

Plastic Waste Solutions

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Submission on the Packaging Impacts Consultation RIS

I attended the Melbourne Public forum on the 28th Feb.

Summary of Reply

The study seemed to place a lot of emphasis on 'cost' to the economy before any benefits were discussed. Net costs should be considered, not input costs only. Start up costs less the profits or benefits to the economy should be emphasised. The report was weak on that issue.

Stewardship model significantly underfunded and biases the Outcome.

An issue with this Stewardship model is that all the numerical manipulations are based on the industry telling PWC that they thought it would cost \$20 m to achieve these results. What if it cost \$100 m or \$500 m? The plan is a plan for the next 23 years, that is a long time and the costs over this time will have to be substantial. A higher cost would change the whole analysis conclusion.

For examples

- 1) A recent article in WME Feb edition showed that the Queensland government had allocated \$28m for improved recycling with funds to be matched by contributing donors. In essence that is \$56 m just for Queensland and that was not specified to be all they were doing till out to 2035. Hence if Queensland have determined they need to spend \$56 m now, and with a population of 4.5m or 20% of the population that would suggest that \$56 m x 5 is \$280 m could be needed. That would change the 'business participation costs' of the Options 2b and 2c. This sets their BCR for option 2c back to 0.63.
- 2) A article in WME Feb edition showed SA Zero Waste had contributed more than \$10,million since 2004 on their strategy. With 8% of the population and over a 20 year time frame this would be at least \$312 million on a national basis. (Similar to the above estimate from the QLD numbers) Again supporting the notion that the \$20 million cited by industry as their expected commitment as being vastly underfunded and that the BCR ratio for this option in the RIS is not reflecting realistic assumptions.
- 3) Consider as part of the Stewardship responsibility the industry would be responsible for educating the public about getting increased recycling and anti litter campaigns. Looking at just one media out let, TV. A 30 second advertisement costs about \$15,000 at prime time in one state. Over 23 years (till 2035) that allows for 57 advertisements a year if nothing else was done. This is 1 advertisements every three month on each of the three main TV channels. And it does not allow for any staff costs or advertising agency costs. This amount of exposure is grossly inadequate to achieve this task. Let alone it shows a lot more funding would be required. Many other avenues would be required to cover in addition to this one outlet. .
- 4) If the \$20m were just applied to salaries to pay for staff to work on this program, then an average salary of \$75,000 pa over 23 years would only pay for 10 staff overheads and no other work could be done.

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- 5) Consider the numbers the RIS report derived. On a CDS they calculated some costs to set up the infrastructure with the public doing all the container collection for free. It is a large number they came up with, over \$4b.. Yet industry can say they can set up infrastructure for them to basically do the same task of recycling the 80% of containers AND in addition go out and collect all the containers from the widely spread public usage for approximately 1.5% of that CDS cost. So they say they will do more work for 1.5% of the cost. That shows there is a funding logic problem with the amount industry said they would contribute.

These examples are very crude calculations, but they show just how inadequate the industry contribution would be. They show the listed contribution is vastly underestimating the amount required to meet the goals of option 2. If the industry had to put up \$300m or \$400m or support a CDS, then they may favour a CDS. As under a CDS the only cost industry has is the cost of relabeling their packaging and a small administration adjustment cost.

On option 2A, if the industry had to contribute \$300 million then the BCR ratio would be 0.55. This is a big detrimental difference than the claimed 'advantage' the RIS is saying it would have. It shows this Stewardship option has not been correctly assessed and beneficial numbers derived are not based on real cost data.

Overall this is a very risky option as it relies on the 'trust us' commentary of the industry and it would be many many years again before another investigative committee would be convened to reassess the situation again, all the while we have been getting increased littering, increased loss of recyclable resources to landfills, increased loss of resources.

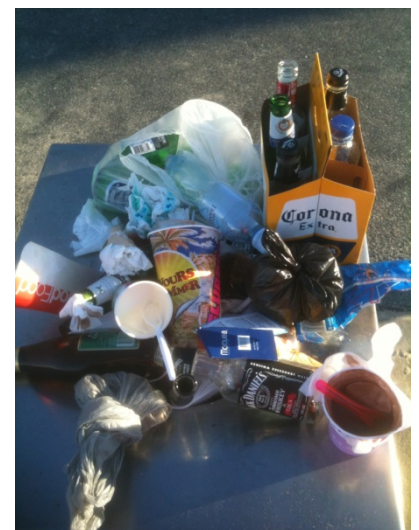
CDS scheme has a real BCR of 1.13

The CDS scheme proposed in Victoria has an income stream of 10 cents paid by the manufacturers to the government. On a national scheme this would be \$1.7 billion income for the fund. If \$1.7b is added into the cost benefit analysis, the total benefits would raise to \$2.4b. The BCR for a CDS then would change to $2.4b/2.125b$ or 1.13 which is a net cost benefit to the economy.

Yes the \$1.7b is a cost to consumers who do not return their containers, but that is a decision they are comfortable with otherwise they would redeem them. It cannot be considered as a hard cost therefore.

A CDS is a self functioning and self funding scheme.

- 1) We know the some people in the public will pick up nearly all of the containers. This has no cost and it is the most difficult part because at the consumer level, the containers are spread far and wide making it very difficult to get any paid contractor to retrieve them. Yet the public will do it for free.



Example of bottles put in to bins by consumers when there was a recycling bin 1 m away.

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- 2) Business will line up to start and operate the recycle centres. If they got a few cents for every can they delivered back to the reprocessor, that is a \$1.3B incentive for businesses to compete for, based on the Victorian numbers. This is a no further cost to the consumer or the local government.
- 3) There is a point discussed by the bottling companies, that it will cost the consumers an extra 10 cents a container and that is going to damage sales and consumer purchasing power. To put this in perspective, when a Can of Coke for example is purchased from a grocery store or a cafe, the purchaser could not be able to estimate beforehand what the can would cost. It varies tremendously from vendor to vendor. It may be \$1 at one place and \$4.50 from another. Ten cents would be lost as insignificant in these variations. That is why these CDS are successful. The individual cost added one item is insignificant, but the (publically collected free of charge) total volume of containers is worth a substantial amount to attract businesses to get involved with and process the container back.

Plus let's not forget the following;

A Newpoll survey taken in 2007 revealed 82 per cent of Australians surveyed are in favour of container deposit legislation (Clean Up Australia 2008, p. 2).

A 2011 Newpoll survey in the Northern Territory showed similar results (Boomerang Alliance 2011).

The benefits to a CDS are many,

1. Large reduction in litter (containers only) guaranteed which is a plus for the citizens to again enjoy their open spaces and for tourist dollars from tourists who would go away thinking Australia was a low litter place. My observations show we have a few bottles every 100 m on busy streets and parks. That is a lot over a big city let along a nation
2. Large reduction in the larger volume components of litter and content going to landfill, namely bottles and similar cartons.
3. Large increase in recycling rates over current rates and associated recovery of resources that would otherwise have to come from new or imported resources. This is a plus for the Australia economy.
4. Create many jobs to support the infrastructure of the CDS, a plus for the local economy
5. Allows people the satisfaction of recycling their containers which is not a time cost but an emotional benefit.
6. Uses the mass public to recovery the containers at zero cost. This is a very large saving as opposed to Options 2 and 3. (As shown in the RSIS report table Cost Benefits). Getting the packaging from out of the widely dispersed public's hands back to a central recycling point is a very large task and a CDS does this very efficiently.

Conclusion

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The conclusion then is that a CDS is a low risk scheme that has a significant net benefit to our society and one that will work itself substantially reducing landfill filling and litter. It does not rely on other companies or contractors to go out and do the wide spread recovery work at considerable cost.

Detailed Reply

The study seemed to place a lot of emphasis on 'cost' to the economy before any benefits were discussed. Net costs should be considered, not costs only. Costs in some models should be considered as start up costs and the profits or benefits to the economy that start to flow after that deducted from costs. The report was weak on that issue.

I congratulate the report on stating a case of why it is imperative for Australia to perform a lot better in the issue of packaging.

- 1) 'In November 2009 Australia's environment ministers agreed on a new national policy on waste and resource management
Strategy 1: establish a national framework underpinned by legislation to support voluntary, co-regulatory and regulatory product stewardship and extended producer responsibility schemes to provide for the impacts of a product being responsibly managed during and at end of life (EPHC 2009, p. 9).
Strategy 3: 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, p. 10)'.
Even the Report concludes that 'Current trends in the packaging choices being made by manufacturers will have a detrimental effect on the overall level of packaging recyclability in the long run if these trends continue'.
- 2) 'The concept of extended producer responsibility for products and packaging has been a feature of the international business landscape for many years. Regulations requiring producers to take responsibility for packaging at end-of-life were introduced in the European Union in the 1990s (EU 1994). The European Parliament and Council Directive 94/62/EC on packaging and packaging waste requires member states to meet targets for recovery and recycling of particular packaging materials and to:
 - limit the weight and volume of packaging to a minimum in order meet the required level of safety, hygiene and acceptability for consumers
 - reduce the content of hazardous substances and materials in the packaging material and its components, and
 - design reusable or recoverable packaging.'
- 3) 'Overseas trends point to the increasing use of plastics to manufacture multi-layered plastic containers, pressure formed or thermoformed trays, purse packs, pouches and plastic shrink labelling. However, much of the newer, lighter packaging is made up of complex blends of plastics and other materials which are currently very difficult to separate (Environmental Leader 2008). It remains to be seen whether the benefits of new packaging materials are sufficient to outweigh the reduced recyclability on a lifecycle basis.'
- 4) 'This (plastics) market share is expected to continue to grow as plastics are cheap to produce' Plastics have significant costs at their end of life however which the manufacturers have not been having to contribute to which needs some correction.

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- 5) From the RIS 'The objective of the Australian Packaging Covenant is to minimise the overall environmental impacts of packaging by pursuing the following performance goals:
- Design: optimising packaging to use resources efficiently and reduce environmental impacts without compromising product quality and safety.
 - Recycling: efficiently collecting and recycling packaging.
 - Product Stewardship: demonstrating commitment by all signatories.
- Again these last recent years have shown the APC has been very ineffective at achieve any of these goals to even a modest amount. 'The rise in plastic packaging for consumer items is growing quite fast and there is very little end of life strategies designed into any of this packaging '
- 6) 'According to the American Packaging Association single serve containers are an emerging packaging trend. Consumers are seeking 'grab and go' convenience and are increasingly looking to packaging to assist with portion control' This grab and go convenience is exacerbated by 'manufactured demand' where by manufactures come up with new 'convenient' products then substantially market them to generate demand for these products. It is these type of products that contribute to litter significantly. As they are consumed on the go, the packaging is generally small and has no perceived value to the consumer, often a sticky mess to be gotten rid of as soon as possible. If manufacturers were to be more responsible for the recyclability of their products then some of these grab and go containers would be a lot more expensive and not so appealing to manufacturer, resulting in less difficult items to be recycled and less littered small plastic items.

Businesses are in the business to make profits and are generally not willing to sacrifice those profits. Hence these voluntary agreements by manufacturers are shown to have only incremental effects and are not achieving the goal. There has been little producer responsibility for end of life management. That is entirely on the consumer at the moment.

There is next to no away-from-home recycling and litter use that is helped by manufacturers. This is generally controlled by local councils in their areas and manufacturers are making no contribution to this.

Some Options that could be considered to provide significant reductions in plastic litter and disposal to landfills of plastic material are;

1. Use less plastic, go back to cardboard packaging and in eliminate the use of plastic shrink wrap from freight packaging. Use of reusable nets and tie down straps would be alternatives.
2. Primary and secondary and tertiary layers of plastic. Discourage manufacturers from



Plastic Bottles in plastic 6 packs, all wrapped in plastic again. We can do better than this.

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packing their plastic packaged products in plastic cartons and then wrapping them all in plastic wrap for freight purposes. This is very short term use of plastic and is generating a lot of plastic waste.

3. Ban production of water bottles under 2 litres. This simple action would eliminate approximately 75% of water bottles, based on four 0.5 litre bottles contain as much as one 2 litre bottle. Yet it would not deprive the consumer of bottled water should they want it.
4. Restrict the use of non HDPE packing trays. Force packaging manufacturers to use a standardised material that is readily and easy to recycle. For example, use of HDPE in clear or coloured configurations. HDPE is recycled in Australia and more importantly reused. At the current time there is no restriction and packagers are using whatever plastic they want. Polystyrene, PE, HDPE, bioplastics, etc. Some of these have a recycle number on them, some do not. Whatever does not have a recycle number on it goes to a landfill and is lost. Others go to overseas and only a small part is retained and reused in Australia. This is a huge loss to the economy. If it was all one material, then it would be far less confusing for consumers, they would be told to just recycle all plastic packaging. The percentage of recycled plastic would then rise up substantially. Responsible packaging is what manufactures need to be pushed to, not this unrestrained unfettered packaging situation we have now. Obviously imported packaged products would not be able to follow this restraint and therefore a packaging tax would be imposed on them to cover the extra efforts for those items to be recovered.

Comments on the Options given in the RIS

Option 1 Essentially this is what we have now, and there is little incentive for consumers to change their current habits.

- *the development of a national litter methodology for measurement and monitoring of litter rates*, How many years would this be monitored for before it was deemed by appropriate powers that this was not working? Another 5? 10 years?
- *national programs to increase away-from-home recycling at mass consumption areas*, This addresses only a few pin points only, beaches are long and spread out, as are parks and roads, so these would get no benefit.
- *co-coordinated litter campaigns*, Unless significant funds are allocated to this over long periods of many years, these campaigns generally fall apart and lose their affect. Again another multiyear waiting period all the while packaging waste is still accumulating and being littered.
- *consistent labelling of recycling bins, and* This simply does not work. Port Phillip council have tried this in 2011 with nice clear signs on their recycling bins which are always located beside a general waste bin. Without fail the recycle bins get hardly anything in them while the waste bins are over flowing with rubbish including many bottles. Some people put them on the ground beside the full bin, when a recycle bin is 1 m away. All

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the consumer had to do was lean over a meter to put the recycles in the recycling bin but they do not as there is no reason for them to do so.

- *development of voluntary standards for end products and packaging labelling to highlight recyclability.* With most plastics not being able to be recycled, (not to be confused with recyclable) people get confused as to what to do and when they are confused they put things in the rubbish bin. Stopping so many different materials from being used as packaging would go a long way. For example, packaging on the same types of food, meat trays there are at the moment a plethora of types of plastic used, and some doesn't have any recycle triangle on it at all, which means that item has to go to trash. If the packaging covenant was at all effective they would have stopped this long ago. Why not use the same type of plastic on all these trays and make sure it is one that can be recycled in Australia like #2? This is the type of work an effective industry covenant should be doing for environmental practices.

How long would this program run for before it was deemed to not be achieving its goals. Another 5 years? With a 3 year or so plan rollout this would mean we would be 2020 and in the same situation we are in now. That is so much more litter on the land in the waterways and oceans by then, and the manufacturers have gotten away with any responsibility of the packaging they are producing all the while.

So Option 1 is not a good consideration. However I understand this was a base line and I do not think anyone is considering this as an option.

Option 2 Self regulating Stewardship

While the goals sound good there is little framework to show how this would happen. It reads more like a 'trust us' option. With the industry putting in funds of \$20 m to achieve these goals. To date the industry has done little to achieve goals of plastic packaging design and use to reduce litter, reduce environmental accumulation and have any high recovery rates. A recent hearing on the Victoria State CDS review, had the government panel ask the Packaging Covenant why they had made so little progress in the last 10 years and why were they always saying it was going to get better when it did not? The reply from the Covenant was to remind the panel on the changes they had instituted to the soda can pull ring so the ring didn't become litter. This was a change made at least 20 years ago and they still refer to that as a recent significant achievement?

Common sense (and past performance) says, a self regulating industry group to police itself and bring about environmental benefits at their expense will make no great efforts to do so. Even if there were penalties that were to be employed;

- 1) who would enforce those penalties?
- 2) who would decide when it was time to pose the penalty?
- 3) who would decide a penalty payment was too late in being made?
- 4) What would late penalties be?
- 5) The recent dispute in the [320,000 tonnes](#) of container that the Packaging covenant claims were recycled yet the Boomerang Alliance disputed based on actual reported recycling

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tonnages is an example of where things will go wrong. With no one policing these actions, there is little to believe the claims.

- 6) If the goals were not met with the \$20m what happens then?
- 7) Who decides how the \$20 m is spent? Industry themselves it reads in the RIS.
- 8) Who decides what constitutes a valid expenditure for this project and what is just working in the interest of the company and given a green brushing? For example, light-weight of bottles with a thinner wall. It is claimed this is environmentally beneficial by the bottle companies as this uses less plastic. Technically true, but light-weighting of bottles is not addressing the environmental impact of that packaging, only the manufacturers costs. A thin walled plastic bottle littering on the ground is still a plastic bottle littering on the ground. It takes up as much volume in a landfill as a conventional bottle.
- 9) As stated in the RIS, The *National Waste Policy: Less Waste, More Resources* was agreed by all Australian environment ministers in the Environment Protection and Heritage Council (EPHC) in November 2009 and endorsed by the Council of Australian Governments (COAG) in October 2010. The National Waste Policy sets the direction for national action on waste and resource recovery for the period to 2020. 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. We can hardly call the achievements this policy has brought about so far as successful.*

An issue with this Stewardship model is that all the numerical manipulations are based on the industry telling PWC that they thought it would cost \$20 m to achieve these results. What if it cost \$100 m or \$500 m? The plan is a plan for the next 23 years, that is a long time and the costs over this time will have to be substantial. A higher cost would change the whole discussion. For example,

- 1) a recent article in WME Feb edition showed that the Queensland government had allocated \$28m for improved recycling with funds to be matched by contributing donors. In essence that is \$56 m just for Queensland and that was not specified to be all they were doing till out to 2035. Hence if Queensland have determined they need to spend \$56 m now, and with a population of 4.5m or 20% of the population that would suggest that \$56 m x 5 is \$280 m could be needed. That would change the 'business participation costs' of the Options 2b and 2c. This sets their BCR for option 2c back to 0.63.
- 2) Another article in WME Feb edition showed SA Zero Waste had contributed more than \$10,million since 2004 on their strategy. With 8% of the population and over a 20 year time frame this would be at least \$312 million on a national basis. (Similar to the above estimate from the QLD numbers) Again supporting the notion that the \$20 million cited by industry as their expected commitment as being vastly underfunded and that the BCR ratio for this option in the RIS is not reflecting realistic assumptions.
- 3) Consider as part of the Stewardship responsibility the industry would be responsible for educating the public about getting increased recycling and anti litter campaigns. Looking at just one media out let, TV. A 30 second advertisement costs about \$15,000 at prime time in

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- 4) If the \$20m were just applied to salaries to pay for staff to work on this program, then an average salary of \$75,000 pa over 23 years would only pay for 10 staff overheads and no other work could be done.
- 5) Consider the numbers the RIS report derived. On a CDS they calculated some costs to set up the infrastructure with the public doing all the container collection for free. It is a large number they came up with, over \$4b.. Yet industry can say they can set up infrastructure for them to basically do the same task of recycling the 80% of containers AND in addition go out and collect all the containers from the widely spread public usage for approximately 1.5% of that CDS cost. So they say they will do more work for 1.5% of the cost. That shows there is a funding logic problem with the amount industry said they would contribute.

On option 2A if the industry had to contribute \$300 million then the BCR ratio would be 0.55. This is a big detrimental difference than the claimed 'advantage' the RIS is saying it would have.

It shows this Stewardship option has not been correctly assessed and beneficial numbers derived are not based on real cost data.

This model has a huge risk associated with it. We ought not to be taking risks on these important policies and get to a future date of 2020 or 2035 and then review the results and find out it did not work too well, just like the current situation. The risk is that the recycling rates are not achieved for the moneys' nominated. We are relying on third parties (industry) to contribute funds to achieve a goal that is not necessarily in their best financial interests.

Option 3 MADF

This is a simple option and similar to what other countries are using. For example Germany has a plastic tax for non biodegradable plastics. There needs to be a disincentive for manufacturers for using plastics and consider other more environmental options first. Plastic has a unique set of recycling and disposal problems. Being non biodegradable, plastic will last 100's of years, hence it requires special attention over that of cardboard and paper and metal. It's use for disposable items and the 'grab and go' containers should be discouraged or priced to reflect a cost required to get it back and recycle it, so it does not linger in the environment for future people to then deal with.

With the use of plastic as being the preferred material for manufacturers, due to its low cost, weight and retaining freshness, there are strong incentives for them to use it. However the cost and

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complexity to recover and recycle some of these plastic packagings has to be factored into its cost. This is what a MADF would do.

The way a MADF would work then would be to use the funds paid to employ people and set up infrastructure to recover all the packaging waste and recycle it. This would be independent of the manufacturers whose responsibility would be finished once they had paid their MADF. However with this, there is less incentive for manufacturers to redesign packaging for end of life use or environmental benefits. Plus these questions would be raised;

- 1) Who sets the fee?
- 2) What is the fee based on?
- 3) How would the fee be changed as more accurate recovery and recycle fees were determined for future years (It took SA 28 years to change from a 5 cent to a 10 cent container fee)
- 4) What influence would industry lobbying have on the fee setting and fee changing?
- 5) Who decides what is to be landfilled and what is to be recycled?

As in Option 2, this option has inherent risks in it with the above questions. If there was not enough money paid in, then the recovery and recycling at required levels could not be achieved.

Option 4 CDS

The benefits to a CDS are many,

- 1) Large reduction in litter (containers only) which is a plus for the citizens to again enjoy their open spaces and for tourist dollars from tourists who would go away thinking Australia was a low litter place. My observations show we have a few bottles every 100 m on busy streets and parks. That is a lot over a big city let alone a nation
- 2) Large reduction in the larger volume components of litter, namely bottles and similar cartons.
- 3) Large increase in recycling rates over current rates and associated recovery of resources that would otherwise have to come from new or imported resources. This is a plus for the Australia economy.
- 4) Create many jobs to support the infrastructure of the CDS, a plus for the local economy
- 5) Allows people the satisfaction of recycling their containers which is not a time cost but an emotional benefit.
- 6) Uses the mass public to recover the containers at zero cost. This is a very large saving as opposed to Options 2 and 3. (As shown in the RSIS report table Cost Benefits). Getting the packaging from out of the widely dispersed public's hands back



Example of bottles put in to bins by consumers when there was a recycling bin 1 meter away.

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to a central recycling point is a very large task and a CDS does this very efficiently.

The Report's findings for a CDS was expensive for 'cost'.

Comparing this to the Victoria scheme proposed. Victoria uses approximately 4.3 billion containers a year. Vic has approx 5.5 million people or 25% of the population, hence then extrapolating container usage in Victoria to the nation would yield that 17.2 billion containers are used yearly across Australia.

The CDS scheme proposed in Victoria has an income stream of 10 cents paid by the manufacturers to the government. On a national scheme this would be \$1.7 billion income for the fund. If \$1.7b is added into the cost benefit analysis, the total benefits would raise to \$2.4b. The BCR for a CDS then would change to $2.4b/2.125b$ or 1.13 which is a net cost benefit to the economy.

This is a self functioning and self funding scheme.

- 1) We know the parts of the public will pick up nearly all of the containers. This has no cost and it is the most difficult part because at the consumer level, the containers are spread far and wide making it very difficult to get any paid contractor to retrieve them. Yet the public will do it for free.
- 2) Business will line up to start and operate the recycle centres. If they got 8 cents for every can they delivered back to the reprocessor, that is a \$1.3B incentive for businesses to compete for based on the Victorian numbers. This is a no further cost to the consumer or the local government.
- 3) There is a point discussed by the bottling companies, that it will cost the consumers an extra 10 cents a container and that is going to damage sales and consumer purchasing power. To put this in perspective, when a Can of Coke for example is purchased from a grocery store or a cafe, the purchaser could not be able to estimate beforehand what the can would cost. It varies tremendously from vendor to vendor. It may be \$1 at one place and \$4.50 from another. Ten cents would be lost as insignificant in these variations. That is why these CDS are successful. The individual cost added on one item is insignificant, but the (publically collected free of charge) total volume of containers is worth a substantial amount to attract businesses to get involved with and process the container back.
- 4) Some would argue that the cost of the 10 cents paid by the industry should be counted as a cost to the economy. The industry will pass this cost on so it does not count. For the consumers approximately 80% (based on feedback from other CDS schemes) of the customers will get their 10 cents back to, so that is not a cost to the economy either. The only real cost to consumers as a whole then is the approximately 20% of containers that do not get returned for a refund. The social benefits of not having bottles littering all over our environment would far outweigh that cost, as evidence by over 80% of consumers support a CDS as they appreciate the benefits of such a scheme. Hence the validation of adding the \$1.7b to the benefit side of the BCR.

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Consumer Comments

Just this morning I walked to Coles from home in Port Melbourne a distance of approx 2 km. Along that walk were about 20 bottles. With a CDS, these simply would not have been there. Some person would have raised \$2 for buy a meal, or contribute to their sports club etc.

To the right is a picture of bottles collected off just 150 m of a Port Melbourne Beach.

