



one voice - adding value

13 November 2012

Ms Sophie Dunstone  
Committee Secretary  
Environment and Communications References Committee  
P O Box 6100  
Parliament House  
CANBERRA 2600

By email:  
Ec.sen@aph.gov.au

Dear Ms Dunstone

**Senate Environment and Communications References Committee Inquiry into  
Container Deposit Schemes – Questions on Notice**

Please find enclosed a copy of our responses to questions on notice that were tabled by Committee Members at the Public Inquiry into Container Deposit Schemes, held in Adelaide on 7 November 2012.

The AFGC has to the best of its ability answered the questions put forward by relying on the Hansard provided. We are more than happy to provide further evidence or response in the event that outstanding questions remain.

Sincerely

**Gary Dawson**  
Chief Executive Officer

Attach (1)



## ATTACHMENT 1

### SENATE INQUIRY INTO CONTAINER DEPOSIT SCHEMES QUESTIONS ON NOTICE TO AUSTRALIAN FOOD AND GROCERY COUNCIL RESPONSES – 13 NOVEMBER 2012

#### National Waste Policy and Product Stewardship – the Australian Packaging Covenant

**Question: Hansard Proof Copy (Page 9) Senator CAMERON:** *Okay—I do not want a free ad for this; I have limited time. So I am happy for you to put all that on notice if you need to. I want to go to the issues of national waste policy. Product stewardship has four aims, one of which is to reduce the amount of waste. Can you provide me, on notice, with the amount of waste that has been reduced by the covenant? The second aim is to increase the recovery of resources. Could you also advise me of how much resources the covenant does recover in terms of waste containers? Also, is it a national coverage? And how effective is that national coverage, and are there areas where the national coverage is limited and not working effectively? The fourth aim is to ensure fair and equitable industry participation in the scheme. Does the covenant provide fair and equitable industry participation in the scheme? So, I would like to know the outcomes, the access the public has to it, and the targets—consistent with the approach product stewardship is seeking to achieve.*

**Response:** The APC, a national, co-regulatory packaging product stewardship arrangement, was established in 1999, predating the establishment of the Commonwealth Government's *Product Stewardship Act* in 2010.

The current product stewardship arrangement commenced in 2010 and runs until 2015. A target 70% packaging recycling rate has been established by the APC by 2015 (up from the 2010 recycling rate of 63.1%). The AFGC supports the APC as a comprehensive, national approach that encompasses all packaging, not just beverage containers.

The underpinning regulatory framework of the APC is administered by the Australian Government in the form of a National Environment Protection (Used Packaging Materials) Measure, with implementation at the state and territory level. Signatories that sign up to the APC are required to prepare an Action Plan (usually 5 years) and report annually against their Action Plan. Failure to do so may subject the signatory to action at a state and/or territory level (including establishing mechanisms to take back their product). Brand owners are only subject to the regulation if their annual turnover exceeds \$5 million. Therefore, the APC carries the enforcement of regulation at a state/territory level in accordance with each environmental protection legislative arrangement.

In March 2012, the APC comprised 733 signatories, 688 of which are brand owners, encompassing the supply chain, from packaging suppliers, to manufacturers, to retailers. In other words, the APC includes a broad coalition of organizations including food and beverage manufacturers with the single purpose of reducing packaging waste. This is far more expansive and extensive than the proposed or existing CDS schemes. The APC takes a life-cycle approach that starts with design and utilizes Sustainable Packaging Guidelines for signatories to assess their packaging needs. Four key principles of sustainable packaging form the basis of the Guidelines – being fit for purpose, resource efficiency, low impact materials and resource recovery.





Each year the APC publishes performance data on packaging consumption, recycling and disposal to landfill (see Table 1 below). Since 2003, the tonnages of packaging recycled have increased by more than 1.1 million tonnes (or 68.7%) and packaging waste tonnages to landfill have reduced by more than 800,000 tonnes (or 36.4%). The Senate Inquiry should note that data on consumption and recycling is by material type, not container type (other than steel and aluminium cans).

**Table 1: 2011 Covenant Performance Data<sup>1</sup>**

Material Type	Total Consumption (tonnes)	Total Recycling (tonnes)	Recycling Rate %
Paper/Cardboard	2,602,000	1,960,000	75.3
Glass	1,053,808	519,600	49.3
Plastics	532,251	199,812	37.5
Steel cans	127,601	43,583	34.2
Aluminium cans	57,196	36,600	64.0
<b>TOTAL</b>	<b>4,372,856</b>	<b>2,759,595</b>	<b>63.1</b>
Aluminium all containers (cans and aerosols); this tonnage not included in the analysis for recycling rate above.	65,362	40,260	61.6

**Change in Packaging Recycling (by type)**

	2003	2011	Change %
Paper/Cardboard	1,211,000	1,960,000	61.8
Glass	238,500	519,600	217.9
Plastics	127,397	199,812	56.8
Steel cans	29,871	43,583	45.9
Aluminium cans	28,500	36,600	28.4
<b>TOTAL</b>	<b>1,635,268</b>	<b>2,759,595</b>	<b>68.7</b>

<sup>1</sup> See: <http://www.packagingcovenant.org.au/page.php?name=covenantperformancedata>





## Total Packaging Consumption and Recycling

	2003	2011	Change %
Consumption	4,172,433	4,372,856	4.8
Recycling	1,635,268	2,759,595	68.7
Disposed to landfill	2,437,165	1,613,261	-36.4
<b>Recycling Rate</b>	<b>39.2%</b>	<b>63.1%</b>	

The APC has contributed \$4,868,934 towards 23 new projects which have a total project value of \$9,765,436. Forty percent of these projects address away from home recycling. Many of these projects focus on the provision of bin infrastructure to accommodate recycling in public places such as shopping strips, malls, schools, workplaces and sports and entertainment venues. Glass is the focus in seven of these projects, including initiatives to address recycling in regional and remote areas and focussed on providing the infrastructure to utilise recycle in civil infrastructure works. The second material type targeted is plastics.

In September 2011, the APC established an enquiry and complaint line for members of the public to facilitate dialogue with brand owners on consumer complaints or concerns about product packaging. Details are accessible via the APC home page: [www.packagingcovenant.org.au](http://www.packagingcovenant.org.au).

## Packaging/Non Packaging Litter by State and Territory

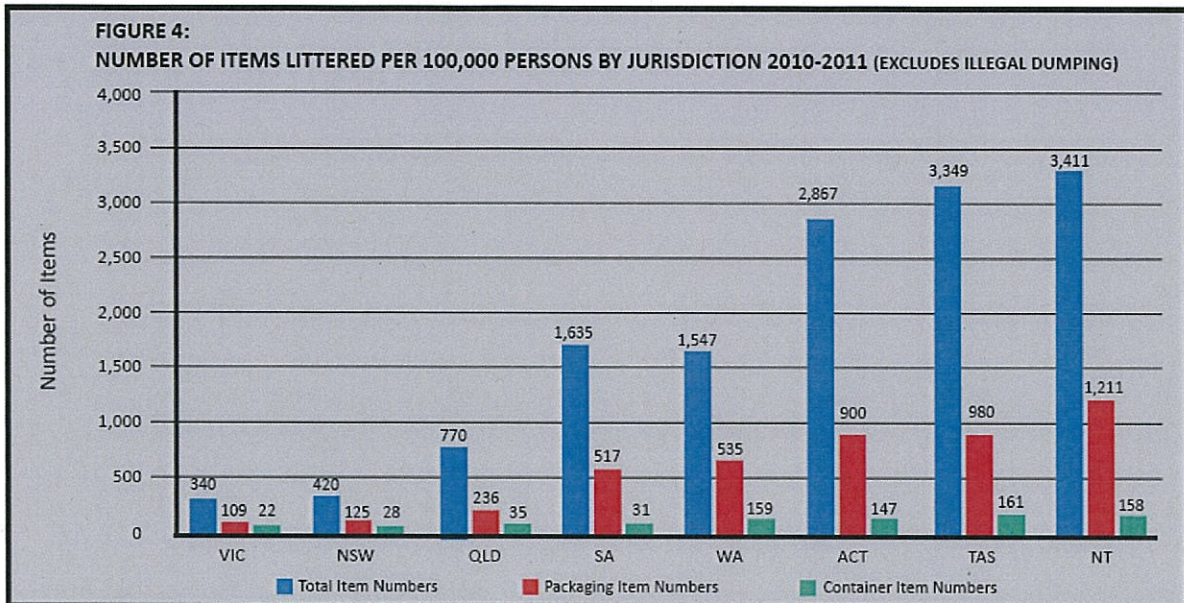
**Question: Hansard Proof Copy (Page 10) Senator XENOPHON.: But you acknowledge that South Australia's scheme, whatever imperfections it has, does deliver a much better outcome in terms of cleaning up litter from containers than other states.**

**Ms Pickles: It might do a little bit on litter but in actual fact you have got more of the other litter. The data shows that South Australia has more of other non-packaging litter than other states, so it has not been successful in creating a culture of change on all litter.**

**Senator XENOPHON: Because time is limited, please take this on notice—in fairness to you and also the rest of the committee—and provide a back-up for that assertion you made.**

**Response:** Figure 4 below (extracted from the National Packaging Covenant Industry Association submission to the Senate Inquiry) is based on Keep Australia Beautiful National Litter Index data, and illustrates that SA has more littered items overall per 100,000 people than Victoria, New South Wales, Western Australia and Queensland and more beverage litter than Victoria and New South Wales.





### System Efficiency (Container Deposits and Kerbside Recycling Costs)

**Question:** *Hansard Proof Copy (Pages 10-11) Senator XENOPHON: My final question is: in an AFGC media release of 14 August 2012 about cost increases, you say: This is essentially a cost shifting exercise from councils to NSW families, who will see their grocery bills rise to the tune of \$300 or more per year. What do you mean by that? Are you saying that councils generally clean up litter now and that is a more efficient way of doing it?*

**Ms Pickles:** *It is not just that; their kerbside recycling systems are a much more efficient collection system — I can provide data, should the senator be interested, supporting that, in terms of the cost per tonne, it is much less costly to collect via kerbside than it is via a container deposit scheme.*

**Senator XENOPHON:** *If you could provide that data, that would be useful.*

**Response:** A 2010 study undertaken for the Environment Protection and Heritage Council by economists, the BDA Group<sup>2</sup>, found that the projected cost per tonne of a national container deposit scheme for beverage containers would be **\$2,040** (Page 3).

The study also presented data on the cost per tonne of household kerbside recycling systems by state and territory. Taking a simple non-weighted average of the data provided in Table A5.4 (Page 62 of the report) yields an average cost per tonne of **\$270** to collect and recycle a much broader range of material than just beverage containers. A typical kerbside recycling system includes newsprint, office paper, cardboard, steel cans, beverage containers, aluminium aerosols and other plastic packaging (eg margarine, ice-cream, detergent containers).

<sup>2</sup> Beverage Container Investigation – Revised Final Report, BDA Group, 28 April 2010. Prepared for the EPHC Beverage Container Working Group





one voice - adding value

## NT Consumer Affairs Commission

**Question:** *Hansard Proof Copy (Page 12) CHAIR: Whilst the committee will look it up itself as well, if you could provide a reference for the statement of the commissioner that you are referring to that would be appreciated.*

**Response:** The statement by the NT Consumers Affairs Commissioner to the effect that they had found no evidence of retailers excessively putting up prices following the introduction of the NT CDS scheme was made on ABC Darwin on 14 May 2012 (see extract from Media Monitors below).

**MON 14 MAY 2012, 2:02 PM**

**Media Alert**



### Radio (1 item)

#### Gary Clements, NT Commissioner for Consumer Affairs, says in...



[ABC Darwin, Darwin](#) hosted by [Newsreader](#)

14 May 2012 12:03 PM

12:00 News - 0 min 50 secs - ID: W00048667840



Gary Clements, NT Commissioner for Consumer Affairs, says investigators have found no evidence of retailers excessively putting up beer prices under guise of **Cash for Containers** legislation. Gerry Wood, NT Independent Member for Nelson, says that beer prices have spiked by up to \$20 per **carton**, and retailers are using the legislation as an excuse.

[Play Now](#) - [Order presentation file or transcript](#)

#### Keywords

Containers (1), carton (1), Cash (1)

#### Interviewees

Gary Clements, NT Commissioner for Consumer Affairs

N/A ALL

N/A MALE 16+

N/A FEMALE 16+

**Also broadcast from the following 1 station**



one voice - adding value



A SENTIA MEDIA COMPANY

Media Alerts are published under licence by Media Monitors and may be subject to error or omission. Media Alerts are for the use of Media Monitors clients only and may not be provided to any third party for any purpose whatsoever without a licence from the publisher or the appropriate licensing body. Media Monitors operates across the Asia Pacific region and uses multiple sources to gather audience data for internet, press, radio and television media entities. These audience data providers include AGB Nielsen Media Research, Audit Bureau of Circulations, comScore, CSM Media Research, OzTAM, Nielsen, Research International and TNS.

The Senate Inquiry should also note the comments of ACCC NT Director, Derek Farrell, on ABC News on 5 January 2012 (see link: <http://www.abc.net.au/news/2012-01-05/20120105-cash-for-containers-criticism/3760256>). Mr Farrell acknowledged that following the introduction of the NT Container Deposit Scheme, beverage sellers had a genuine reason to raise prices. As stated by Mr Farrell, "It is perfectly legal for traders to set prices as they see fit and we recognise that remote communities are in a very difficult position." Mr Farrell then went on to state that "There is no suggestion in this instance that it (collusion) is occurring".

### Product Stewardship Schemes – Transparency, Accountability and Audit

**Question: Hansard Proof Copy (Page 13) Senator Xenophon: Do you have an issue with the transparency and accountability and auditing provisions suggested by the Boomerang Alliance?**

**Response:** The AFGC is of the view that competition is the best way to ensure that consumers achieve the best market outcome (ie the market should be left to itself). Some manufacturers may choose to pass the costs of compliance with product stewardship schemes on to consumers and others may only partially do so (eg where state based schemes are in place by spreading the costs of compliance across national pricing). To propose additional regulation in this area (over and above current ACCC regulation) would only add to the regulatory burden on business, and have the effect of increasing, not decreasing compliance costs, which again would have to be passed on to consumers.

### AFGC Consumer Awareness Activities re Container Deposit Schemes

**Question: Hansard Proof Copy (Page 13) Senator WHISH-WILSON: Have your members made those concerns public or have you done that for them in media releases or in a media campaign in the last five years?**

**Response:** The Senate Inquiry should note that consumer awareness raising activities have previously been undertaken in Western Australia (in 2008), the Northern Territory (in 2011) and during 2012 in Queensland, Victoria, New South Wales, Tasmania and Western Australia.

2012 activities have included print and radio advertisements under the banner "Say No to the Drink Container Tax", highlighting that under a drink container deposit scheme costs could increase by **up to 20 cents** for every bottle of milk, water, fruit juice, soft drink, wine or beer.





The basis for the “up to 20 cents” claim in print and radio advertisements was the cost of the deposit, plus handling fees, retailer margin and GST.

As advised during the AFGC’s presentation to the Senate Inquiry, and in our submission to the Inquiry, when additional costs are imposed at the wholesale level (such as the costs of the deposit and handling fees), retailers will then apply their retail margins plus GST, which may feed through to higher prices at the checkout. Ultimately the price at the checkout is a decision for retailers.

A web site was also established: [www.saynotothedrinkcontainertax](http://www.saynotothedrinkcontainertax). The web site also provides further details on industry’s alternative product stewardship model, modelled as Option 2(b) under COAG’s Packaging Impacts Consultation Regulation Impact Statement (see: <http://www.nodrinkcontainertax.org.au/the-alternative.html>). This option has been demonstrated by the COAG analysis to deliver the same outcomes for recycling and litter reduction, at much less cost to the community. The details of Option 2(b) are outlined in the AFGC Submission to the Senate Inquiry.

### Consumer Recycling Education and Litter Methodology

**Question: Hansard Proof Copy (Page 13) Senator CAMERON: Can you provide us with details of the methodology that you have used to come to the conclusion that consumers are doing their bit?**

**Response:** The basis of the AFGC claim is an Australian Bureau of Statistics report<sup>3</sup>, published in 2010, which showed that the recycling activities of households grew extensively between 1996 and 2009.

*“In 1996, 91% of Australian households said they practised some form of waste recycling and/or reuse activity. In 2009, almost all Australian households (98%) reported that they recycled waste and 86% reported that they reused waste. Items commonly reused or recycled by households included paper, cardboard or newspapers (95%), plastic bottles (94%), glass (93%) and plastic bags (90%). Recycling activities in Australia are facilitated by municipal kerbside recycling services. In 2009, over 91% of Australian households used municipal kerbside recycling to recycle waste, an increase from 87% in 2006.”*

Further, following extensive analysis of littering behaviours, based on nearly 9,000 observations and over 2,500 surveys, a study by Community Change Consultants found that the majority of people (77%) were “doing the right thing” and not littering, compared to 23% of people observed littering<sup>4</sup>. A drink container deposit scheme penalizes everyone with higher costs, even those who are already “doing the right thing”.

In relation to the Senate Inquiry’s query regarding litter data measurement methodologies, it should be noted that this issue is already progressing under the auspices of the Australian Packaging Covenant.

<sup>3</sup> 1370.0 - Measures of Australia's Progress, 2010, Australian Bureau of Statics

<sup>4</sup> Understanding Littering Behaviour in Australia, Prepared for the Beverage Industry Environment Council by Community Change Consultants, 1997