

## **Packaging Impacts Consultation Regulation Impact Statement Frequently Asked Questions**

### **Q. What is a Regulation Impact Statement?**

- A.** A Regulation Impacts Statement (RIS) is a document prepared by a government agency responsible for considering a regulatory proposal, following consultation with affected parties.

A RIS is required by the Council of Australian Governments (COAG) when a regulatory proposal is likely to have an impact on business, unless that impact is of a minor or machinery nature and does not substantially alter existing arrangements.

The primary role of the RIS is to improve government decision-making processes by ensuring that all relevant information is presented to the decision maker when a policy decision is being made. The RIS also informs the community about both the likely impact of the proposal and the information that was taken into account by the decision-maker.

A RIS needs to provide a balanced assessment of the various options rather than advocate the preferred option

The Consultation RIS canvasses the options under consideration, to determine their relative costs and benefits, and seeks comments and feedback. The final Decision RIS draw conclusions on whether regulation is necessary, and if so, on what the most efficient and effective regulatory approach might be, taking into account the outcomes of the consultation process.

### **Q. What is a Cost Benefit Analysis?**

- A.** A cost benefit analysis (CBA) is a key part of the analysis in the RIS. A CBA is a systematic process for calculating and comparing benefits and costs of a policy option to determine if it is a sound use of funds and to enable comparisons with alternate options.

In a CBA, benefits and costs are expressed in money terms, and are adjusted for the time value of money, so that all flows of benefits and flows of costs over time are expressed on a common basis in terms of their "present value."

### **Q. What is the purpose of the Packaging Impacts Consultation RIS?**

- A.** The Consultation RIS aims to present a transparent and even-handed view of the possible options for government intervention to address the issues of packaging waste. The Packaging Impacts Consultation RIS seeks to assess whether a container deposit scheme or other interventions would increase recycling and decrease litter with a net benefit to the community. The Consultation RIS does not indicate a preferred option. Rather, all options are presented for public feedback.

A Consultation RIS enables everyone—community and industry—to understand the potential impacts of an intervention and give constructive feedback and opinion to guide the final decision. The Packaging Impacts Consultation RIS is being released

by all Australian Environment Ministers acting as the Standing Council on Environment and Water.

**Q. What is the scope of the Consultation RIS?**

**A.** The scope of the work covers all consumer packaging made of any material, including sales and distribution packaging arising as waste both at home and away from home. This includes but is not limited to beverage containers.

**Q. Is a Container Deposit Scheme (CDS) part of the Consultation RIS?**

**A.** Yes. Two CDS options are included for evaluation in the Consultation RIS. One CDS option has been developed based on a model put forward by Boomerang Alliance. A second CDS option has been included which draws on international experience and on experience with the scheme currently operating in South Australia.

**Q. What are the options and base case?**

**A.** The Consultation RIS canvases views on seven options. They are:

- Option 1: Establishing a National Packaging Waste Strategy to deal with all packaging materials, funded by governments.
- Options 2 (a), 2 (b) and 2 (c): Three options for industry-run co-regulatory schemes with different scales of intervention. One option was proposed by members of the packaging industry.
- Option 3: A mandatory Commonwealth 'Advance Disposal Fee' imposed on producers for all packaging materials to fund a range of actions designed to address packaging waste and litter.
- Options 4 (a) and 4 (b): Two options for container deposit schemes (CDS), which involve a deposit redemption on beverage containers when they are returned. One option was proposed by Boomerang Alliance, and the other option is based on research into international CDS.

The performance of these options is compared to a base case which reflects 'business as usual' for ongoing programs and services by local and state governments, and the continuation of the Australian Packaging Covenant.

**Q. What is a "co-regulatory" option?**

**A.** The co-regulatory options canvassed in the Consultation RIS are packaging stewardship arrangements under the recently passed Commonwealth *Product Stewardship Act 2011* (the Act). Under the three co-regulatory options, packaging businesses which are deemed to be 'liable parties' would be required to join an approved co-regulatory arrangement. Regulations under the Act would set out enforceable outcomes to be met by the approved arrangement, such as targets for increased recycling and reductions in litter. The approved arrangement will be able to determine the best approach to meeting these obligations.

This is different from the current co-regulatory arrangement which currently exists for the Australian Packaging Covenant, underpinned by a National Environmental Protection Measure and State-based regulation. Under the Act, administrators of co-regulatory arrangements would have to take all reasonable steps to achieve the

outcomes set out in regulations, and sanctions (improvement notices or cancellation of an arrangement's approval) would apply if administrators failed to do this.

The three co-regulatory options presented in the Consultation RIS involve an increasing level of industry action required to meet increased targets.

**Q. What outcome does the Consultation RIS recommend?**

**A.** The Consultation RIS does not have a preferred option. It assesses the impacts, including the costs and benefits, of a range of options, including a national container deposit scheme, which will impact on packaging resource recovery rates and litter reduction. The options are presented for public feedback, which will help the Standing Council on Environment and Water decide a preferred action.

**Q. What happens once the Consultation RIS is published and what is the timing for public input?**

**A.** The Standing Council on Environment and Water has agreed to an extended consultation period that will run from 7 December 2011 to 30 March 2012. The Australian community, including key stakeholders, are encouraged to participate by submitting their views.

In addition there will be a series of public events to present the CRIS work, help inform the community and canvas views. The consultation will include eight public forums covering all capital cities and three regional towns in February 2012. They are Sydney, Brisbane, Melbourne, Hobart, Perth, Adelaide, Darwin, Canberra, Townsville Qld, Albury NSW and Bunbury, WA.

Stakeholders are particularly invited to comment on the options and assumptions that are modelled in the cost benefit analysis (CBA). The CBA results are based on data from governments, industry and community groups and the professional judgements of the consultants, PricewaterhouseCoopers and Wright Corporate Strategy. In some cases the data is limited. Public feedback on the assumptions and data is a fundamental part of the validation process.

**Q. What happens after the Consultation RIS consultation?**

**A.** Following the conclusion of the consultation period on 30 March 2012, the Standing Council on Environment and Water will consider which option (or any new option arising from the consultation) to adopt, taking account of the input received from stakeholders. If a regulatory or co-regulatory option is proposed, a Decision RIS will be prepared to consider the proposed option in detail, and inform the decision by the Standing Council on Environment and Water. This process is anticipated to take 6-12 months.

**Q. When was the tender and where was it published?**

**A.** A request for tenders for the research and economic analysis services for the Packaging Impacts Consultation RIS was released on the EPHC website on 1 April 2011, with an advertisement appearing in the *Weekend Australian* on 2 April 2011. The tender closed on 27 April 2011.

**Q. Who are the consultants?**

**A.** In June 2011 the tender was awarded to the consortium of PricewaterhouseCoopers (PwC), and Wright Corporate Strategy (WCS), with subcontractors Martin Stewardship and Management Strategies (MS2) and TNS Global.