



23 November 2018

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Canberra ACT 2601

Sent via email: [adjudication@acc.gov.au](mailto:adjudication@acc.gov.au)

Dear Sir/Madam,

WAFarmers welcomes the opportunity to comment on the ACCC's draft determination on application authorisation AA1000429 by AgStewardship Australia Limited.

Currently WAFarmers opposes the Draft Determination of application AA100042 and supports the continuation of the previous authorised application A91382. WAFarmers insists that the ACCC maintain the drumMuster levy at 4c/kg until an *improved* business case be provided to industry stakeholders for further analysis.

WAFarmers believes the *Program Business Plan 2019- 2024* provided to industry by AgSafe does not warrant a proposed voluntary levy increase from 4cents/Litre to 6cents/Litre. The business plan fails to demonstrate detailed market analysis, financial projections and operational improvement strategies that will aid the program to succeed well into the future.

As it currently operates, the program is not viable in Western Australia and inefficient in other states; significant operational improvements need to be implemented that will benefit the programs end-users and the primary levy payers – farmers and their farming communities.

WAFarmers is disappointed with the ACCC's decision to not take recommendations made by industry stakeholders with more consideration. Industries concerns relate directly to the operational capacity of the current program; collection site efficiency, approved plastics and eligible containers within the program.

There has been an increased preference from Western Australian farmers for chemical supplied by manufacturers in 1000L Intermediate bulk container's (IBC) and 100-110L enviro-drum recyclables over the eligible containers that currently meet the drumMUSTER criteria. Many farmers return these recyclables directly to the manufacturer or through their supplier. The influence of these containers within the WA market sparks concerns about the relevance of the program as it currently stands. As many of these containers do not fit the programs current recycling criteria, WAFarmers urges the ACCC to address industry relevance moving forward; it is of WAFarmers opinion that a considerable overhaul of the program is required.

Whilst WAFarmers supports the removal of unwanted chemicals and will continue to back initiatives to minimise chemical waste; WAFarmers does not support the drumMuster program increasing from 4cents/Litre to 6cents/Litre as the business plan fails to outline a viable and justifiable operational forecast that will benefit the industry well into the future.

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Although the levy increase will enable the continuation of the program, WAFarmers proposes that AgStewardship's application to the ACCC is maintained at 4cents/Litre until the program is supported by a transparent business case that seeks to improve its current operational capacity. There are sufficient financial reserves for the program to continue at 4cents/Litre for an additional three years; improved strategy is required before the levy is increased, the strategy must include; business objectives such as Key Point Indicators and benchmarking targets before the levy is increased by 50%.

WAFarmers proposes the following and urges the ACCC to reconsider the Draft Determination.

- The levy is maintained at 4cents/Litre until a detailed and thoroughly investigated financial forecast is provided to industry stakeholders, in conjunction with an operational improvement strategy to fully support key point indicators outlines with the financial forecast
- WAFarmers proposes that the levy remain at 4cents/Litre over the next three years, due to sufficient operational finances. During the three year timeframe a future program is strategised and drafted with increased industry consultation.
- WAFarmers does not regard an increase of 2cents to be adequate for the continuation of the current program, a thorough review and overhaul is required. WAFarmers supports the levy but significant overhaul is required, the proposed 2cents/Litre levy increase seems insufficient for an efficient program. This is an area WAFarmers would like further investigation.

WAFarmers is in support of Grain Producers Australia's submission to the ACCC and WAFarmers believes further information is necessary to allow a more comprehensive review to ensure the proposed levy increase will be supported by a viable and well strategised program that is beneficial for our industry.

Many thanks and I look forward to a response.

Yours faithfully,

A handwritten signature in black ink that reads "D.P. Young".

Mr. Duncan Young

WAFarmers Grains Section President