



Northern  
Territory  
Government

DEPARTMENT OF  
NATURAL RESOURCES, ENVIRONMENT, THE ARTS AND SPORT

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Your ref

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**VIA EMAIL** [SCEW.secretariat@environment.gov.au](mailto:SCEW.secretariat@environment.gov.au)

Ms Anne-Marie Delahunt  
Executive Officer, Secretariat  
Standing Council on Environment and Water  
GPO Box 787  
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Dear Ms Delahunt

Thank you for the opportunity to comment on the Packaging Impacts Consultation Regulation Impact Statement (CRIS). Accordingly, enclosed is the Northern Territory Government submission on the CRIS.

I appreciate that the date for submission has recently closed and do apologise for the lateness of this submission. This consultation process, as you will no doubt appreciate, is an essential part of the process to engage all stakeholders and consider their feedback on such an important matter.

Yours sincerely

JIM GRANT

27 April 2012



## **PACKAGING IMPACTS CONSULTATION REGULATION IMPACT STATEMENT (CRIS)**

### **NORTHERN TERRITORY GOVERNMENT SUBMISSION**

The Northern Territory Government welcomes the initiative to explore and consider a national solution to increase packaging resource recovery rates and decrease packing litter.

The Northern Territory Government is supportive of a proposed national Container Deposit Scheme (CDS). In fact, the Northern Territory Container Deposit Scheme (NT CDS) commenced on 3 January 2012. Information and data on the NT CDS will be available in late April 2012 after the requisite first quarter reporting from collection depots and NT CDS coordinators. While such data is not readily available at the time of this submission, general information about the NT CDS, its implementation and experiences thus far, can be summarised as follows:

- Millions of containers have been returned to collection depots over the first few months of the scheme and the return rates are increasing monthly as more people get involved;
- The Scheme has been strongly embraced by the Northern Territory community particularly by young people as well as sporting and other community groups;
- Anecdotal evidence shows that the Scheme is working to remove large numbers of beverage containers from the litter stream and the environment.

In respect of the analysis presented in the CRIS the Northern Territory wishes to flag considerable discomfort regarding the conclusions/findings presented in the Cost Benefit Analysis (CBA) and the CRIS due to the seemingly unbalanced application of "economic analysis" across the 7 options, broadly highlighted as follows:

- The CBA attempts to quantify a number of costs based on different categories and sub-categories of assumptions (cost assumptions). However, there is a consistent message within the CBA and the CRIS that the assumptions are intuitive and uncertain, acknowledging that in particular, the cost assumption regarding household and business participation costs "are perhaps the least certain, and these costs have considerable weight in the analysis."

Given the significance of this and that it would seem to affect the bottom line figures, there are reservations about its inclusion in the CBA. This relates to the next point.

- Willingness to Pay (WTP) benefits have not been included as part of the CBA for the main reason that it was unable to be quantified, yet household and business participation costs have been included despite the fact that they are the most uncertain of values.
- The Northern Territory is of the view that given the inclusion of uncertain household and business participation costs in the CBA, that further work on the WTP design and analysis should be undertaken to allow for its incorporation into the CBA. The WTP analysis presented to date shows that consumers are willing to pay a substantial price for various CDL options. It is apparent that the WTP values are significant and would influence the bottom line figures if included.
- Alternatively if the WTP analysis is to be excluded from the CBA presented in a decision making RIS, then the uncertain household and business participation costs should also be excluded.
- Furthermore, the three (3) co-regulatory packaging stewardship options include significant behavioural components associated with expanded or improved kerbside collection, more public place bins and clean up campaigns yet there seems to be no similar attempt to quantify the associated participation costs for these options in the manner that has been applied to a National CDS (for example, quantifying the cost of additional transport to expanded clean-up events/campaigns or the costs for time taken to use an expanded network of public place recycling bins).

The CBA outcome attempts to emphasise the option 4a and 4b (the National CDS options) as having the highest total costs "due to the significant infrastructure investment required in these schemes and the relatively high costs of operating the infrastructure". However it should be noted that neither option 4a nor 4b are the industry based models of CDS applied in the Northern Territory (NT) or South Australia (SA). The Northern Territory is of the view that National CDS models or options that rely on existing recycling infrastructure across Australia, would provide a useful cost/benefit comparison to the options already analysed and recommends that this work be undertaken prior to a decision making RIS.

- As a final observation, notwithstanding the efforts made through the Australian Packaging Covenant (APC), or by the beverage industry or the various litter reduction strategies by governments, a major problem still exists with beverage containers (about 40% recycled, and 22% away-from-home). A CDS delivers much higher recycling rates as referenced within the CRIS and

CBA as achieving "the highest beverage container recycling and litter projections of all the options analysed". This is also supported by ABARES. Further, the CRIS makes no effort to estimate the added cost under the APC of recovering the difference, or alternatively, of the costs of not recovering the difference. These costs would include impacts on tourism and recreational fishing industries from littering, which are critical to the wider Northern Territory economy.

In summary, the Northern Territory has significant reservations regarding the analysis presented in the CRIS as providing an adequate basis for framing a decision-making RIS. The Northern Territory is of the view that further work needs to be undertaken in respect of the WTP analysis so that it can be appropriately included in the CBA and that further work needs to be undertaken on the participation costs of the co-regulatory option. Analysis of an industry-led CDS option and examination of the capacity and benefits of relying on existing recycling infrastructure is also required.