



AgStewardship Australia Limited  
ACN 133 108 853  
8 Geils Court, Deakin ACT  
Ph: (02) 6283 8120 Fax: (02) 62838130

30 November 2018

Australian Competition & Consumer Commission  
Mr David Hatfield  
Director, Adjudication, Merger and Authorisation Review Division  
[David.hatfield@acc.gov.au](mailto:David.hatfield@acc.gov.au)

Dear Mr Hatfield

**Re: Authorisation A91382 AgStewardship Australia Limited**

AgStewardship Australia would like to thank all the interested party respondents for their submissions and overwhelming support of the drumMUSTER and ChemClear programs.

A special acknowledgement for those organisations who have had the strategic foresight to recognise the crucial importance of the programs and the understanding of the need to facilitate the financial viability of the programs going forward.

AgStewardship notes that there are a couple of interested party submissions that are supportive of the continuation of the programs but have identified areas where they see potential for improvement to the program's operations. AgStewardship believes that the programs are currently operating at best practice and will continue to work closely with Agsafe to deliver further improvements in operations. AgStewardship acknowledges the issues raised in the relevant interested party submissions and looks forward to receiving any specific proposals and suggested solutions from these organisations.

AgStewardship notes there are also submissions that support the programs but question whether the increase to a six-cent per litre/kilogram is appropriate. As described in Note 9 of the 2016-17 Financial Statements, AgStewardship has existing Contingent Liabilities that are required to be considered when assessing the financial viability of the programs. These Contingent Liabilities are the costs associated with the collection of containers that have had the levy paid, but for which have not yet been included in collections. It is on this basis that AgStewardship is required to hold cash reserves for drums which have not yet entered the collection process, but for which the levy has been collected. As the number



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and timing of these containers entering collections is uncertain and unquantifiable, AgStewardship forecasts cash reserves levels up to 4 years in advance.

Further, the expected continuation of dry conditions in the eastern states of Australia during 2018 and 2019 have reduced levy income which has resulted in a reduction in the cash reserves of approximately \$525,000 for 2017-18. With the levy remaining at 4 cents per litre until 1 July 2019, a reduction in the reserves to the value of a further \$1 million is forecast for 2018-19; totaling over \$1.5 million in these two years alone. If the levy were to remain at 4 cents, reserves would continue the steady decline by approximately \$1 million per annum for every year after. This decline in reserves would trigger the AgStewardship Board to reduce operations from early 2020 (just over 12 months from today). This will have a significant impact to all the 800+ collections sites across Australia and the rural communities that use the programs. This will result in an erosion of this most valued stewardship operations and risk the ongoing sustainability of the drumMUSTER and ChemClear programs.

Finally, AgStewardship feel the need to correct some of the claims made in certain submissions:

- IBCs are not currently part of the program, nor are there plans to include them. With a commercial IBC return system (such as Schutz) already in the marketplace AgStewardship encourages all stakeholders to utilise these returnable programs. Notwithstanding this, AgStewardship will continue investigation of this issue and work with interested stakeholders to ensure pathways for the responsible disposal of these containers
- DrumMUSTER collections numbers have not diminishing as claimed, they have stayed above the contractual key performance indicator of 2 million drums per annum since 2010.
- AgStewardship acknowledges the complexities and costs for recyclers and farmers alike associated with collections in WA; particularly remote areas. The program has collected over 4.8 million drums since inception in 1998 in WA. AgStewardship and Agsafe continues to collaborate with local governments and farming organisations to make improvements in programs for the benefit of all stakeholders. One initiative is the pilot program of on-farm collections – this commenced in 2018. We look forward to a constructive cooperation with interested parties from WA to continue the success the programs have achieved so far in this state.

AgStewardship and Agsafe have financially and structurally modelled the operations to ensure that the 2 cents per litre increase is enough to achieve the benefits claimed in the application. There are projected funds available to resource the proposed model of the drumMUSTER program. AgStewardship have been clear in the submissions that a 6-cent levy will allow for 20% increase in collection operations and allow for future proofing operations in the years ahead.



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AgStewardship have responded accordingly to the first and second round of public submissions to the ACCC from interested stakeholders. We believe that all issues raised have been appropriately addressed and responded to at the highest possible detail. The ACCC Draft Determination accurately reflects the expectations of the majority of stakeholders (manufacturers, local governments, state EPAs as well as State farming groups and the primary producers they represent).

I look forward to a favourable Final Determination so that the *drumMUSTER* and ChemClear programs can continue to deliver an internationally recognised drum and obsolete chemical collection programs in the coming years.

Yours sincerely

A handwritten signature in black ink, appearing to read "B. Papps", written in a cursive style.

**Bruce Papps**  
**Chair AgStewardship Australia Limited**