

Request for Costing an Election Commitment

Name of policy proposal:	Container deposit scheme
Person requesting costing:	Andrew Barr MLA, ACT Labor
Date of request:	05/10/2016
Summary of proposal:	ACT Labor will introduce a container deposit scheme.
Issue the proposal will address:	The proposal will assist in achieving ACT waste management objectives.

What are the key assumptions that have been made in the proposal?

Note: The costing will developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

The scheme is based on the premise that the scheme should be cost neutral. The scheme will be ongoing.

The scheme is based on 7 collection points, each with a full time staff member (ASO4), a contract manager (SOG C), and purchase of 20 reverse vending machines at \$25k per machine. Calculations assume 300 eligible containers per household (143,941 households assumed) per annum would enter the scheme.

Depreciation is not included for the vending machines but cost of finance is.

Revenue is based on 10 cents per container deposited to consumers, 1 cent handling cost, 2 cents administration cost per container, funded by beverage suppliers.

This request for costing only includes funding out to 2019-20 as per the Treasury costing guidelines.

Any costs for legislative changes would be met from internal resources of the Transport Canberra and City Services Directorate (TCCS).

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2016-17	2017-18	2018-19	2019-20	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)		5,754.0	5,974.6	6,203.5	17,932.1
Expenses^(a)		-5,907.7	-5,991.9	-6,184.0	-18,083.6
Capital		-500			-500
Depreciation					

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

The scheme is based on similar schemes in New South Wales and South Australia.

Where relevant, is funding for the proposal to be demand driven or a capped amount?
The funding is capped.
Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements (for example, does an education proposal add to or redirect NERA funding).
N/A
Will funding/the cost require indexation?
Indexation is included.
Who will administer the proposal?
TCCS will meet any additional administration costs from internal resources.
How will the proposal be administered?
Through TCCS.
Is the proposal part of a broader package?
No.
Has an allowance been made for expenses necessary to support the implementation of this proposal? – If no, will the government agency be expected to absorb expenses associated with this proposal? – If yes, please specify the key assumptions.
No. See above regarding TCCS internal resources.
Will the proposal generate savings or offsets?
No. Revenue is associated that should make the scheme broadly cost neutral.
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
No.
What are the community impacts associated with the proposal? Who and how many people will be affected?
The community will benefit from improved waste management.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
N/A
What is the intended implementation date of the proposal?
1 July 2017
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc?
Start date 1 July 2017.
Will the proposal cease, and if so, when?
N/A
Is there any additional information relevant to this proposal?
N/A