

# Submission on National Packaging Waste.

March 2012



**BusinessSA**  
Your business is ours

**Business SA’s Submission | Table of contents**

Business SA’s submission | Introduction ..... 1

Background.....2

National Consistency.....2

Packaging Impacts Consultation Background and Context .....3

Nature and Extent of the Problems .....3

Option 1: National Packaging Waste Strategy .....4

Option 2: Co-Regulatory Packaging Stewardship.....4

Option 3: Mandatory Advance Disposal Fee.....4

Option 4: Mandatory Container Deposit Scheme.....5

Costs.....5

Conclusion.....6

## **Business SA's submission | Introduction**

Business SA (formerly known as the South Australian Employers' Chamber of Commerce & Industry) is the State's leading business organisation, representing thousands of businesses through direct membership and affiliated industry associations.

We represent businesses across all industry sectors ranging in size from micro-business to multi-national companies. Business SA is the voice of business in South Australia and advocates on behalf of business to propose legislative reforms for a sustainable economic growth in the State.

We deliver a wide range of integrated services to business, including:

- lobbying and representation
- workplace relations advice
- consultancy services
- wide-ranging training programs
- reference publications and handbooks
- international trade services
- management of apprenticeships and traineeships

As the peak employer organisation in South Australia, Business SA is well placed in representing the interests of members across most industries in South Australia.

Business SA supports a long standing Environment Committee featuring a diverse group of industry leaders. The Environment Committee has a clear mission to promote and contribute to environmentally sustainable development in South Australia through influencing legislation, regulations, policies and programs to achieve best practice in the business community.

The Environment Committee meets regularly to consider all matters relevant to environmental sustainability, including, energy security, water, climate change, waste management and compliance to assist Business SA to develop environmental policy in order to inform and influence Governments and other decision makers.

Business SA is pleased to make a submission to the Standing Council on Environment and Water consultation on Packaging Waste Impacts.

## Background

Business SA supports a National Waste agenda that ensures business and government work together to identify ways of better managing recyclable materials.

The National Waste Policy: **Less Waste, More Resources** was endorsed by the Council of Australian Governments (COAG) in October 2010.

Strategy 3 of the National Waste Policy States:

*“The Australian Government, in collaboration with state and territory governments, industry and the community will better manage packaging to improve the use of resources, reduce the environmental impacts of packaging design, enhance away-from home recycling and reduce litter (EPHC 2009, p10)”<sup>1</sup>*

The Packaging Impacts Consultation Regulation Impact Statement released late December 2011, provides a comprehensive summary of the current proposed options. Identified are four (4) options with an additional three (3) sub options (variations of key themes).

Business SA was encouraged to see a number of options discussed within the Regulation Impact Statement, along with the opportunity for industry to be involved in bilateral discussion during the consultation process.

## National Consistency

Jurisdictional fragmentation is highlighted within the Regulation Impact Statement (RIS); this concern is supported by Business SA. How can cost efficiencies and economies of scale be reached with jurisdictional nuances? While it is understood not all jurisdictions can implement each other's programs, consistency in language, signage, education, policy direction and targets should be supported.

Consistency across both regional and metropolitan areas is also important, current cost efficiencies and the lack of critical mass makes regional recycling difficult in many locations.

By supporting the development of technologies and services that increase recycling activity and minimise recycling costs will provide incentive for development and growth of reusable products into the future.

Container Deposit Schemes (CDS) continue to provide a focus within the recycling space, while South Australia (and recently the Northern Territory) continues to implement successful CDS's this model may not be an appropriate model for all jurisdictions.

---

<sup>1</sup> COAG Standing Council on Environment and Water - Packaging Impacts Consultation Regulatory Impact Statement December 2011

## **Packaging Impacts Consultation Background and Context**

Intelligent management of packaging and an increased social conscious to recycle provide the impetus for successfully managing greater recycling of packaging materials. There are many challenges associated with implementation of any recycling targets and regulation; it is with this in mind that Business SA supports the agenda for greater recycling of packaging both at-home and away-from-home.

Recyclability is an important factor when considering future packaging design. Transportation, regulation and product reliability continue to occupy design and material choices in packaging.

There is little evidence to suggest that there will be any significant shift in these factors affecting packaging design into the future. However, it must be considered as consumers become more aware and educated on both sustainability and environmental impacts of packaging demand driven choices will have a greater impact on primary materials and products consumed.

## **Nature and Extent of the Problems**

Identified within the RIS is the considerable improvement in at-home recycling along with reduction in litter rates. A successful litter strategy reduces waste to landfill along with increasing recycling.

Business SA advocates for litter to be clearly identified in any final strategy, ensuring whole of community engagement and ownership, not just the responsibility of business or specific industry sectors.

Away-from-home recycling figures identified within the RIS show significant room for improvement, especially with materials other than cardboard and paper. It would also appear from the RIS that the "low hanging fruit" of beverage containers has a reasonable rate of recycling.

The question needing to be answered is what recycling arrangements are needed to entice greater away-from-home recycling and increase other packaging materials recycled.

Greater utilisation of soft plastics and plastic blends in packaging continues to provide recycling challenges, while lighter and supporting conditions of the sustainable packaging guidelines, the recyclability of these materials is complex.

Business SA advocates for greater investment in Research and Development (R&D) supporting both new and emerging packaging options, along with improved opportunities for the increased separation of soft plastics in turn increasing recycling opportunities.

### **Option 1: National Packaging Waste Strategy**

Development of a non regulatory National Packaging Waste Strategy in collaboration with Industry and key Consumer agencies provides an opportunity to develop national consistencies and coordinated campaigns.

While it is not anticipated that this option will meet the targets of proposed recycling, there is a community engagement and education capability. A National Packaging Waste Strategy can be an opportunity to ensure Australians are holistically aware of packaging recycling and consumer responsibilities.

### **Option 2: Co-Regulatory Packaging Stewardship**

The three (3) proposed sub options all rely on varying degrees of industry action and funding, as stated within the RIS. In designing any new arrangements the establishment of targets must be considered carefully especially when based upon assumptions, along with requiring industry funding to meet desired outcomes.

Option 2(b) highlights an ongoing commitment through the national rollout of bins in public places along with other initiatives (not mentioned) with a clear target based on beverage packaging and packaging litter. Ongoing management of the bin rollout must be carefully considered, such as Local Government's ongoing costs and maintenance of the bins once rolled out. Budgetary comment for this option is based upon bin rollout without suggestion of maintenance costs and any additional infrastructure to cater for this packaging separation. Highlighted within the RIS is the proportionally greater responsibility Local Government has in this option.

Cost benefit analysis indicate option 2(a) as being the most cost efficient option, with a significant recycling target. This option however does not present the best targets for reduction in land fill or litter both significant issues.

### **Option 3: Mandatory Advance Disposal Fee**

This option poses the greatest increase in bureaucracy of all seven (7) proposals, one that requires new legislation and increased administration. The RIS indicates an Advance Disposal Fee (ADF) would provide the lead authority with additional revenue to implement actions across a number of the proposed options.

Introduction of another "tax" cannot be supported by Business SA without significantly more detail.

While an ADF may provide revenue for the end-of-life-management of packaging, increasing costs to industry along with other new taxes, specifically the carbon tax, will add significant financial pressure on already stretched margins, which is in fact dealing with an issue which should have collaborative community ownership.

---

## Option 4: Mandatory Container Deposit Scheme

Whilst South Australia facilitates a very successful Container Deposit Scheme (CDS), this however may not successfully transpose into all jurisdictions. As mentioned within the RIS South Australia has a higher proportion of population based in the capital city (Adelaide 73%) compared to other states (64%) which possibly underlies the success of South Australia's CDS.

Recycling rates of beverage containers is considerably higher in South Australia proportionally than any other state. However, there are currently exclusions on many recyclable beverage containers.

In assessing implementation of the Boomerang Alliance model South Australia will need to carefully consider impacts on current recycling centres and what (if any) benefits there would be.

Containers as a singular target do not necessarily reflect the intent of a national packaging recycling reduction strategy and once again it is targeting a low hanging fruit that already performs strongly in the recycling market.

### Costs

In analysing associated costs with each option are a number of assumptions. While it is noted that these assumptions are based upon sound principles, there is always the possibility that the actual costs will differ somewhat from estimations.

It can be assumed that most of the identified "option" costs associated with scheme design, implementation, operation and compliance will be attributed to government administration and regulation reform. An assurance must be provided prior to any proposal being implemented that this will be managed in a way that does not incur unnecessary red tape or burdens on business.

Business participation costs identified in Table 9<sup>2</sup> can likewise be attributed to business process and compliance requirements, along with the collection of proposed data. These costs must be minimised with bipartite discussions occurring as to what can be developed to support business in any transition.

Current research shows Small Medium Enterprises (SMEs) may have capacity to increase recycling practices. Consideration to support SMEs in alternative methods and options for greater recycling may prove beneficial.

Current constraints cited by SMEs to increase recycling include, space and in particular storage, critical mass of materials and relative cost benefits and time. It was difficult to identify how this has been addressed adequately in any of the proposed options.

In all cost scenarios global commodity prices, transport costs, increased infrastructure and regulatory obligations pose additional risks to business and associated targets.

---

<sup>2</sup> COAG Standing Council on Environment and Water - Packaging Impacts Consultation Regulatory Impact Statement December 2011

## Conclusion

In considering options presented or possible hybrid options, an analysis of cost benefits is important. However, this must be balanced with successful implementation and achievement of targets in correlation with environmental outcomes.

National consistency is important when looking at national targets with individual jurisdiction and business buy in. National consistency also supports community and members of the public to understand and apply recycling and litter management techniques away-from-home with confidence.

Research and Development (R&D) of packaging materials and recycling technologies has not clearly been factored into any of the options mentioned. In designing a long term strategy with recycling targets, R&D into both packaging materials and recycling technologies must be mandatory to enable a united Australian approach to best practice and the achievement of sustainability targets.

Community focus on litter reduction and greater recycling is evident through the Analysis and Willingness to Pay Study conducted as part of this RIS. Consideration to the success of community focus may be attributed to successful Keep Australia Beautiful campaigns together with greater understanding of sustainability and environmental issues by the public. Business SA supports the engagement of the entire community in achieving both package recycling targets and litter reduction targets.

Understanding the supply chain of recycling and the cost implications for businesses that use recycled materials is important. The entirety cost of successfully getting the recycled material collected, sorted and processed into a state that can be used in manufacture at a cost that is competitive is essential.

Industry continues to highlight in a global economy where everyone wants low cost commodities that the use of large amounts of recycled materials can be challenging and reduce any competitive edge a company may have. This must be addressed to ensure a productive use for recycled materials.

Linking litter reduction, greater recycling and reduced landfill is paramount for community engagement in what must be a united effort to meet any identified targets.

If you have any further questions or comments please contact Rick Cairney, Director of Policy on (08) 8300 0060 or email [rickc@business-sa.com](mailto:rickc@business-sa.com)