



Consultancy Brief

PACKAGING IMPACTS CONSULTATION REGULATION IMPACT STATEMENT: RESEARCH AND ECONOMIC ANALYSIS SERVICES

1 OBJECTIVES

At the Environment Protection and Heritage Council (EPHC) meeting on 5 July 2010, Ministers agreed to develop a Consultation Regulation Impact Statement (CRIS) on a limited number of measures that have the potential to increase packaging resource recovery rates and decrease packaging litter.

The objective of the proposed consultancy project is to provide specialist research and economic analysis services to support the development of the Packaging Impacts CRIS. Specifically, the consultant will be required to assist with the finalisation of the problem statement and options for analysis, undertake detailed studies to fill key data gaps, and complete formal cost-benefit analyses for the range of packaging waste policy options being considered.

2 BACKGROUND INFORMATION

2.1 Introduction

While consumer packaging delivers environmental benefits – for example, by reducing food waste through spoilage – it also has adverse environmental impacts throughout its lifecycle. In particular, the production and distribution of packaging and packaged goods requires the consumption of large amounts of materials, energy and water. Used packaging also places pressure on the environment; particularly the 43 per cent of packaging that is not recycled, which ends up in landfill or as a key component of litter.¹

As a result of these environmental impacts and in response to community concerns, there has been a long history of consideration by the EPHC and its predecessors of options for better managing packaging waste and litter. Actions undertaken to date have involved the implementation of three Packaging Covenants (in 1999, 2005 and 2010), which have committed governments and relevant companies to working together to mitigate the negative impacts of packaging (see www.packagingcovenant.org.au for more information). Discussions at EPHC have also often centred upon a proposal to introduce a national container deposit scheme (CDS), based on the existing South Australian model.

¹ Australian Packaging Covenant, "Covenant Performance Data", website, accessed 27 January 2011, available at: <http://www.packagingcovenant.org.au/page.php?name=covenantperformancedata>

2.2 BDA Report

In April 2008, in the context of the mid-term review of the second National Packaging Covenant, EPHC agreed to commission an investigation into the merits of various additional mechanisms for addressing packaging waste impacts. Subsequently, BDA Group and Wright Corporate Strategy were engaged to undertake a cost-effectiveness assessment of identified national measures (additional to those in the Packaging Covenant) to manage the impacts of used packaging, including beverage containers. This resulted in the *Beverage Container Investigation* (or BDA report), which EPHC considered in May 2009.

The options modelled in the BDA Report included a national CDS, an advanced disposal fee (ADF) and actions targeting away from home recycling. The report identified the net economic costs of the options but did not consider any non-market environmental benefits, as modelling the overall costs and benefits to the community was outside of the scope.

The BDA report concluded that a CDS has the potential to increase the national packaging recycling rate by 8 percentage points, as well as reducing litter by 6 per cent by item and 19 per cent by volume. However, it was estimated to achieve these outcomes at a much higher cost than the other options modelled. The BDA report was subsequently revised to correct a technical error, which increased the net cost of CDS to \$680 million per annum (pa).

A key area of dispute with the BDA report was the level of estimated 'inconvenience cost' applied to CDS (but not to the other options).² Excluding 'participation cost' from the analysis, the revised BDA report estimates that a national CDS would have a net cost to the economy of \$457 million pa. The BDA report identified several other options that were estimated to have a greater increase in the national packaging recycling rate at lower costs – for example, a 10 percentage point increase from workplace recovery at a cost of \$6 million pa, and a 14 percentage point increase from an ADF at a cost of \$42 million pa.

2.3 PwC study

After considering the BDA report, EPHC agreed in May 2009 to proceed with a choice modelling study to test consumers' willingness-to-pay for packaging waste resource recovery and litter reduction. PricewaterhouseCoopers (PwC) was engaged to undertake this study. It was hoped that the results of the PwC study could be combined with the values from the BDA report to yield the overall net economic costs and benefits of the identified packaging waste measures, including non-market environmental benefits.

The PwC study estimated that households are willing to pay an average of \$2.77 pa for every one per cent increase above the national average in the recovery and recycling of packaging waste. This extrapolates to an aggregate willingness-to-pay (WTP) across all Australian households of \$18.4 million pa for each one per cent increase, or \$184 million pa for a 10 per cent increase.

The PwC study also highlighted that households had a high WTP for litter reductions – in aggregate terms, an estimated \$276.1 million pa for a 'noticeable' (assumed to correspond with a 10 per cent) reduction and \$552.2 million pa for a 'significant' (assumed to correspond with a 20 per cent) reduction. However, due to experimental design issues, more work is needed to be able to robustly use the litter WTP figures in a cost-benefit analysis.

² Note: given that 'inconvenience costs' represent the costs to society for participating in measures to better manage packaging waste and litter (for example storing and transporting packaging waste), in this consultancy the term 'participation costs' will be used.

In addition, the PwC report was not successful in calculating a value for the participation cost of a CDS. Further work is needed to determine an appropriate methodology for assessing participation costs for all measures being considered.

It should be noted that the peer review of the PwC study by the Australian Bureau of Agricultural and Resource Economics (ABARE) concluded that the WTP values are valid but should be considered as 'upper limits'.

2.4 Packaging Impacts CRIS

In July 2010, in response to the findings of the BDA report and PwC study, EPHC agreed to undertake the development of a CRIS on a limited number of national measures which "may have a positive cost benefit and a tangible impact on recovery rates and litter reduction". The July 2010 EPHC Communiqué stated:

The Council has agreed to undertake the development of a Consultation RIS for consultation. Whilst some aspects of the assessment have been contested substantial work has been completed on the assessment of options for national measures, to address resource efficiency, environmental impacts and the reduction of litter from packaging wastes such as beverage containers. Ministers agreed that a RIS will consider not only CDL, but also a limited number of options which may have a positive cost benefit and a tangible impact on recovery rates and litter reduction. The RIS process will be transparent and consultative and the scope and approach will be the subject of early engagement with key stakeholders. Council agreed to release the PwC choice modelling willingness-to-pay study, as well as the ABARE peer review of this work. The Council recognised the important contribution of the new Australian Packaging Covenant to resource recovery and litter reduction and the recent agreement by Council to renew the Covenant.

In November 2010, EPHC agreed to a work plan proposing the release of the Packaging Impacts CRIS before the end of 2011. The November Communiqué stated:

Ministers noted progress on the development of a consultation RIS on additional national measures to increase the recovery of used packaging and decrease packaging-related litter. Ministers were pleased that a number of stakeholders have been engaged in preliminary discussions on the potential scope of the RIS.

It was noted that, consistent with Ministers' July 2010 decision, the focus of the RIS should not be solely on beverage containers but more broadly about litter reduction and resource recovery. Agreed approaches to be considered focus on increasing recycling and/or litter reduction and will include, but are not limited to, a container deposit scheme, advanced disposal fee, and workplace, events, hospitality and institutions recovery. The consultation RIS will be conducted in a manner that recognises Council's decision to approve the Australian Packaging Covenant and in the context of other existing measures of recycling and existing litter reduction measures.

Ministers also announced that a comprehensive stakeholder workshop would be organised for early December and agreed to a work plan proposing release of a public consultation RIS by the end of 2011. This workshop will provide stakeholders with an opportunity to raise issues and options for consideration in preparing the scope and statement of the problem for the RIS.

Ministers also noted that there will be further opportunity for ongoing discussions and communications with the broader community on the issue of packaging recovery and welcomed stakeholder information on important issues such as packaging data, away-from-home recovery and packaging litter prevention measures.

Preliminary stakeholder engagement on the scope and approach for the CRIS was conducted between August 2010 and January 2011, including a comprehensive stakeholder workshop in December 2010. This engagement helped to settle the problem hypothesis for the CRIS (the draft problem hypothesis is provided at [Appendix A](#)).

The next steps in the Packaging Impacts CRIS process are to: (a) finalise the problem statement and options, (b) undertake specialist research to address data gaps, such as those identified above (i.e. litter WTP values, participation costs), (c) complete full cost-benefit analyses for the identified options and (d) compile the various chapters of the CRIS.

Specialist consultancy services are required to support the EPHC Working Group and Senior Officers Oversighting Group in completing tasks (a)-(c).

2.5 Relevant background reports

The following reports (available at www.ephc.gov.au/taxonomy/term/53) are necessary background material for preparing a tender for this consultancy project:

- *Estimating consumers' willingness to pay for improvements to packaging and beverage container waste management* – PricewaterhouseCoopers – June 2010
- *ABARE review of the PricewaterhouseCoopers' Estimating consumers' willingness to pay for improvements to packaging and beverage container waste management* – Australian Bureau of Agricultural and Resource Economics – June 2010
- *Beverage Container Investigation (REVISED REPORT)* – BDA Group and Wright Corporate Strategy – June 2010
- *Covering Statement* – Beverage Container Working Group – May 2009
- *Beverage Container Investigation (Final Report)* – BDA Group and Wright Corporate Strategy – May 2009
- *Beverage Container Investigation Peer Review Report* – Covec – May 2009
- *Response to the Peer Review of the Beverage Container Investigation* – BDA Group – May 2009

In addition, there are a number of other reports, studies and policies that provide useful background material; in particular:

- *Best Practice Regulation: A Guide for Ministerial Councils and National Standard Setting Bodies* – Council of Australian Governments (COAG) – October 2007 – available at: www.finance.gov.au/obpr/proposal/coag-guidance.html
- *National Waste Policy: Less waste, more resources* – EPHC – November 2009 – available at: www.environment.gov.au/wastepolicy/resources.html
- *National Waste Report* – EPHC – March 2010 – available at: www.environment.gov.au/wastepolicy/publications/national-waste-report.html
- *Australian Packaging Covenant* – Australian Packaging Covenant Council – July 2010 – available at: www.packagingcovenant.org.au
- *National Litter Index* – Keep Australia Beautiful – 2009/10 – available at: www.kab.org.au/litter-research/what-we-do/national-litter-index/
- *National Environment Protection Council Annual Report (Used Packaging Materials NEPM reporting data)* – National Environment Protection Council – 2008/09 – available at: www.ephc.gov.au/annual_report

- *National Packaging Covenant Complementary Economic Mechanisms Investigation* – MMA and BDA Group – 21 December 2007 – available at:
www.ephc.gov.au/sites/default/files/Covenant__CompMechReport_200712_0.pdf

The EPHC Working Group will be able to provide the successful tenderer with additional reports and data.

2.6 Stakeholder engagement

As noted above, the EPHC Working Group managing the CRIS development has already undertaken early engagement with key stakeholders on the scope and approach for the CRIS. Further engagement will occur throughout 2011 and will be managed by the EPHC Working Group.

In undertaking the consultancy tasks outlined in section 3 below, it is anticipated that the consultant will need to engage with stakeholders to source data and test assumptions. It is likely that the following stakeholders will need to be consulted:

- Local government authorities – data on litter management and municipal waste collection costs.
- State government agencies – data on recycling, disposal to landfill.
- Australian Packaging Covenant – data on packaging waste recovery and recycling.
- Keep Australia Beautiful – data on litter incidence.
- Industry associations and non-government organisations – knowledge about sector operation.

Tenderers should incorporate this stakeholder engagement requirement into their tenders and provide details of how they propose to undertake data collection activities.

3 SCOPE OF WORK

3.1 Principal tasks required

Tenderers are expected to provide a coherent statement on the overall approach to the project articulating the methodology to be employed.

The key work stages and modules required for the CRIS development are outlined in Table 1 below. It is expected that tenderers will propose additional modules if gaps are identified. The modules set out below represent the minimum requirements and tenderers will be expected to submit a proposed work plan that incorporates them.

All elements of the work plan will be developed in consultation with the EPHC Working Group.

Table 1 - Key work stages/modules for the Packaging Impacts CRIS

	Work stage/module	Comment
A	Statement of problem	
A.1	<p>In relation to the draft problem hypothesis provided at Appendix A, present analysis and evidence on scale and scope of market and regulatory failures.</p> <p>e.g. source of main packaging materials, physical quantities, what percentage of total material extracted is on account of packaging (e.g. % of forestry products, bauxite...); evidence and scale of environmental externalities in resource extraction versus recycling both upstream and down stream</p>	Working Group has collected relevant available data for this; it now needs to be analysed, augmented and presented in a manner that clarifies which of the identified problems should be targeted for government action
A.2	<p>Identify specific problems with individual materials and waste streams</p> <p>e.g. glass bottles in recycling bins, gaps in C&I recycling, etc.</p>	This may include examining and allowing for variables such as market drivers, infrastructure and community perceptions
A.3	<p>Describe and quantify existing government actions (e.g. regulation and programs), projected recycling/litter levels/with these actions, why they are not working i.e. problems with status quo</p>	Working Group will provide data and contacts
	Statement of options	
B.1	<p>Develop list of potential options targeted to problem(s) identified in A, and a methodology for assessing and selecting options, then undertake qualitative analysis to refine a recommended shortlist of options</p>	<p>Tenderers are asked to develop a methodology for selecting and assessing the options to be addressed in the CRIS. This methodology will require approval by the Senior Officers Oversight Group (SOOG).</p> <p>The final list of options to be considered in the CRIS will need to be approved by the SOOG.</p>
B.2	<p>For relevant options, develop the specifications and assumptions that should be used for the cost benefit analysis (CBA); e.g. for a CDS:</p> <ul style="list-style-type: none"> • How many collection centres per region? • Where? • Packaging materials that can be deposited • Refund amounts • Level of participation by consumers 	Attend and present at full-day stakeholder 'options workshop' in early-June 2011 to consult on the proposed specifications and assumptions

	Work stage/module	Comment
C	Data-gap research / cost-benefit analysis (CBA) (tasks below do not provide an exhaustive listing of steps in a CBA but highlight components which may require a significant amount of work)	
C.1	Specification of baseline litter and recycling projections (including outcomes of the new Australian Packaging Covenant)	Baseline projections need to be disaggregated by state/territory and agreed types of packaging
C.2	Estimate the costs and benefits of the baseline scenario. This includes undertaking: <ul style="list-style-type: none"> • industry costs/ data collection: if necessary interview industry members, Australian Packaging Covenant members • local government costs/ data collection: if necessary interview relevant local government council bodies • costs/ data collection on South Australian container deposit scheme 	A significant component of this is the current kerbside recycling system. All baseline data gathering should be done within a CBA framework
C.3	Scope out the extent of any co-benefits and costs of proposed options for other recycling schemes	If there is capacity within a policy option designed to manage packaging waste to collect other types of recyclable products, the associated benefits (and costs) should be incorporated in the CBA, e.g. a CDS designed with collection centres might also have the capacity to collect some e-waste items
C.4	Develop a methodology for estimating amenity impacts of litter reduction options (suggested framework shown in Appendix B) Need to establish correspondence between litter reduction metrics used by jurisdictions/ industry and perceived amenity levels from consumers' point of view	This may require social/ consumer research to enable the existing PwC choice modelling WTP values for litter reduction to be used for benefit estimation. NB: the methodology for this module should be separately described and costed – the Senior Officers Oversighting Group will need to approve the proposed methodology before this research is undertaken.
C.5	Any other research identified by consultant	Additional research should be incorporated into tenders, if required
C.6	Undertake CBA for each of the options identified in B	The CBA will also involve consideration of participation costs Further detail about how such costs should be treated will be provided to the consultant pending advice from ABARES. This may require the consultant to develop an appropriate methodology for estimating these costs.

	Work stage/module	Comment
C.7	Prepare CBA report and redraft in response to peer reviewer and Office of Best Practice Regulation (OBPR) feedback	Consultant will be required to attend peer review/OBPR meetings to explain CBA
D	CRIS road show presentation	
D.1	CRIS road show sessions in all capital cities and (potentially) regional cities	Consultant to present on CBA results

As some of the identified research tasks require skills that may fall outside the core competencies of a specialist economic analysis consultancy (e.g. social/consumer research), it is expected that prospective tenderers may need to form consortia to tender for this project.

The consultancy project does not include completion of a Decision Regulation Impact Statement (DRIS). If a DRIS is required, this will form a separate consultancy project.

3.2 Sequencing of tasks

While a number of the modules identified in Table 1 above can be undertaken in parallel, there are dependencies which mean that certain modules will need to be staged. In particular, the data-gap research modules will need to be completed prior to undertaking CBA for various policy options.

Tenderers must include a detailed work plan in their tender that specifies dependencies and sets out a proposed approach to sequencing the required tasks. Agreement will need to be gained from the Working Group on key outputs before commencing further work (for example, the statement of options will need to be agreed prior to commencing the cost-benefit analysis).

3.3 Quality standards

In undertaking background research, CBAs and compiling the CRIS, the successful tenderer will need to:

- adhere to the guidelines set out in the COAG *Best Practice Regulation Guide*;
- clearly identify and provide sound reasoning for all assumptions underpinning the analysis;
- provide systematic analysis of the potential effectiveness of each policy option, as well as quantitative and qualitative analysis of the potential environmental, social and economic costs and benefits;
- provide all data inputs, calculations, valuation techniques and methodologies (including raw spreadsheets and/or databases) to the Working Group;
- disaggregate data and analysis on a state/jurisdiction level and address regional impacts;
- consider equity/distributional effects;
- consult with relevant stakeholders;
- respond in a timely and adequate manner to requests from the Senior Officers Oversighting Group; and
- respond satisfactorily to feedback from the peer reviewer and OBPR.

3.4 Methodologies

Tenderers should outline in their tenders the methodologies proposed for selecting options, undertaking the data-gap research and the CBA. In particular, tenderers should clearly specify the techniques proposed for estimating the amenity impacts of litter and separately cost this module.

4 OUTPUTS

The following outputs will be expected from the consultancy:

- **Statement of problem** – Report outlining research on the scale and scope of packaging waste market failures.
- **Statement of methodology** – Report detailing the validity of the methodology adopted to select and assess CRIS options.
- **Statement of options** – Report detailing the specifications and assumptions to be employed for each policy option.
- **Data gap research report** – Report on all quantitative analysis and research undertaken for the CRIS. The report should outline the methodologies employed and present all calculations in detail. The successful tenderer will need to submit a draft report for peer review and respond satisfactorily to the peer reviewer’s feedback.
- **Cost benefit analysis (CBA) report** – Tenderers should quote per option. Tenderers should also note that several iterations of the CBA are likely to be required. The CBA report should outline the methodologies employed and present all calculations in detail. The successful tenderer will need to submit a draft report for peer review and respond satisfactorily to the peer reviewer’s feedback.
- **Road show presentation (subject to approval to release CRIS)** – Senior consultant to prepare PowerPoint and present at CRIS road show events in all capital cities (and potentially also regional centres).

The successful tenderer will also be required to attend briefings, stakeholder workshops and meetings to present findings at critical decision points

5 PROJECT MANAGEMENT

5.1 Timeframe and Milestones

The following timeframes are proposed for the consultancy project (outputs to be finalised are listed in **bold**):

1 Apr 2011	Request for tender published
27 Apr 2011	Deadline for tenders
early-May 2011	Evaluation and recommendation
early-May 2011	Contract signed / initiation meeting
early-Jun 2011	Statement of problem submitted
early-Jun 2011	Stakeholder 'options workshop'
mid-Jun 2011	Statement of options submitted
Apr-Jul 2011	Undertake data gap research
Jul 2011	Data-gap research report submitted
Jun-Aug 2011	Undertake CBA
Sep 2011	CBA report submitted
Oct-Nov 2011	CRIS finalised (by Working Group)
Nov/Dec 2011	CRIS roadshow presentations (subject to approval to release)

5.2 Day-to-Day Management

The successful tenderer will need to work closely with the EPHC Working Group managing the CRIS development. The Working Group will:

- oversee all research and analysis services;
- provide direction, as required, in relation to the scope of the work;
- assess and provide feedback on outputs;
- make decisions at decision points and agree to the scope and sequencing of tasks;
- facilitate stakeholder engagement; and
- manage interactions with OBPR.

The EPHC Working Group reports to a Senior Officers Oversighting Group, who will provide high-level oversight and be responsible for approving all outputs.

5.3 Progress Reports

It is expected that the EPHC Working Group and the successful tenderer will maintain regular email contact for the duration of the project.

The successful tenderer will also be expected to participate in fortnightly teleconferences with the Working Group to report on progress.

5.4 Other Reporting Requirements

The successful tenderer will be required to attend meetings with the Senior Officers Oversighting Group, the OBPR, and other relevant agencies.

As noted in Section 4 above, the successful tenderer will be required to attend and present at an 'options workshop' in early-June 2011 and present at a national road show during the CRIS consultation period (subject to ministers' approval of its public release). Other formal stakeholder engagement activities may also be required.

As noted above, a peer reviewer will be engaged to review the data-gap research and CBA reports. The successful tenderer will need to attend meetings with the peer reviewer and respond satisfactorily to the peer reviewer's feedback. This should be factored into the tender.

5.5 Conditions of Contract

A copy of the standard NEPC Service Corporation consultancy contract is attached for information at [Appendix C](#). Tenderers must indicate their willingness or otherwise to accept the terms and conditions in the contract.

6 PROJECT BUDGET

The contract will be awarded on a fixed fee basis. The tender should clearly indicate the total fee, inclusive of GST, and should separately identify the costs of major components and activities where possible. A proposed schedule for progress payments should also be included.

Any anticipated expenses in addition to those covered by the fee (such as travel expenses to attend consultation sessions) should be indicated, if applicable. Tenderers are also required to provide standard hourly rates (GST inclusive) for key personnel, should additional work need to be negotiated.

7 SUBMISSION OF TENDERS

7.1 Information Required at Tender

The tender must include the following information:

- demonstrated understanding of the requirements of the consultancy - including any proposed variations or innovations;
- description of the proposed methodology for all relevant tasks;
- proposed timetable - including the availability of key personnel; and incorporating stakeholder engagement activities;
- proposed budget - including professional fees/salary costs; standard hourly rates (GST inclusive) for key personnel; a proposed schedule for progress payments; travel and accommodation expenses; any other operating or administrative expenses; and the timeframe within which the quoted prices remain valid;
- profile of the tendering group - including brief curriculum vitae of personnel to be engaged in the consultancy; and any other information pertinent to quality assurance;
- documentation of previous relevant experience;
- names of relevant referees;

- declaration of willingness or otherwise to accept the terms and conditions in the contract; and
- declaration of any conflict of interest or risk of conflict of interest.

7.2 Tender Evaluation Criteria

Tenders will be assessed against the following criteria:

- understanding of the task;
- knowledge of the packaging waste problem and the Australian waste management and resource recovery sectors;
- demonstrated experience in developing compliant COAG RISs, including CBA;
- suitability of proposed approach (including quality and applicability of proposed methodologies for all the key tasks required for this consultancy and ability to complete the tasks within the stated timeframe);
- suitability of proposed personnel;
- suitability of the fee proposal (i.e. value for money).

7.3 Lodgement of Tender

Tenders must be lodged with the NEPC Service Corporation by 5pm on Wednesday, 27 April 2011. Tenders may be lodged by email (exec@ephc.gov.au), fax (08 8224 0912), or hand delivered to Level 5, 81 Flinders St, Adelaide SA 5000.

7.4 Further Information

The following officer can be contacted for more information on the project:

Daniel Whyte

A/g Director, Product Stewardship Packaging

Department of Sustainability, Environment, Water, Population and Communities

Email: productstewardship@environment.gov.au

Ph: 02 6274 1127

APPENDIX A - PROBLEM HYPOTHESIS

Problem hypothesis:

The National Waste Policy (EPHC, 2009), which was agreed by all Australian governments in November 2009, outlines a range of interrelated drivers for its commitment to a national approach to waste avoidance, waste management and resource recovery. These include:

- large scale growth in the generation of waste;
- the opportunity to manage waste as a resource and invest in future long term economic growth;
- the potential for waste management to reduce greenhouse gas emissions, and improve energy and water efficiency;
- changing community expectations and aspirations; and
- the extent of inefficiency of the regulation of resource recovery and waste management sectors due to a lack of co-ordination and consistency across Australian jurisdictions.

Packaging makes a significant contribution to the broader waste management problems identified above. In 2006-07 Australia generated 43.8 million tonnes of solid waste (EPHC, 2010). In the same year Australia consumed an estimated 4.4 million tonnes of packaging, representing approximately 10 per cent of solid waste. Just over half of all packaging (57 per cent) was recycled in 2009, with recycling rates varying by material type from 32 per cent for plastic to 70 per cent for cardboard (APCC, 2011). In addition, packaging accounts for around two thirds of recorded litter in urban areas by volume (KAB, 2010).

Given the above drivers and the significance of packaging within the waste and litter streams, Strategy 3 of the National Waste Policy focuses specifically on packaging, aiming to “...better manage packaging to improve the use of resources, reduce the environmental impact of packaging design, enhance away from home recycling and reduce litter”. Strategy 3 sits under the key direction of the National Waste Policy relating to taking shared responsibility for reducing the environmental, health and safety footprint of manufactured goods and materials across the manufacture-supply-consumption chain and at end of life. The objective of this key direction is to support businesses and consumers to appropriately manage end-of-life products materials and packaging.

The Packaging Impacts Consultation Regulation Impact Statement (CRIS) will consider the problem that both governments’ stated objectives and community expectations for the recovery and recycling of packaging and management of litter are not being met. It will examine market and regulatory failures associated with the generation, consumption and disposal of packaging, and the extent to which they prevent optimal social, environmental and economic outcomes with respect to resource recovery and litter management and therefore warrant further government intervention at a national level. The CRIS analysis will also involve an assessment of the non-market values associated with improved litter management and packaging recovery.

Market and regulatory failures that will be investigated include:

1. Recognising that there are differences between material types, failing to recover and recycle used packaging can have greater external costs on the environment from a whole-of-life perspective.
2. Lack of information prevents efficient and effective resource conservation and recovery.
3. Packaging litter imposes external social costs.
4. Fragmented and inconsistent resource recovery and litter management regulatory and policy frameworks and arrangements create barriers to improving practices and implementing more effective and efficient systems.

The CRIS will assess whether, consistent with the National Waste Policy, there is a role for further national intervention to support businesses and consumers in mitigating the external costs of waste packaging and to ameliorate information and regulatory failures. This includes assessing the degree to which the social and environmental costs and benefits of improved design, manufacture, use and disposal of packaging should be factored into private decision making. This also includes evaluating how effective market and program structures should evolve to deliver improved social, environmental and economic outcomes; in particular, those outlined in the National Waste Policy.

References

Australian Packaging Covenant Council (APCC), *Covenant Performance Data*, website, accessed 23/2/11, available at:

<http://www.packagingcovenant.org.au/page.php?name=covenantperformancedata>

Environment Protection and Heritage Council (EPHC), *National Waste Policy: Less Waste, More Resources*, November 2009, policy document, available at:

<http://www.ephc.gov.au/taxonomy/term/86>

EPHC, *National Waste Report 2010*, May 2010, report, available at:

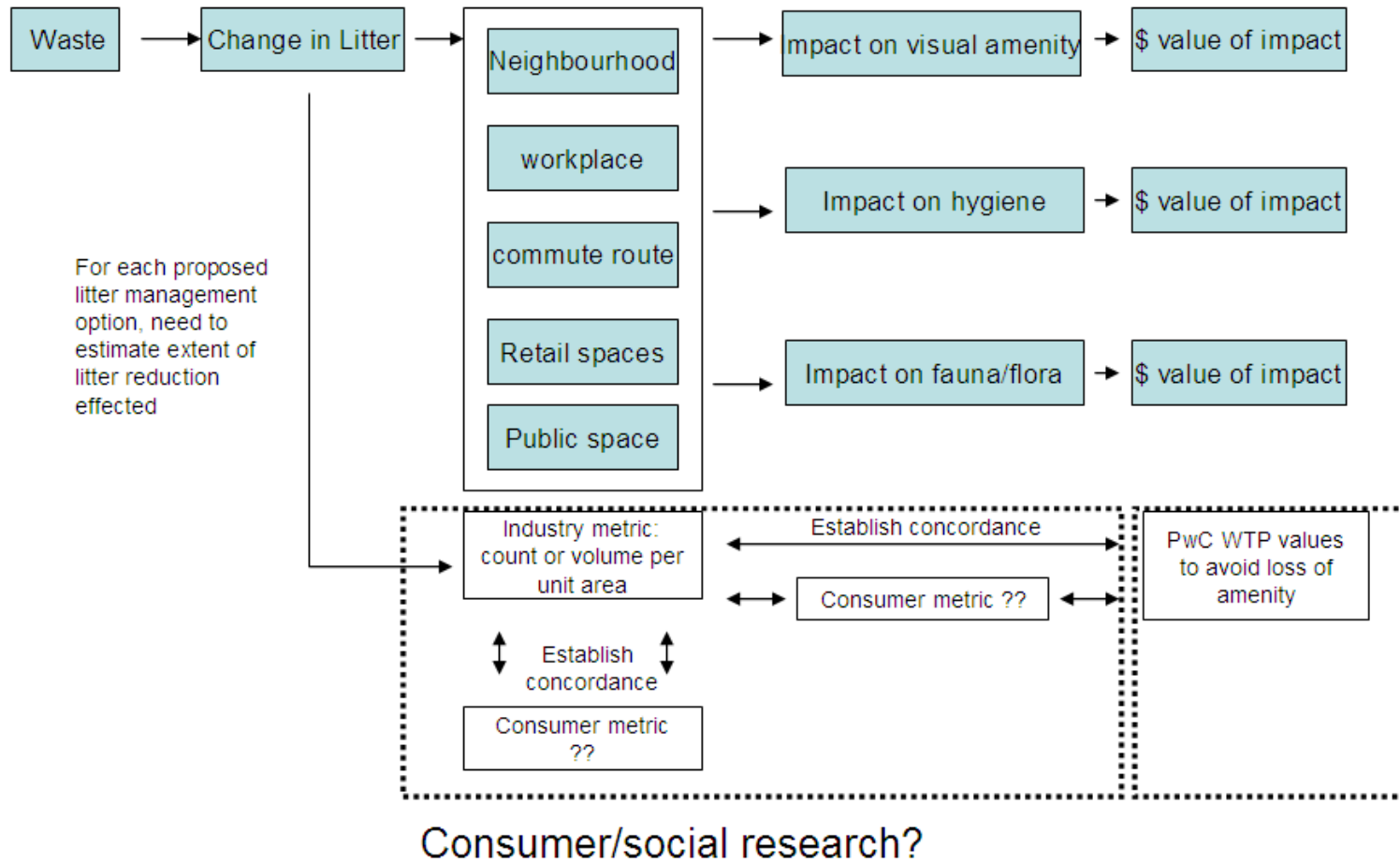
<http://www.ephc.gov.au/taxonomy/term/89>

Keep Australia Beautiful, *National Litter Index - 2009/10*, September 2010, report, available at:

<http://www.kab.org.au/litter-research/what-we-do/national-litter-index/>

APPENDIX B - PROPOSED LITTER RESEARCH METHODOLOGY

Litter reduction and economic valuation: how do we estimate it ?



APPENDIX C - STANDARD NEPC SERVICE CORPORATION CONTRACT



NEPC SERVICE CORPORATION
CONSULTANCY CONTRACT

INDEX

Section	Page
1. DEFINITIONS AND INTERPRETATIONS.....	17
2. ENGAGEMENT	18
3. REPRESENTATIVES	19
4. PROVISION OF SERVICES	19
5. INSTRUCTIONS	20
6. PROGRAM.....	21
7. STANDARD OF SERVICES.....	21
8. CONFIDENTIALITY.....	21
9. INTELLECTUAL PROPERTY.....	22
10. INSURANCE.....	22
11. SUPPLY OF RESOURCES BY THE CLIENT	23
12. REMUNERATION.....	23
13. GOODS AND SERVICES TAX.....	23
14. ASSIGNMENT	24
15. TERMINATION OF ENGAGEMENT	24
16. NOTICES.....	25

CONSULTANCY CONTRACT

THIS AGREEMENT is made between the Client and the Consultant for the Consultant's engagement to provide Services, for an agreed Remuneration, upon and subject to the following terms and conditions.

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement, unless the context otherwise requires:

"Project" means the Project described in the Schedule;

"Client" means **NEPC SERVICE CORPORATION** as identified in the Schedule;

"Consultant" means the party identified as the Consultant in the Schedule;

"Client's Representative" means the person identified as the Client's Representative in the Schedule, or any other person duly appointed to that office under this Agreement;

"NEPC Executive Officer" means the person from time to time holding the office or otherwise carrying out the duties of NEPC Executive Officer under the *National Environment Protection Council Act 1994*;

"Consultant's Representative" means the person identified as the Consultant's Representative in the Schedule, or any other person duly appointed to that office under this Agreement;

"Services" means the Services described and specified in the Schedule, including all services incidental thereto or which may become necessary for the completion thereof;

"Special Resources" means the particular resources identified in the Schedule, whether to be supplied by the Client or by the Consultant as specified in the Schedule;

"Approved Personnel" means the persons identified as Approved Personnel in the Schedule, and any other person from time to time approved as one of the Approved Personnel under this Agreement;

"Reports" means the particular Reports specified in the Schedule as being included in the Services;

"Program" means the Program (if any) identified as a separate document in the Schedule, and otherwise means the program as outlined by Commencement Date, Milestone Dates and Date for Completion as specified in the Schedule;

"Commencement Date" means the Commencement Date specified in the Schedule;

"Milestone Dates" means the Milestone Dates specified in the Schedule;

"Date for Completion" means the Date for Completion specified in the Schedule;

"Professional Indemnity Insurance" means:

- The Consultant's current professional indemnity insurance policy identified in the Schedule; or
- A policy meeting the general requirements for Professional Indemnity Insurance specified in the Schedule and such other requirements (if any) as the Client may reasonably stipulate.

"Remuneration" means the Remuneration (payable to the Consultant for the Services) as specified in the Schedule;

"Fees" means the Fees specified in the Schedule as Remuneration;

"Expenses" means the Expenses (if any) specified in the Schedule as Remuneration;

"Schedule" means the Schedule annexed hereto, which forms part of this Agreement.

1.2 In this Agreement, unless the context otherwise requires:

Words importing any gender include all other genders, and words importing the singular include the plural and vice versa;

A reference to a person may include the Commonwealth of Australia or a State or Territory of the Commonwealth, a body corporate, or any other entity recognised by law as a separate legal person, and if the context admits may also include a firm or other partnership, a joint venture or other unincorporated association or group of persons, in which case the reference shall be taken as a reference to all persons being members of such firm, partnership, joint venture, association or group;

All monetary amounts referred to herein, and all payments to be made hereunder, are in Australian currency unless some other currency is expressly designated.

1.3 In this Agreement, time is of the essence in respect of the Consultant's obligations to commence, perform and complete the Services.

1.4 The parties agree that the proper law of this Agreement is the law of the State of South Australia (which includes all applicable laws of the Commonwealth of Australia), and that this Agreement shall be governed and construed according to that law, and the parties submit to the jurisdiction of the courts of the State of South Australia in respect of all matters arising under or in connection with this Agreement.

2. ENGAGEMENT

2.1 The Client engages the Consultant to perform the Services upon and subject to the terms of this Agreement.

2.2 The Consultant accepts such engagement and undertakes to provide the Services in accordance with the provisions of this Agreement.

2.3 The Consultant is engaged as an independent contractor. If the Consultant is or includes a natural person, such person's engagement shall not be regarded as a

contract of service or as establishing a relation of employer and employee between the Client and that person.

2.4 The Consultant acknowledges that before accepting this engagement the Consultant has made such inquiries and examined such information as the Consultant has considered appropriate to be satisfied:

- as to the nature, scope and degree of difficulty of the Services to be provided under this Agreement;
- as to the Consultant's ability to perform the Services at a high professional standard appropriate for the purposes of the Project, and at a rate of progress as required for progressive completion of the Services in accordance with the Program; and
- as to the availability of suitably qualified and experienced personnel, and all facilities, equipment, materials, information and other resources required for the provision of the Services.

3. REPRESENTATIVES

3.1 The Client and the Consultant will each ensure, by appropriate appointments, that there are at all times a Client's Representative and a Consultant's Representative to represent them and manage their respective interests in this Agreement.

A party revoking the appointment of its Representative or appointing a new Representative shall give prompt written notice of such revocation or new appointment to the other party. Any such notice given by the Client shall be under the hand of the NEPC Executive Officer, and any such notice given by the Consultant shall be under the hand of the Consultant's senior, managing or chief executive or administrative officer.

3.2 The Client's Representative and the Consultant's Representative may each give any approval, consent or notice or do anything which may be given or done by their respective principals under or in connection with this Agreement, and shall be deemed to have the principal's full authority to do so.

Any notice or other communication given to the Client's Representative or to the Consultant's Representative shall be deemed to have been received by the Client or the Consultant as that Representative's principal.

4. PROVISION OF SERVICES

4.1 The Consultant will provide the Services and all resources required for that purpose, including all Special Resources to be supplied by the Consultant as specified in the Schedule but excluding any Special Resources to be supplied by the Client as specified in the Schedule.

4.2 The Consultant will procure that the professional and other specialist tasks comprised in the Services are carried out personally by the Approved Personnel, with appropriate technical and other support.

- 4.3 The Consultant will appoint a suitably qualified person, approved by the Client, to replace any one of the Approved Personnel who becomes unavailable.
- 4.4 If during the consultancy the Client's Representative forms the bona fide opinion that any one of the Approved Personnel:
- lacks the qualifications, experience or other competency or capacity to carry out adequately the tasks undertaken by that person;
 - is not producing work of the standard required by this Agreement, or at a reasonable rate of progress to comply with the Program; or
 - is responsible for any disruption of the Services or any conduct prejudicial to the Project;
- then and in any such case the Client's Representative may notify the Consultant of such opinion and request that such person be replaced, and the Consultant will withdraw the services of that person and replace him or her with a suitably qualified person approved by the Client.
- 4.5 The Consultant will not without the Client's prior written consent sub-let the performance of all or any part of the Services. The Client will not unreasonably refuse or withhold consent to the Consultant sub-letting part of the Services to a sub-consultant approved by the Client if the Consultant does not have available and cannot otherwise readily procure particular specialist expertise required for performance of the Services.
- 4.6 Before appointing any replacement under either clause 4.3 or 4.4, or any sub-consultant under clause 4.5, the Consultant will request the Client's approval of the person proposed as a replacement or sub-consultant and will provide to the Client reasonable particulars (including a curriculum vitae) concerning the qualifications, experience, and availability of that person. The Client will not unreasonably refuse or withhold approval.
- 4.7 The Services include the provision of particular Reports as specified in the Schedule, and such other interim or ancillary reports as the Client may reasonably require.
- 4.8 As part of the Services, the Consultant will make available the Approved Personnel, and any specialist sub-consultant, to attend such meetings and to make such presentations as the Client may reasonably require.

5. INSTRUCTIONS

- 5.1 The Client may give such instructions to the Consultant as may be from time to time expedient to clarify any uncertainty or resolve any difficulty concerning the scope or detail of the Services, or for the better co-ordination of the Services with other aspects of the Project, or to deal with any inadequacy or delay in the provision of the Services or with any exigency affecting the provision of the Services.

All such instructions shall be given in writing or if given verbally shall be promptly confirmed in writing, and shall be complied with by the Consultant.

- 5.2 The Consultant shall not be entitled to any additional Remuneration or other payment on account of any instruction given by the Client unless it is agreed by the parties that the instruction requires the provision of services beyond the scope of the Services undertaken in terms of this Agreement.

6. PROGRAM

- 6.1 The Consultant will commence performance of the Services on or before the Commencement Date, and will perform the Services with all due diligence and despatch and at a rate of progress appropriate for progressive completion of the Services in accordance with the Program.
- 6.2 The Consultant will progressively complete the Services in accordance with the Program and any specified Milestone Dates, and will complete the Services by the Date for Completion.
- 6.3 The Consultant will keep proper records of performance of the Services, and will at the Client's request make such records available to the Client for appraisal of the Consultant's progress in performance of the Services.

7. STANDARD OF SERVICES

- 7.1 The Consultant will perform the Services with proper skill and care at a high professional standard appropriate for the purposes of the Project.

8. CONFIDENTIALITY

- 8.1 Subject to clauses 8.2 and 8.3, the Consultant will treat as strictly confidential all information acquired by the Consultant from the Client or from others for the purposes of the Services or otherwise in relation to the Project, and will not without the Client's prior written consent divulge or disclose any such information to any person.
- 8.2 Subject to any particular restrictions or conditions notified by the Client, the Consultant shall be at liberty to make all proper use of confidential information concerning or related to the Project as necessary for the performance of the Services including appropriate communication of such information to Approved Personnel and others engaged in performance of the Services.
- 8.3 Information which is of public knowledge when acquired by the Consultant shall not be regarded as confidential information under the preceding two clauses.
- 8.4 If so required by the Client, the Consultant will procure written undertakings from Approved Personnel and others engaged in performance of the Services to maintain confidentiality of information in accordance with this Agreement.

8.5 The Consultant will hold in safe custody to the Client's reasonable satisfaction any materials or information relating to the Services or the Project which the Client by written notice to the Consultant requires to be held in safe custody.

9. INTELLECTUAL PROPERTY

9.1 The Consultant will not in the provision of the Services infringe any patent, registered design, trade mark, copyright or other intellectual property right of any person.

9.2 The Consultant warrants that publication or other use by the Client, for the purposes of the Project, of materials and things produced or otherwise supplied by the Consultant in the course of the Services will not infringe any intellectual property right of any person.

9.3 The Consultant warrants that it has and will have full and unrestricted copyright in all works and other things (capable of being subject matter of copyright) produced or otherwise supplied by any of the Approved Personnel or by any sub-consultant in the course of the Services for the purposes of the Project, and the Consultant hereby assigns to the Client all the Consultant's present and future copyright in all works and other things produced or otherwise supplied by the Consultant in the course of the Services for the purposes of the Project.

The Consultant will procure from any sub-consultant, as a condition of engagement, an assignment to the Consultant of the sub-consultant's present and future copyright in works and other things produced or otherwise supplied by the sub-consultant in the course of the Services for the purposes of the Project.

10. INSURANCE

10.1 Unless otherwise agreed by the Client and evidenced in the Schedule, the Consultant will effect and maintain professional indemnity insurance, with a registered insurer in Australia, providing cover in respect of the conduct of the Consultant and its employees and sub-consultants in the provision of the Services from commencement until completion of the Services, or until any sooner determination of the Consultant's engagement, and for six (6) years thereafter.

10.2 The insurance will be the Professional Indemnity Insurance identified or described in the Schedule being either:

- The Consultant's current professional indemnity insurance policy identified in the Schedule, or any subsequent policy providing substantially the same cover; or
- A policy meeting the general requirements specified in the Schedule and such other requirements (if any) as the Client may reasonably stipulate.

10.3 The Consultant will from time to time furnish to the Client such evidence and information as may be reasonably required by the Client in order to be kept fully informed as to the amount of cover and the terms and conditions of the insurance, and as to its currency.

10.4 The foregoing provisions of this Section 10 shall continue operative until expiry of the period of six (6) years specified in clause 10.1.

- 10.5 The Consultant will comply with the requirements of the *Workers Rehabilitation and Compensation Act 1986* (SA) or any other statute from time to time applicable in any relevant place concerning workers' compensation insofar as the statute imposes obligations upon the Consultant as an employer or deemed employer of all or any of the Approved Personnel or other persons working for the Consultant in and about or in connection with the provision of the Services.

11. SUPPLY OF RESOURCES BY THE CLIENT

- 11.1 The Client will provide to the Consultant, for the purposes of the Services, the Special Resources (if any) which are specified in the Schedule as Special Resources to be supplied by the Client.
- 11.2 The Client will ensure that all Special Resources supplied by it may be freely used by the Consultant for the purposes of the Services, or will duly inform the Consultant of any restrictions upon or conditions affecting such use (whether for protection of intellectual property rights, or for confidentiality, or for any other reason).

12. REMUNERATION

- 12.1 The Client will pay to the Consultant, for the Services, the Remuneration comprising the Fees, and the Expenses (if any), as specified in the Schedule.
- 12.2 The Fees shall accrue owing, and may be claimed by the Consultant, in the manner and at the times stipulated in the Schedule.
- 12.3 The Expenses (as specified, if any) shall accrue owing when properly incurred by the Consultant, and may be claimed in the Consultant's next claim thereafter for any of the Fees.
- 12.4 The Consultant will submit all claims for Remuneration in writing to the Client, and will provide to the Client all such information as the Client may reasonably require for appraisal and checking of each claim.
- 12.5 The Client will pay Remuneration owing to and duly claimed by the Consultant within fourteen (14) days after receipt of the Consultant's claim, or such further period as the Client may reasonably require to obtain further information and complete its checking and appraisal of the claim.

13. GOODS AND SERVICES TAX

- 13.1 Except as provided by this clause, all taxes, duties and government charges imposed or levied in Australia or overseas in connection with the performance of this Agreement shall be borne by the Consultant.
- 13.2 The Consultant will forward their Australian Business Number (ABN) to the Client at the commencement of the Agreement. Where no ABN is supplied, the Client will withhold from any payments an amount of 48.5% in accordance with the *Goods and Services Tax Act 1999* (the "GST Act") unless appropriate documentation is provided.

- 13.3 The amounts payable to the Consultant as determined in accordance with the Schedule do not include an amount to cover any liability of the Consultant for Goods and Services Tax (GST) on any supplies made under this Agreement which are taxable supplies within the meaning of the "GST Act".
- 13.4 If a supply made by the Consultant under this Agreement is a taxable supply under the GST Act, the Consultant may, by notice in writing to the Client, increase the Remuneration payable by the Client by the amount of GST that is payable by the Consultant on that part of the Remuneration which relates to the taxable supply as if that part of the Remuneration is the value of the supply for the purposes of the "GST Act".
- 13.5 In relation to taxable supplies made under this Agreement, the Consultant agrees to issue the Client with GST Tax Invoices in accordance with the "GST Act".
- 13.6 The Consultant warrants and undertakes that at the time any supply on which GST is imposed is made by it to the Client under this Agreement it is or will be registered under the "GST Act".

14. ASSIGNMENT

- 14.1 The Consultant will not without the Client's prior written consent assign the Remuneration or any other right or benefit accruing under this Agreement.

The Agreement itself (comprising the benefits and the obligations of the consultancy for each of the parties) is not assignable except by novation that is to say no other party can take over the rights and obligations of either the Client or the Consultant (and thus become a party to this Agreement in substitution for one of them) except by tripartite agreement between the Client and the Consultant and the other party.

15. TERMINATION OF ENGAGEMENT

- 15.1 Without prejudice to other rights and remedies, the Client may terminate the Consultant's engagement under this Agreement as provided in this Section 15.
- 15.2 If the Consultant or any person comprised in the Consultant being a natural person shall become bankrupt, or being a body corporate shall have a provisional liquidator appointed or shall have a winding up commenced (except for the purpose of reconstruction or amalgamation), then and in any such case the Client may by written notice to the Consultant terminate the Consultant's engagement under this Agreement.
- 15.3 If the Consultant in breach of this Agreement:
- fails to commence performance of the Services on the Commencement Date; or
 - fails to complete the Services progressively in accordance with the program and any specified Milestone Dates; or
 - fails to complete the Services by the Date for Completion;

or if the Consultant commits any other breach of this Agreement which in the bona fide opinion of the NEPC Executive Officer is or may be seriously prejudicial to the Project, then and in any such case the Client may give written notice to the Consultant specifying the breach or breaches and requiring the same to be remedied to the Client's

reasonable satisfaction within fourteen (14) days (or such lesser reasonable time as the Client may specify in the notice). If the Consultant fails so to remedy any such breach within the time stipulated in the Client's notice, the Client may by further written notice terminate the Consultant's engagement under this Agreement.

15.4 Upon any termination of the Consultant's engagement under clause 15.2 or 15.3:

- The Consultant will forthwith return to the Client all equipment, materials, data and other things supplied by the Client, and will forthwith deliver to the Client all documentation and other records comprising the work-in-progress of the Services; and
- The Consultant will be liable to the Client for all loss and expense caused by the termination of the Consultant's engagement in like manner as if this Agreement had been repudiated by the Consultant and rescinded by the Client's acceptance of such repudiation.

15.5 If on account of withdrawal or other lack of funding, or any decision to abandon, defer or alter the Project, or for any other reason whatsoever the NEPC Executive Officer is of the opinion that the Services should be discontinued, the Client may by written notice to the Consultant terminate the Consultant's engagement under this Agreement, and in such case:

- The Consultant's engagement shall terminate upon receipt of the Client's notice or upon any later date as may be stipulated in the notice;
- The Consultant will upon such termination forthwith return to the Client all equipment, materials, data and other things supplied by the Client, and will deliver to the Client all documentation and other records comprising the work-in-progress of the Services; and
- In addition to any claim for Remuneration accrued owing at or before termination of the engagement, the Consultant shall be entitled to a reasonable share of the Fees in respect of any stage of the Services only partially completed, being a fair proportion of the Fees payable on completion of that stage having regard to the amount of the work completed in relation to the whole of the work required for that stage.

16. NOTICES

16.1 Without prejudice to other modes of service and the application of any statutory provisions relating to service and/or deemed service of notices (as for example under the Corporations Law), any written notice given by a party or its Representative to a party or its Representative pursuant to or in connection with this Agreement may be sent by post addressed to the recipient party or to the recipient Representative at such party's or Representative's address as stated in the Schedule or other notified address, and if so addressed and duly posted in Australia shall be deemed to have been received by the addressee at the time when the same ought to have been delivered in the ordinary course of post.