



Deputy Premier
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships

Our Ref: 00096-2019

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Mr Kim Wood
Principal Commissioner
Queensland Productivity Commission
PO Box 12112
GEORGE STREET QLD 4003

Dear Mr Wood

Kim

The Container Refund Scheme (Scheme) is an important new Government measure. It will be of significant environmental benefit and reduce container related pollution.

The consumer interest should be protected in the Scheme's operation and to assist in this I am seeking for the Queensland Productivity Commission to undertake a price monitoring review of the Scheme over its first 12 months of operation.

Accordingly, under Section 29 of the *Queensland Productivity Commission Act 2015* I direct the Queensland Productivity Commission to undertake a price monitoring review of the Container Refund Scheme. Terms of Reference for the review are attached.

Yours sincerely

JACKIE TRAD MP
DEPUTY PREMIER
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships

Encl.

TERMS OF REFERENCE

CONTAINER REFUND SCHEME – PRICE MONITORING REVIEW

Context

The Queensland Government has decided to commission independent monitoring and analysis of the price impacts of the Container Refund Scheme (CRS) over its first 12 months.

The Container Refund Scheme commenced on 1 November 2018. The scheme is funded under legislation by a surcharge on beverage manufacturers.

The underlying policy aim of this review is to ensure that consumer interests are protected from unjustified pricing behaviour such as retailers and suppliers using the introduction of the scheme to increase prices significantly higher than what would be expected or reasonable.

It is anticipated that the beverage manufacturers will pass the costs of the scheme on to their customers, with some price increases. Price increases should be reasonable and reflect the rate of the surcharge.

Not all beverage products or containers are eligible for a refund under the CRS. For example, plain milk containers are excluded from the scheme. There should be no cost impact on excluded products.

Task

The Queensland Productivity Commission (QPC) is directed to monitor and report on the price impacts of the CRS over its first 12 months of operation.

This specifically comprises:

- the effect of the CRS on prices of beverages sold in Queensland in an eligible container;
- the effect of the CRS on competition for beverages and the performance and conduct of beverage manufacturers and retailers;
- any other specific market impacts on consumers that arise from the commencement of the CRS; and
- any other matters which are relevant to the consumer interest.

The QPC should monitor and report on price impacts across a range of consumer, geographical, supplier, retailer and product categories, including:

- state-wide, regions and localities;
- types of beverages; and
- large and small retailers, ranging from general grocers, liquor stores, hotels and online distribution.

Specifically, the QPC is asked to consider pricing impacts in relation to beverage products with ‘captive’ markets such as entertainment and sporting venues.

The QPC should provide advice and recommendations to the Government to address any adverse pricing effects or behaviours arising from the operation of the scheme.

Consultation

The QPC must undertake a public consultation process and targeted sectoral consultation with, but not limited to, individual beverage manufacturers and retailers, peak beverage bodies (alcohol and non-alcohol), peak retail and hotel associations and consumer organisations.

Reporting

The QPC must publish an Issues Paper by 1 May 2019, an Interim Report by 1 August 2019 and a Final Report by 1 February 2020. The QPC may also report to the Government at any time on matters relevant to price and market impacts of the CRS that arise during the inquiry.