

EFFECT OF THE CONTAINER DEPOSIT SCHEME ON BEVERAGE PRICES

Release of draft report

The State Government has asked the Economic Regulation Authority to monitor the effect that the new container deposits scheme – Containers for Change – has on beverage prices in Western Australia. The ERA released its draft report on 26 July 2021.

About the scheme

[Containers for Change](#) commenced operation on 1 October 2020.

Through the scheme, eligible beverage containers can be returned for a 10 cent refund.

Containers for Change is operated by Western Australia Return Recycle Renew Ltd (WARRRL) – a not-for-profit group.

WARRRL is responsible for:

- Establishing container refund points.
- Recycling refunded containers.
- Ensuring that beverage manufacturers fund the scheme.
- Receiving and dealing with scheme complaints.
- Reporting on the performance of the scheme.

The ERA's price monitoring role

In May 2019, then Treasurer Ben Wyatt MLA asked the ERA to monitor the prices of beverages in containers included in the container deposit scheme.

Under the terms of reference, the ERA is required to monitor beverage prices across Western Australia before the commencement of the scheme and for the following year.

To conduct price monitoring, the ERA has:

1. Estimated the cost of administering the scheme.
2. Estimated the changes in retail prices of beverages that can be attributed to the scheme.
3. Assessed whether changes in beverage prices are more than the costs incurred under the scheme.

The scheme price

WARRRL charges beverage suppliers for the costs it incurs for the scheme's operation and administration, and the refunds paid to consumers for beverage containers.

Beverage suppliers are required to pay the costs of running the scheme, which is based on the scheme price charged by WARRRL.

The scheme price varies depending on the material type, but WARRRL's weighted average scheme price has been **12.82 cents per container (including GST)** over the first six months of the scheme.

The scheme price in Western Australia is similar to that set in other States with container deposit schemes.

Price increases

Based on the first six months of the scheme, the estimated average retail price increases due to the Containers for Scheme are:

- For non-alcoholic beverages, an average of **10.5 cents per container** in metropolitan markets. For individual beverage categories, results include:
 - Soft drink: 10.4 cents
 - Fruit juice: 11.9 cents.
- For alcoholic beverages, an average of **7.6 cents per container** in metropolitan markets. For individual beverage categories, results include:
 - Beer: 8.3 cents
 - Cider: 9.7 cents.

Overall, regional retail prices also increased due to the scheme by a similar amount across non-alcoholic and alcoholic beverages, though due to the smaller data set the results were more variable.

There is not strong evidence that beverage prices have risen by more than the weighted average scheme cost of 12.82 cents due to the introduction of the scheme. This would suggest that the costs being recovered are reasonable.

Next steps

The ERA will continue to monitor beverage prices for the rest of the first year of the scheme's operation. The ERA's final report is expected to be published in early 2022.

The final report will include recommendations to address any adverse effects on prices arising from the scheme, and on whether price monitoring should continue beyond the first year.

More at: www.erawa.com.au/containerdeposits

About the ERA

The ERA is Western Australia's independent economic regulator. We aim to ensure that the delivery of water, electricity, gas and rail services in Western Australia is in the long-term interest of consumers.

The ERA also undertakes inquiries, which provide recommendations to government on economic issues that are likely to have significant implications for the people and businesses of Western Australia.

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