

KABV Inc

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Submission to the Inquiry into Container Deposit Schemes

I, Kirsty Richards, am making a submission to the Inquiry as Chair of Keep Australia Beautiful Victoria Inc (KABV Inc), with the full support of the Board of KABV Inc. KABV Inc was set up when Keep Australia Beautiful Victoria formed our partnership with Sustainability Victoria.

Though our strong links with regional, rural and metropolitan communities we have seen outstanding collaborative work in changing people's behaviour, improving recycling and reducing litter. I am concentrating briefly on cost, and the effectiveness of these programs in changing behaviour.

My background:

- I have worked within the Australian Food and Grocery Council's Packaging Stewardship Forum, setting up successful recycling programs across Victoria and Tasmania with partners in communities, industry and government.
- As Chair of Keep Australia Beautiful Victoria, I have seen the outstanding successes collaboration within communities, and between communities and industry and government, can make.

“While instinctively you feel that a container deposit scheme is the best, when you look into it, it simply isn't.”

That's the judgement of a key figure within the sustainability industry who was in favour of a Container Deposit Scheme (CDS), and now, having researched it, is definitely not supporting that kind of scheme.

Research shows that a CDS falls down in two main areas – cost and effectiveness.

In 2010, Federal, State and Territory Environment Ministers conducted an assessment of potential options for national measures, including container deposit legislation, to address resource efficiency, the impact on the environment and the reduction of litter from packaging waste, such as beverage containers.

The assessment found that a national container deposit system would be the most expensive option, at a cost of \$680 million a year, to collect an additional 330,000 tonnes of beverage containers. That gives a cost of \$2,040 per tonne.

A CDS would be the most expensive option.
And not the most effective.

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A CDS concentrates on a small part of the packaging stream. Putting a monetary value on something can encourage people to ignore what does not have that extra value – which is the rest of the packaging stream.

Alternatively, if you teach someone to do the right thing, to recycle across all items - and they find that easy to do because the systems have been set up for that - that will last longer, and reach further into a culture of doing the right thing with everything. Not just with a select group of packaging containers.

Below is a comparison of litter in Victoria - where there is strong collaboration between industry and government to both recycle and to prevent litter – with South Australia, which has a container deposit system.

Litter is getting less nationally in both the number of items and total volume of those items.

Comparing litter items between 2005/06 and 2011/12 per 1000sqm:

In Victoria:

Paper littered items have been reduced from 11 to 6.

Plastic has dropped from 14 to 6.

Metal has dropped from 6 to 2.

Glass has dropped from 2 to 1

Cigarette butts have dropped from 41 to 19.

These numbers are from the Keep Australia Beautiful Litter Index p130. The collaborative arrangement between industry and government and the community works well in Victoria, as these figures demonstrate.

In South Australia, litter does not show as marked a downward trend between 2005/06 and 2011/12.

Cigarette butts have moved from 26 in 05/06 to 19 in 08/09, to 25 in 2012

Metal items were 5,5,5,5, 4, and now 4 in 2012.

Plastic items were 15, 15, 15, 14, 12, and now 12.

Paper items were 16, 16, 16, 13, 13, now 12.

Glass items were 2, 2, 2, 2, 1, now 1 in 2012.

These numbers are from the Keep Australia Beautiful Litter Index,p100.

Victoria's achievements with recycling and litter reduction demonstrate that collaborative co-regulatory models that take in **all** packaging, such as that proposed by the Australian Packaging Covenant, encourage a total change in culture, and have the potential to achieve better, wider reaching and more sustainable environmental outcomes, than ones based on taxes and punitive measures.

I look forward to vigorous and resilient analysis and judgement on this issue.

Yours sincerely,

Kirsty Richards

From the Keep Australia Beautiful National Litter Index Page 100

Annual average figures for counts across 2005/06, 2006/07, 2007/08, 2008/09, 2009/10 and 2011/12 in the SA confirm the cigarette butts continue to contribute the highest number of items per 1,000m² to the litter stream and remain in similar proportions to the other the main material type categories.

The number of items per 1,000m² in 2011/12 is similar to the previous year with some movement among items within the different material types, as outlined below:

- Cigarette butts (25 butts, up from 23 butts in 2010/11, 21 butts in 2009/10 and 19 butts in 2008/09, but down from 26 butts in 2007/08, the same as 2006/07, up from 24 butts in 2005/06)

 - Paper/ paperboard objects (12 items, unchanged from 2010/11, down from 13 items in 2009/10 and 2008/09, 16 items in 2007/08, the same as 2006/07 and 2005/06)

 - Plastic objects (12 items, unchanged from 2010/11 and 2009/10, but down from 14 items in 2008/09, 15 items in 2007/08, 2006/07 and 2005/06)

 - Metal objects (4 items, unchanged from 2010/11 and 2009/10, down from 5 items in 2008/09, 2007/08 and 2006/07 and the same as 2005/06)
- KAB 2011/12 NLI - SA - 101 -*
- Glass objects (1 item, unchanged from 2010/11 and 2009/10, down from 2 items in 2008/09 and 2007/08 and the same as 2006/07 and 2005/06)



EXECUTIVE SUMMARY from the **NPCIA SUBMISSION**
to the COAG Standing Council on Environment and Water Packaging Impacts
Consultation Regulation Impact Statement (PICRIS)

Lodged 30 March 2012

The National Packaging Covenant Industry Association is the peak industry body for packaging, representing the interests of industry signatories to the Australian Packaging Covenant.

Industry members acknowledge the National Waste Policy (avoid, reduce, re-use, recover, recycle, disposal) by adopting a life-cycle approach to sustainable design and use of consumer packaging.

Through collaboration and engagement with the packaging supply chain, NPCIA members develop sustainable packaging that minimises environmental impacts and reduces waste, as well as delivering economic and social benefits to the community, industry and government.

The NPCIA is the Product Stewardship Organisation responsible for management and facilitation of the Australian Packaging Covenant.

supporting sustainable packaging

Questions or comments relating to this NPCIA submission should be directed to

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EXECUTIVE SUMMARY

NPCIA supports the Australian Packaging Covenant as the only appropriate regulatory mechanism for packaging product stewardship within Australia.

The Australian Packaging Covenant (APC) was deemed the best approach by Ministers in 2010 to address government objectives. The Packaging Impacts Consultation Regulation Impact Statement (PICRIS) confirms that Ministers made the right decision.

The APC (and former NPC) has been successful in increasing the recycling rates of consumer packaging from 39% in 2003 to 63.1% in 2011 through the achievement of strategic goals.

The APC is addressing the issue of increasing recycling rates.

The APC has reduced the amount of consumer packaging disposed to landfill by 68.7% since 2003.

The APC is addressing the issue of the loss of resources and resource efficiency.

The APC has overseen a reduction of litter across Australia as confirmed in the National Litter Index.

The APC is addressing the issue of reducing the number of packaging items in the litter stream.

The APC does not discriminate between material types and has the flexibility to address global trends in the packaging industry.

The PICRIS finds that **Option 2A is the only option that generates a net benefit** for the Australian community and is the only regulatory option that outperforms the current APC.

The PICRIS analysis suggests the **base case and Option 2A are the only models that satisfy the COAG Principles of Best Practice Regulation** and the aims of the National Waste Policy.

NPCIA recommends that Ministers should **disregard options, such as Option 4, that present unjustifiable costs** on the Australian community, increase regulatory complexity and impose unnecessary compliance costs. Container Deposit Schemes (CDS) as proposed in Option 4 address only one type of packaging. They provide limited allowance for resource minimisation in packaging design, limited flexibility to consider the life cycle of a packaged product and limited capability to address global packaging trends. Under a CDS, Australia will be stuck in time, unable to adapt.

The base case and Option 2A are the only models that satisfy both market and non-market based assessment criteria.

OUR DECISION PROCESS

Step 1: Redefine the Problem

COAG Principle 1: Establishing a case for action before addressing a problem

Is there a problem?

Australians are renowned for our high recycling rates and are world leaders in litter management. The APC (and former NPC) has been successful in increasing the recycling rates of all consumer packaging from 39% in 2003 to 63.1% in 2011. The APC has also overseen a reduction of litter across Australia and a substantial reduction in packaging waste to landfill.

The objectives of the National waste Policy are embodied in the flexibility and wide scope of the APC. It is a 21st century approach to minimising the environmental impacts of **all** packaging types.

The base case was the second best performer in the PICRIS (FIGURE 1). Why change?

If a case for regulatory action is established then...

Step 2: Establish Assessment Criteria

COAG Principle 3: Adopt the Option Generating the greatest net benefit for the Community

The Net Present Value (NPV) (FIGURE 1) and Benefit Cost Ratio (BCR) (FIGURE 2) form the primary assessment criteria of the PICRIS Process.

Households Willingness to Pay (WTP) estimates are taken into consideration during a secondary assessment to consider community non-market values (FIGURE 3).

Step 3: Apply key Criteria to the Options presented

Option 2A emerged the only option expected to provide a **net benefit** to the Australian economy over and above the base case and should only be adopted if a case for change is established. **Option 2A** under the *Product Stewardship Act 2011* will have greater **regulatory and a stronger compliance** regime than the current APC.

If additional options are considered, the NPCIA would support Option 1, followed by Option 2B.

Step 4: Eliminate outliers not meeting any Criteria

Option 4A and Option 4B present unjustifiable costs to the Australian community.

Options 4A and 4B are not only costly but

- will **not** achieve the projected recycling outcomes
- will **not** achieve the projected litter outcomes. The National Litter Index (NLI) data shows that when population is taken into account, CDS are less effective at reducing litter than a wider management approach (FIGURE 4)
- **increases regulatory complexity (COAG Principle 5)**
- **will not be relevant and effective over time (COAG Principle 7)**

Step 5: Remaining Options?

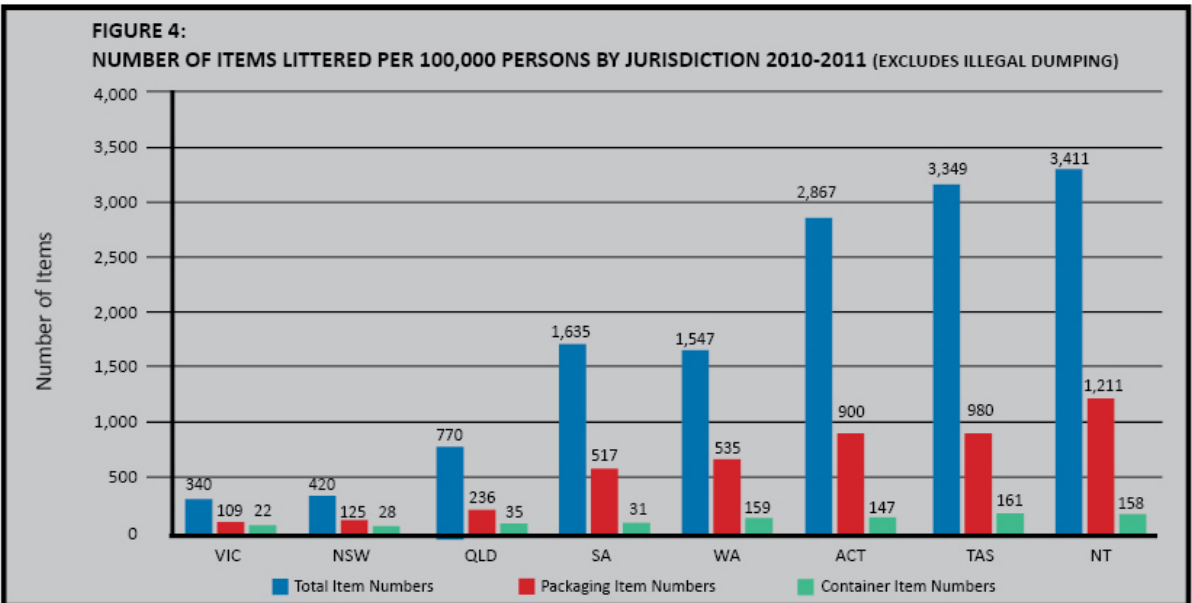
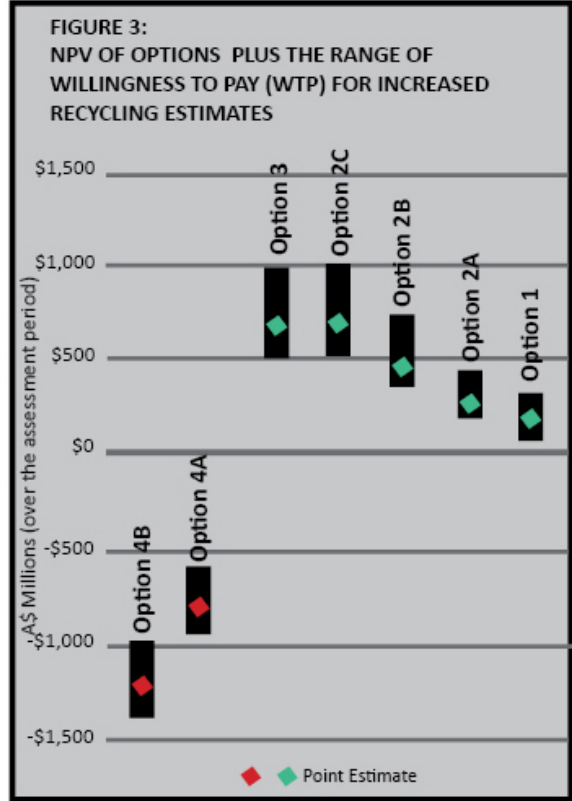
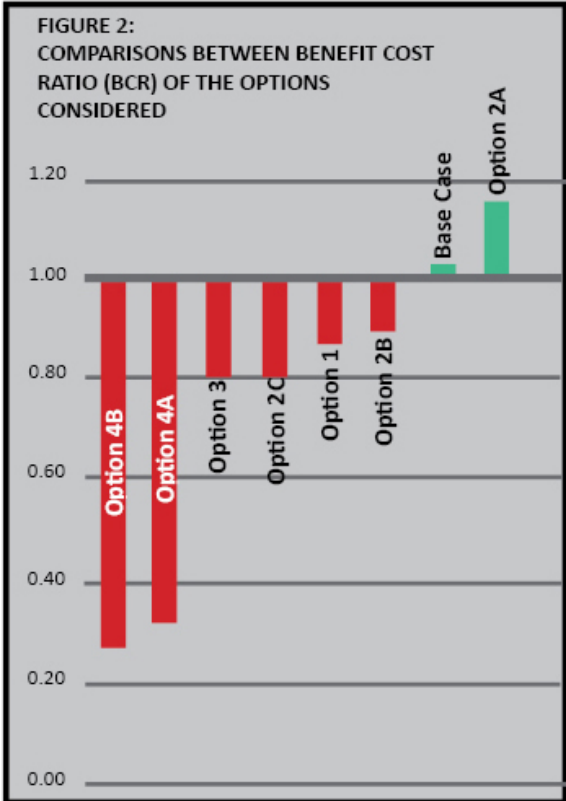
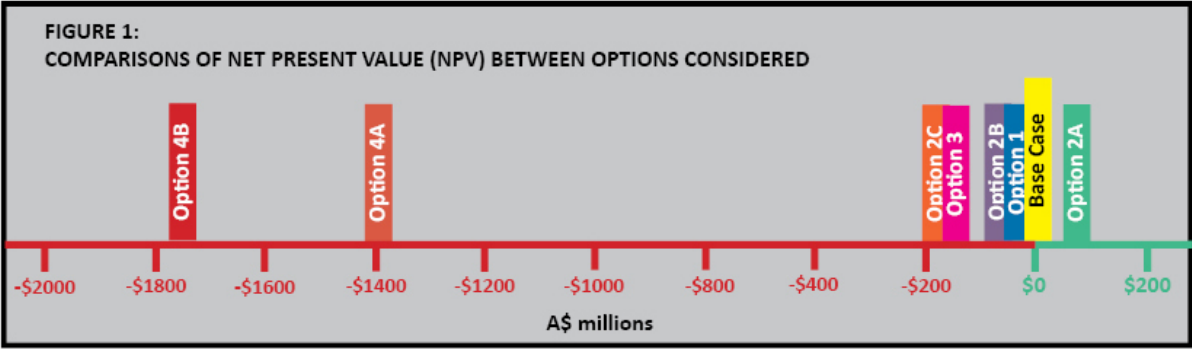
NPCIA has only marginal support for Option 2C and Option 3, as more cost-effective options present more certainty and flexibility.

COAG Principle 8: Government action should be effective and proportional to the issue being addressed.

Step 6: Outcome

After analysis of each of the options according to the decision process outlined, the NPCIA has reached the conclusion that:

The base case and Option 2A are the only models that satisfy both market and non-market based assessment criteria.



RECOMMENDATIONS

Recommendation 1: Australia should adopt a resource recovery approach, based on a lifecycle perspective in managing the environmental impacts of packaging. It must address Strategy 3 and the aims of the National Waste Policy, recognising that recycling has a very important role to play in sustainable packaging.

Recommendation 2: The chosen option should be flexible to adapt to global packaging trends in order to stay relevant and effective over time.

Recommendation 3: The NPCIA supports the APC as the only appropriate regulatory mechanism for packaging stewardship in Australia. It should be noted that the new, open-ended APC from July 1 2010 was established to address many of the problems listed in the RIS and had not had sufficient time to show results when the RIS was commissioned.

Recommendation 4: In light of the performance of other options considered, Ministers should examine closely whether there is a problem and if further regulation would be of benefit.

Recommendation 5: Option 2A emerged as the only option expected to provide a net benefit to the Australian economy over and above the base case and therefore should only be adopted if a case for change is established. If *additional* options are considered, the NPCIA would support Option 1 followed by Option 2B.

Recommendation 6: Further clarification is needed regarding the ability of the states and territories to enact legislation that may undermine a co-regulatory arrangement under the Product Stewardship Act.

Recommendation 7: Ministers should disregard options that impose unjustifiable costs on the Australian community, increase regulatory complexity and impose unnecessary compliance costs.

Recommendation 8: Option 4A and Option 4B will not meet the recycling rates and litter reduction projections in the RIS because:

- a) current APC will be incompatible with a mandatory national CDS; and
- b) state data per capita and an independent study of local councils query the effectiveness of a CDS at reducing litter.

Recommendation 9: Each local government should consider the impacts of a CDS on their existing kerbside systems. An independent study shows there will generally be a negative overall impact for metropolitan local government vs a generally positive overall impact for regional local government.

Recommendation 10: A national CDS would increase the cost of beverages at point of sale and result in job losses to Australia's struggling manufacturing industry.

Recommendation 11: A CDS would disrupt Australia's existing 'culture of recycling' in a centralised kerbside system, which has one of the highest participation rates in the world.

Recommendation 12: Greater certainty is required in Option 2C and Option 3 to justify the large costs. Option 2A and Option 2B present more flexible, cost effective alternatives with the potential to develop over time.