers and industry to recycle waste. One of the ways we demonstrate this commitment is by being a signatory to the Australian Packaging Covenant.

Schweppes has closely followed the investigation of national packaging and recycling policy options by the Council of Australian Government's (COAG) Standing Council on Environment and Water, including the Packaging Impacts Consultation Regulation Impact Statement (PICRIS) released in December 2011. We have carefully assessed the PICRIS findings in terms of the costs, benefits and projected environmental outcomes associated with each of the seven policy options under review. We have also borne in mind COAG's stated objectives, namely:

- Reducing packaging waste and increasing packaging resource recovery;
- Reducing the volume of recyclable packaging sent to landfill;
- Reducing the health and environmental impacts of packaging waste and litter and
- Promoting a consistent national approach to regulating packaging.

As a matter of principle, Schweppes supports equitable, efficient and flexible policy arrangements to address the environment impacts of packaging. We are particularly sensitive of the need to avoid increasing grocery costs and associated cost of living pressures borne by Australian households. Schweppes also strongly supports the continuation of existing co-regulatory arrangements through the Australian Packaging Covenant that have efficiently and effectively driven improvements in Australia's recycling performance over more than a decade.

We support an enhanced product stewardship scheme and as such Option 2B is our preferred option. In addition, we would be willing to support exploration of Options 1 and 2A. These options have the highest reported Benefit Cost Ratios (BCR) by a significant margin. They also have the best potential to deliver fully against COAG's policy objectives.

In recommending these options be explored further, we also would like to express our concerns regarding the ability of the States to enact legislation (such as State-based Container Deposit Schemes) that may undermine a co-regulatory arrangement under the *Packaging Stewardship Act 2011*.

Further, we specifically reject the Mandatory Advance Disposal Fee proposed in Option 3 and the mandatory Container Deposit Schemes (CDS) modeled in Options 4A and 4B. We urge Ministers not to give any further consideration to these discriminatory, outdated and extremely expensive options. We note the PICRIS findings that the costs outweighed the benefits of the CDS by between \$1.4 and \$1.8 billion. This compared to the \$51 million net cost attributed to the industry-funded Option 2(b) for analogous or better environmental outcomes.

There is no doubt that the costs of a national CDS would be passed on to consumers and reflected in higher grocery prices, consistent with the recent experience in the Northern Territory. This in turn would be likely to affect beverage sales and jobs in the beverage and grocery supply chain, while also representing another 'green tax' on the economy. Schweppes believes a national CDS would represent a large and unnecessary expense, given the availability of a range of more efficient and arguably more effective options as highlighted by the PICRIS study.

Schweppes is grateful for the opportunity to contribute our views into the COAG process. We urge Ministers to pursue only those options that achieve their stated policy objectives efficiently and without imposing inordinate costs on Australian consumers. We look forward to COAG agreeing a practical, cost-efficient and effective national approach to improving packaging recycling and reducing litter.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'David Beguely', written in a cursive style.

David Beguely
Managing Director
Schweppes Australia