

Senate Committees

RE: Inquiry into Container Deposit Schemes Refer 11/10/ 2012, Terms of Reference.

My name is Donald Chambers and I am sending in my own submission as an individual which reflects my own views and in no way reflects the views of any Organizations I am associated with.

My background to comment on this Senate Inquiry is as follows:

- Packaging Inspector CSR Ltd 1972-1975
- Operated in partnership with my wife a Supermarket 1983-1987 in Rutherglen, Victoria
- Consulted with Independent Supermarket Warehouses 1988-1993
- Involved in the Winery Industry 1993-1998
- As a Councilor and Mayor with Indigo Shire Council, I was Chair of the North East Regional Waste Management Group between 1997-2001
- A Board Member EcoRecycle Victoria 1997-2005
- A Board Member Sustainability Victoria 2005-2008
- Board Member (Chair 2003-2005) Keep Australia Beautiful Victoria 2003 and ongoing Chair Keep Australia Beautiful National 2004.

Turning to the matter to be referred to the Environment and Communications Reference Committee for Inquiry and report by 22 November 2012. There are six matters that the Senate requested be considered, and my general comments are:

Australia has a unique system operating through the Australian Packaging Covenant (APC) and is the envy of many organizations I meet with on my overseas visits. This co-regulatory arrangement has proved the test of time with a significant increase in the overall recycling rate across Australia through co-operative partnerships (Government/Industry/Community), without having to resort to heavy handed costly regulation as in some other countries. The packaging recycling rate has increased from 39.0% (2003) to 63.1% (2011). See Packaging Covenant table of results, attachment A.

The National Litter Index also indicated a steady improvement in littered items over the last six years. The partnership arrangement operating in Victoria keeps Victoria at the top of the class with the lowest litter figures. (Refer the National Litter Index <http://kab.org.au/litter-research/national-litter-index-2/>) with no Container Deposit System operating in that State. See Figure 4 on attachment B, NPCIA submission to PICRIS 30/03/12, and Keep Australia Beautiful National Litter Index Table Attachment C.

Now that Environment Ministers also acknowledge "litter" is an issue that needs to be seriously addressed, not just using platitudes, but ensuring funds are available, has in my view started to show up in the improvements to the litter figures.

Australia do have an issue with 15-30 year old age group being the worst litterers and this shows up in the Keep Australia Beautiful Branded litter study, which I can talk to at the enquiry, as these results are currently confidential.

Also:

- This enquiry overlaps the current COAG process, it appears that the Senate resolution is trying to undermine this process. Is this because the proponents do not like the possible outcome where all Packaging material is being considered for recycling and reduction in the litter stream, rather than the narrow focus on just containers.
- Issues raised are commercial. If the proponents consider there is a Trade Practice issue, then should it not go to the ACCC.
- These schemes are State/Territory regulated. Do the proponents consider the two Governments as not capable of working through the necessary issues?
- The terms of the Inquiry suggest the proponents consider there is price gouging
- I refer the Committee to the NT Consumer Affairs and ACCC comments into the NT CDS scheme in May 2012. My understanding is that the investigations found no evidence of retailers excessively putting up prices under the guise of the Territory's Container Deposit Scheme
- The evidence presented to the Australian Environment Ministers shows a high cost for CDS schemes Refer to the 2011PICRS modeling and the 2010 BDA Group Report to COAG SCREW.
- Other alternatives do not show a high cost on consumers as a CDS system does, and I repeat the comment all the material that can be recycled and that is in the litter stream.

1. Management of the operation of container deposit schemes in South Australia and Northern Territory:

Surely this is set out in the Legislation from the two Governments', and thus a market based system then operates with regard to pricing.

Is the Senate inferring that the total system should be Government Run, with the higher cost (some 27.5% higher) associated with such systems as shown in the Commonwealth's data used for the Consultative Regulation Impact Statement's? Rather than an Industry operated scheme which tackles all material that could be recycled and is in the litter stream, not just a narrow component of the recycling and litter stream as operated under a Container Deposit System.

2,3,4,5, These items all relate to the market based system that operates in Australia, and if there are real issues can be taken to the ACCC, as occurred in the Territory with no case to answer.

I thank you for the opportunity to provide a submission on this 1970's issue that has been superseded by Local Governments operating effective kerb side recycling systems, and the work being carried out improving the "Away from home" recycling recovery.



Topline NLI Summary 2012

The National Litter Index (NLI) is Australia's only national annual quantitative measure of what litter occurs where and in what volume, based on counts taken twice a year at 983 sites across Australia.

The overall average number of items per 1,000m² across all 983 sites surveyed in the 2011/12 National Litter Index was 58, down from 61 in 2010/11, while the overall average estimated volume was 6.24 litres per 1,000m², down from 6.49 in 2010/11.

Littering trends showed an overall decrease when collated across Australia, in comparison to figures since the first report in 2005/06.

	Items per 1,000m ²							Volume (litres) per 1,000m ²						
	05/06	06/07	07/08	08/09	09/10	10/11	11/12	05/06	06/07	07/08	08/09	09/10	10/11	11/12
NAT	70	74	68	63	66	61	58	8.86	9.68	8.59	7.73	7.55	6.49	6.24
ACT	-	68	56	56	51	45	58	-	7.04	6.06	4.77	3.31	3.73	4.93
NSW	80	71	77	65	75	69	58	14.95	14.69	11.90	12.13	13.43	10.72	8.98
NT	-	64	60	84	70	34	49	-	5.32	7.24	6.00	5.09	3.16	3.84
QLD	89	86	76	59	76	78	70	7.66	7.59	7.44	5.60	5.65	5.94	4.88
SA	60	61	68	57	54	55	57	7.23	11.08	9.55	8.02	7.13	5.36	5.53
TAS	59	70	61	64	86	85	86	5.15	6.68	5.90	9.20	9.04	8.23	5.96
VIC	71	80	48	43	50	39	36	7.87	7.74	4.19	2.87	4.91	3.99	3.67
WA	60	83	85	87	71	75	62	8.57	12.19	13.06	11.93	9.44	9.03	10.28

- Cigarette butts remain the most frequently identified item with 28 butts per 1,000m², down from 29 butts in 2010/11. (See table 1 below)
- Plastic litter objects contributed the largest amount of volume to the litter stream in accounting for 2.09 litres of volume per 1,000m² across all sites nationally, up from 1.95 litres in 2010/11.
- The largest number of items was located within retail sites and industrial sites, while the largest volumes of litter objects were found at industrial and highway sites. (See tables 2 & 3 below)

TABLE 1

Dirty Dozen - Items per 1000 Square Metres - Object Sub-Categories - NATIONAL - 06/07 to 11/12

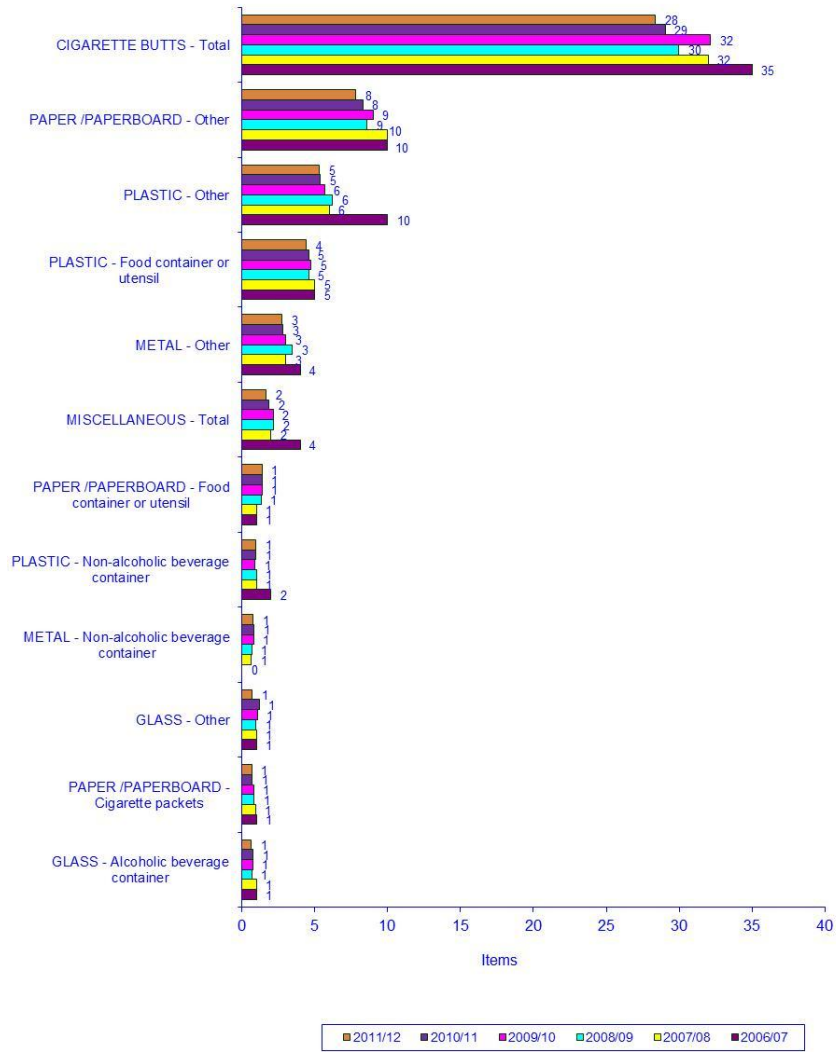


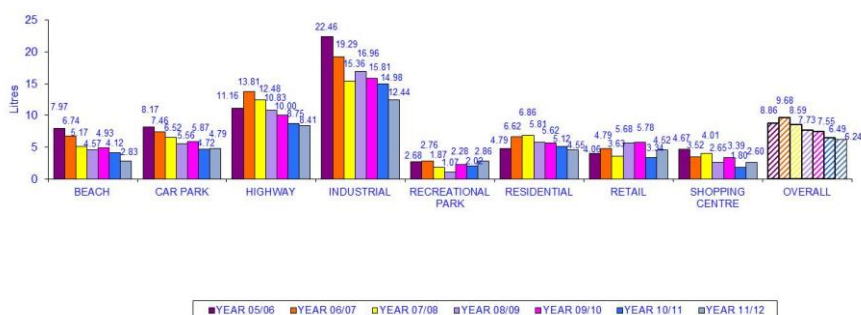
TABLE 2

Items per 1000 Sq Metres by Site Type - Annual Averages - NATIONAL



TABLE 3

Volume per 1000 Square Metres by Site Type - Annual Averages - NATIONAL



TOPLINE STATE & TERRITORY TRENDS

- **Victoria** recorded the least amount of litter by both item and volume, with 38% less by item and 41% less by volume than the national average, indicating the Victorian Government's long term support for litter abatement programs is having a positive effect on reducing the amount of litter across Victoria.
- **Tasmania** recorded the highest amount of litter by item, with 86 items per 1000m² compared to 58 per 1000m² nationally. The biggest contributor was cigarette butts, with 56 butts per 1000m² recorded - double the national average of 28 butts per 1000m².
- **The Northern Territory** saw a rise in litter by both item and volume over the last 12 months, with litter items on the ground increasing across all site and litter types. The largest litter increase was recorded for cigarette butts, which increased significantly by count on last year's figures.
- **Western Australia** performed the worst overall by volume, recording 10.28 litres per 1000m². Illegal dumping became the strongest contributor to estimated litter volume in WA. Examples of illegal dumping included household furniture such as lounges, fridges, televisions, clothes lines, whilst large amounts of dumped carpet was noted.
- **Queensland** was second to only Tasmania with 70 items per 1000m². Whilst this is an improvement on last year's 78 items per 1000m², it is well above the national average of 58 items.
- **New South Wales** performed better in both litter item and volume over the past 12 months, equalling the national average of 58 items per 1000m², whilst the volume also dropped from 10.72 litres per 1000m² to 8.98 litres.
- **The ACT** saw an increase in litter by item from 45 to 58 items per 1000m², and also recorded an increase by volume from 3.73 litres to 4.93 litres per 1000m². Cigarette butt litter rose significantly, whilst carparks and highways also saw a big jump.
- **South Australia** was on par with the national average for litter items and slightly below by volume. Cigarette butts remained the most frequently identified litter item across all sites in South Australia during the 2011/12 counts, with 25 butts per 1,000m² up from 23 butts in 2010/11. Plastic items made up the most by volume, whilst highways continue to perform badly as a litter site.

2011 Covenant Performance Data

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
TOTAL	4,372,856	2,759,595	63.1

Aluminium all containers (cans and aerosols); this tonnage not included in the analysis for recycling rate above.

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
TOTAL	1,635,268	2,759,595	68.7

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
Recycling Rate	39.2%	63.1%	

2010 Covenant Performance Data

[Please download here](#)



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

www.npcia.org.au

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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?

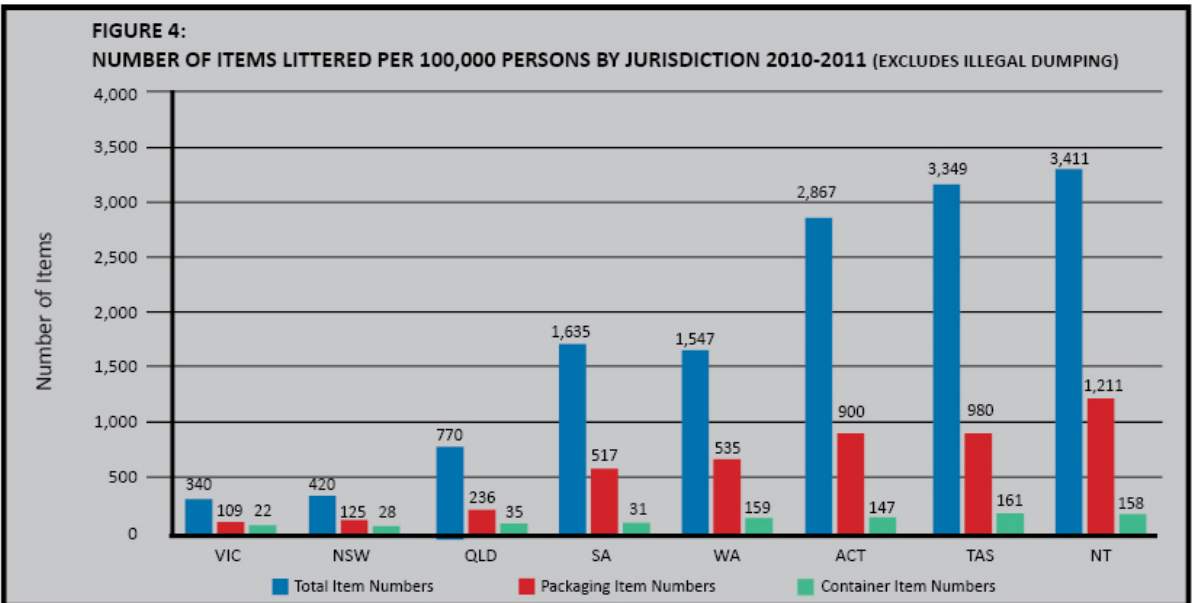
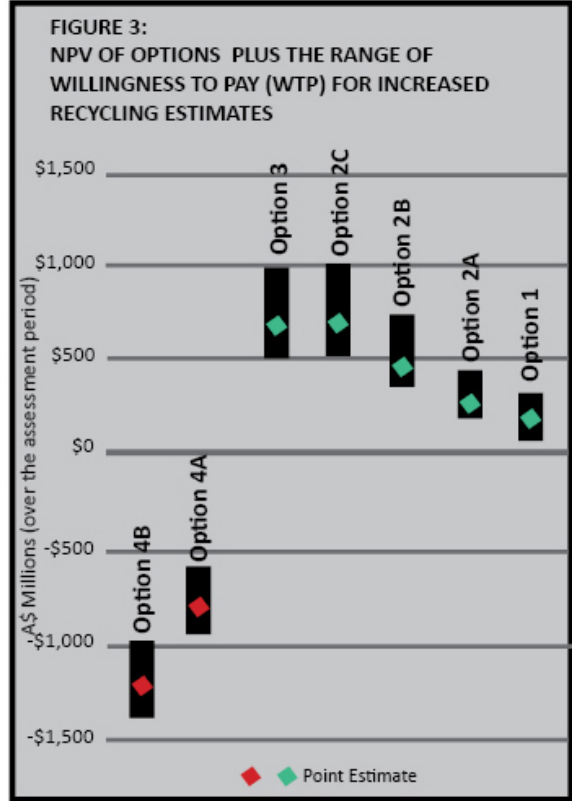
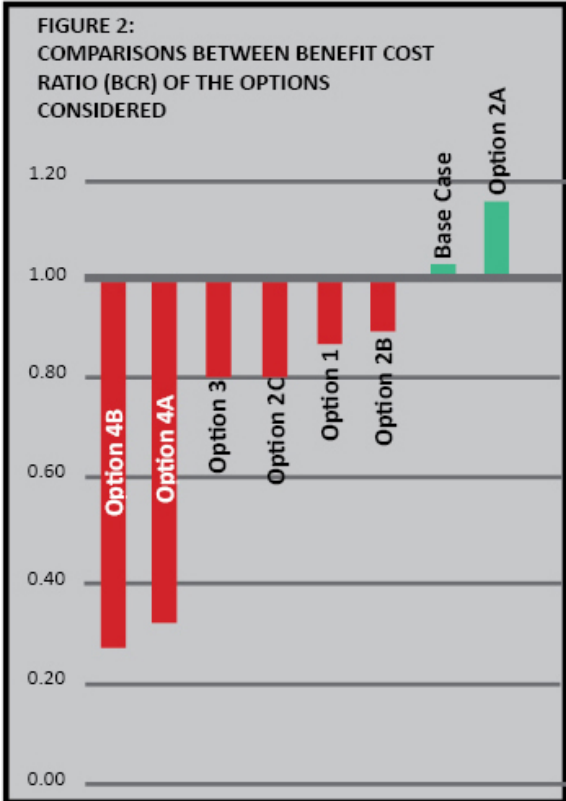
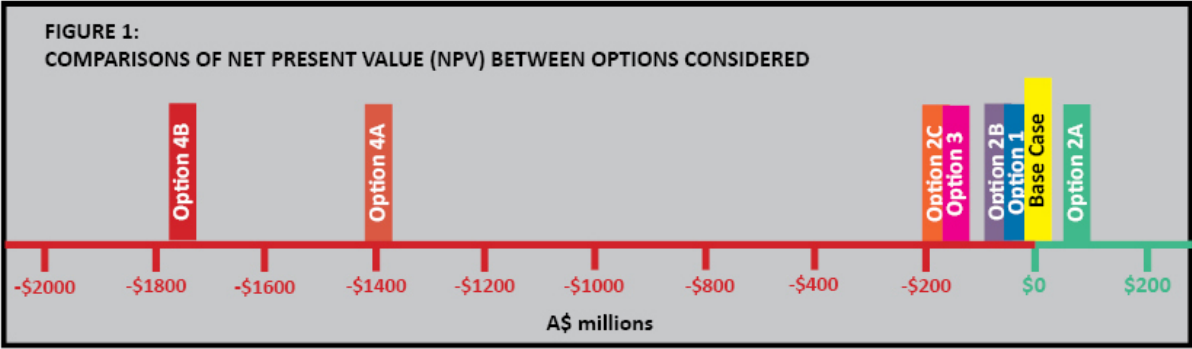
NPCIA has only marginal support for Option 2C and Option 3, as more cost-effective options present more certainty and flexibility.

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.