

# Single-Use Plastics and the Container Deposit Scheme

**Submission**

**February 2019**

## Summary of recommendations

The LGA makes the following recommendations in relation to single-use plastics:

1. That the State Government propose clear criteria for products to be considered for restriction and that these proposed criteria be developed for further consultation with stakeholders;
2. That a product should be considered for restriction if:
  - It is made of plastic/predominantly plastic and is designed for disposal after a single-use;
  - There are suitable alternatives (that have a lower environmental impact) in the market; &
  - The product is unable or unlikely to be recycled (together, the **proposed criteria**);
3. That consideration be given to improving transparency in the waste and recycling industry and Australia and to increasing “waste literacy” in the community;
4. That further information be provided prior to the next stage of the review on:
  - Which products are recyclable and recycled;
  - How products are recycled and what the (recycled) end use is; and
  - What alternative products there are available and their different characteristics.

The LGA makes the following recommendations in relation to the Container Deposit Scheme (CDS):

1. That resource recovery be adopted as the primary objective of the scheme;
2. That the CDS be expanded to maximise the recovery of glass in South Australia;
3. That resource recovery not be viewed as an end in itself and that there be increased scrutiny of what happens to resources following recovery;
4. That resource recovery efforts be focused on materials that are, or are likely to be, re-processed within Australia;
5. That no containers be approved for sale in South Australia through the CDS unless there is an existing market for the recovered materials;
6. That information on the difference in value between “cleaner” materials collected through the CDS and “dirtier” materials collected through the yellow bin system be provided; and
7. That both the economic and environmental costs and benefits of the scheme be further explored and explained before the next stage of the review.

## About the LGA

The LGA is a membership organisation for all councils in South Australia and is the voice of local government in this State. The mission of the LGA is to provide leadership to Councils for the benefit of the South Australian community.

The LGA is created by councils and endorsed by the South Australian Parliament through the *South Australian Local Government Act 1999* and is recognised in 29 other South Australian Acts.

All 68 councils in South Australia are members of the Association.

The LGA provides representation, quality service and leadership relevant to the needs of member councils. The LGA also operates specific units/entities providing:

- All public liability and professional indemnity cover for all South Australian councils;
- All workers compensation cover for all South Australian council employees and associated local government bodies;
- Asset cover for South Australian councils; and
- Extensive education and training; procurement; online services and a research and development scheme.

The LGA is a constituent member of the Australian Local Government Association.

## Local government's waste management role

Local government plays a very significant role in waste management in our community through providing municipal waste and resource recovery services, seeking to increase recycling and resource recovery rates and taking action to reduce waste disposed to landfill.

Local government also makes a significant investment in the management of waste and recycling. The increasing expenditure on waste management and recycling is predicted to present one of the most difficult financial challenges for the local government sector in coming years, meaning that councils have a key interest in waste reduction methods. Councils are also responding to increasing community expectations around ensuring the sustainability of waste management practices.

Additionally, local government plays a significant role in educating the community in relation to responsible waste management, in particular, in relation to the recycling of materials.

## Local government's role in the policy development process

The LGA welcomes the State Government reviews of Single-Use Plastics and the Container Deposit Scheme. The local government sector is proud of South Australia's record as both a leader in waste management and the state with the highest recycling rate in Australia. The LGA understands that these two reviews will be central to the State Government's action on waste and recycling in South Australia. Given that many aspects of waste management fall to local government to implement, the LGA is seeking to ensure that the sector has a strong voice in these discussions.

In order to achieve this, the LGA held an information session for council officers and elected members on Monday, 11 February 2018. This session was well attended and there was a clear message from those in attendance in support of State Government action on both issues. The sector is pleased to see the State Government taking action to build on South Australia's successes and looks forward to working alongside state government agencies to keep South Australia at the forefront of sustainable waste and resource recovery practices.

Separately, the LGA would like to take the opportunity to note that in December 2018, Australia's Environment Ministers agreed to a new 2018 *National Waste Policy: Less waste, more resources*. The 2018 National Waste Policy signals the return of waste and recycling to the national agenda and the LGA acknowledges the South Australian Minister for Environment and Water's role in this process.

The Communique from the Eighth Meeting of Environment Ministers states that "*Ministers agreed, by their next meeting, to the urgent development of a strong, national action plan that includes appropriate funding, robust targets, and milestones to implement the 2018 National Waste Policy*". The LGA encourages the State Government to continue its active involvement in development of the action plan and to engage with local government bodies (including the LGA) in this regard.

## General approach to waste policy

As stated above, in December 2018, Environment Ministers agreed to the new National Waste Policy. The communique from the meeting states that "*the Policy is based on 'circular economy' principles, recognising the economic and job opportunities in re-circulating valuable resources within the Australian economy.*"

The LGA agrees that Australia must move towards the establishment of a circular economy. The environmental imperatives for establishing a circular economy are well accepted and the National Waste Policy notes the global movement towards applying circular economy principles.

However, the LGA's view is that, in seeking to establish a circular economy, focus should also be maintained on the economic benefits of this approach. The National Waste Policy states that "a circular economy has economic benefits, creating new industries, markets and products, and leading to new revenue streams and creation of jobs."

The LGA's submission to the review of the 2009 National Waste Policy stated that "*the National Waste Policy should seek to apply circular economy principles to all stages of production and consumption.*" The LGA submission argued that:

- The biggest opportunity to tackle Australia's waste problem is at the front end of the process (at the point of decisions being made about design, manufacture, packaging, marketing and consumption) rather than at the back end (at the point of waste disposal); and
- The National Waste Policy should incentivise engaging with the circular economy from both angles – by both encouraging the production and consumption of circular-use products and by discouraging the production and consumption of linear-use products.

The State Government's proposed action on single-use plastics will address both of these points. If restrictions are placed on the availability of single-use plastics, this will both encourage the production of circular-use products and discourage the further production and consumption of linear-use products.

## Single-use plastics

Restrictions on single-use plastics will encourage innovation and diversification by industry to develop new products and materials (such as biodegradable and compostable alternatives) and could also encourage development of better end-of-life options for existing materials (ie commercially viable recycling pathways for existing products and materials).

For this reason, if the State Government is to restrict the availability of particular single-use plastic products, it is critical that it establishes clear and justifiable criteria for the products to be considered for restriction. The criteria should reflect the policy basis for action and should provide clear guidance to industry, investors and research and development organisations as to which products will be supported long-term in the South Australian market and which will not.

### Criteria for action

Page 10 of the Summary Document “Single-use plastics and the Container Deposit Scheme” and page 28 of the Discussion Paper “Turning the Tide on Single-Use Plastic Products” provide advice as to the types of criteria the State Government may be considering.

Page 10 of the Summary Document states “*we can look at taking immediate local action on a range of items designed for disposal after only a single-use, are prone to being littered and are unlikely to be recycled*” and “*it may be appropriate to restrict market access for some single-use plastic products where suitable, lower impact alternatives exist.*”

Page 28 of the Discussion Paper states “*for some single use plastic products that are intended and/or designed to be disposed of after one brief use, are rarely recycled, cannot be recycled and in some cases are prone to being littered, that government intervention and action is required*”.

The LGA recommends that the State Government propose clear criteria for products to be considered for restriction and that these proposed criteria should be developed for further consultation with local government and with industry.

The LGA recommends that a product be considered for restriction if:

- it is made of plastic or predominantly plastic and is designed for disposal after a single-use;
- there are suitable alternatives (that have a lower environmental impact) in the market; and
- the product is unable or unlikely to be recycled;

(together, the **proposed criteria**).

It would be necessary to provide further clarification on what exactly is meant by each of the proposed criteria in guidelines or other regulatory documents.

The LGA does not believe that the product should need to be prone to being littered for it to be considered for restriction. If the product is prone to being littered, this should add additional weight to the argument for restriction, however, its presence in the litter stream should not be essential to its consideration.

Whilst litter (in particular marine litter), is an important problem, there are many plastic products that are designed to be used in the home (and are therefore not prone to being littered) but nevertheless make a very significant contribution to Australia’s waste problem. These products will generally be placed in household red/blue bins and are responsible for a significant proportion of the amounts that councils and communities are currently paying for landfilling in our State.

## Need for greater transparency

The proposed criteria highlight the importance of improving transparency in the waste and recycling industry in Australia and that there is a need to encourage increased “waste literacy” in the community in this regard. For members of the community to meaningfully comment on the matters raised in the Discussion Paper, they would need to understand:

- which products are recyclable and recycled;
- how products are recycled and what the (recycled) end use is; and
- what alternative products there are available and their different characteristics.

There is generally a low level of understanding by the community of the waste and recycling industry in Australia and consideration needs to be given to how this can be improved. It can be very difficult even for motivated community members and consumers to be well informed.

Much of this key information is also missing from the Discussion Paper and the LGA’s view is that it will be difficult for the community to meaningfully respond to some of the questions raised as a result.

For example, the Discussion Paper does not:

1. explain which types of plastics are recyclable and which are not;
2. discuss the difference between rigid plastics (milk bottle, juice bottle etc.), medium plastics (packaging for strawberry punnets, tomatoes etc.) and soft plastics (plastic bags, bread bags);
3. explain why some plastics are recyclable and some are not (ie. why is a plastic lined coffee cup not recyclable but a plastic lined milk carton such as an iced coffee carton is recyclable?);
4. explain that some products may be technically recyclable but they are not currently recycled because it is not commercially viable to do so (and how the proposed State Government action might impact this); and
5. does not provide any information on the current end-use of products that are recycled.

The Discussion Paper also does not discuss the difference between products and materials that are “infinitely recyclable” and products and materials that can be re-used in another product but once that single re-use has occurred the product or material then reverts back to being a linear-use product that, at end of life, will be disposed to landfill. There are many examples of this type of “recycling” in the market and there may be a need for better or more specific definitions of terms such as “recyclable” and “recycled”.

The Discussion Paper also implies that there are alternatives to many single-use plastics without discussing the differences in cost, performance characteristics and/or environmental impacts of the alternatives. It is considered that these factors need to be well understood and adequately considered in order to provide meaningful and informed feedback.

For example, compostable produce bags are discussed but the paper doesn’t provide information about how compostable produce bags compare to plastic produce bags in terms of their ability to prolong the freshness of fruits and vegetables. Further, the paper does not flag the importance of minimising food waste and the potential increase in food waste if consumers are unable to keep fruit and vegetables fresh for significant periods of time.

The LGA understands that the Discussion Paper is a scoping paper and additional research and analysis must be undertaken before any proposals are finalised. However, the missing information in the Discussion Paper means that caution should be exercised in compiling and reporting on the results of the consultation process. The LGA recommends that further information be provided to the community on the matters raised above prior to the next stage of the review process.

## A legislative response

The LGA supports the option of a dedicated legislative instrument as discussed on page 36 of the Discussion Paper. The Discussion Paper notes that:

*“A dedicated legislative instrument could be considered to address all single-use plastic and other single-use products targeted in one Act of Parliament by defining specific objectives and measures with a view to preventing and reducing their impact on the environment, society and the economy. The legislation could:*

- *regulate (prohibit) the sale and supply of single-use products and materials in South Australia particularly those with single-use applications such as identified above;*
- *provide an ongoing legislative mechanism to manage products and materials which will be especially important as the complexity of waste types are changing...”*

The LGA recommends that the legislation establish clear and justifiable criteria for the products to be considered for restriction. These criteria should be flexible enough to adapt overtime as new products and processes are developed and as consumer preferences change.

This legislative framework should also provide for other policy responses. Consideration should be given to whether changes to reporting requirements for recyclers could improve transparency in the waste and recycling industry as discussed above. The legislative framework should also allow for product labelling requirements describing how to recycle or dispose of a product and product labelling requirements to allow consumers to identify products with recycled-content in the marketplace.

The LGA also notes the comment on page 35 of the Discussion Paper that *“it is also preferable for voluntary approaches or collaborative measures or policies over regulatory measures where business and industry has the foresight and willingness to act in a timely manner...”* The legislative framework should also support increased engagement with industry, businesses and consumers by supporting voluntary action to reduce plastic waste. For example, the legislative framework could support the adoption of voluntary codes of practice by industry or business groups that encourage moves away from single-use plastics. Codes could require such simple actions as asking consumers whether they would like a bag/packaging when purchasing products rather than simply giving out bags by default.

Separately, the LGA remains of the view of that it will not be possible to achieve sustainable procurement practices that support development of a circular economy (ie increased purchasing of recycled-content products and materials by governments, industry and consumers) without the establishment of a clear and credible accreditation system for recycled products. This view is supported by the ALGA Federal Election document “All politics is local”, 2018.

Whilst the LGA accepts that the establishment of an accreditation system is more suited to a national approach, this does not mean that state jurisdictions must wait for Australian Government action. The national ‘GreenPower’ accreditation program is a good example of a national accreditation program established by the states and territories in partnership with industry. The LGA encourages the Minister for Environment and Water to raise this option through the Meeting of Environment Ministers forum.

## Conclusion

In summary, the LGA's view is that South Australia should introduce measures to address items such as single-use plastic straws and takeaway coffee cups in line with the proposed criteria set out above. However, the LGA also believes that the missing information outlined in this submission should be provided to the community before it can meaningfully answer many of the questions raised in the Discussion Paper. The LGA also recommends that other items including takeaway food containers (especially sushi and cold roll trays), plastic cups, plates and cutlery, medium plastic packaging (strawberry punnets) and soft plastic packaging like dry cleaning wrap also be considered.

## Container Deposit Scheme

The LGA reiterates its support for action on waste at the national level and notes that many members of the local government sector would support implementation of one national Container Deposit Scheme (CDS). However, the LGA also notes that many Australian jurisdictions are in the process of considering or implementing CDS and that this is a step in the right direction. The LGA reiterates its comments in relation to its support for the establishment of a local circular economy.

The LGA also reiterates its comments in relation to improving “waste literacy” in the community. In particular, there is very limited understanding in the community regarding what happens to containers that are returned through the CDS scheme. This “back end” of the scheme should be subject to increased analysis and scrutiny, and information made available regarding the costs and benefits of the scheme, before the community can be meaningfully engaged on options for its reform or expansion.

The LGA believes the CDS has been highly successful at improving resource recovery rates in South Australia, and reducing litter, and supports the continuation and possible expansion of the scheme. However, the LGA also acknowledges that there has been a shift in the way the CDS is viewed in South Australia. While the CDS was designed and implemented as a litter reduction mechanism, it is now more widely viewed as a resource recovery mechanism.

## Objective of the CDS

Given the increasing importance of resource recovery as a sustainability measure, it is entirely appropriate that the CDS should be viewed as a resource recovery mechanism. However, it must be remembered that the scheme was designed and implemented with different objectives in mind at different points throughout its history. While it was initially established as a litter reduction measure, some containers have been included in the scheme with public health objectives in mind. The LGA recommends that resource recovery be adopted as the primary objective of the scheme.

## Plastics

It may be helpful to acknowledge that the CDS may have different objectives for the different materials that are recovered through the scheme. For example, it may be that the CDS continues to play an important role as a litter reduction measure for plastic containers in South Australia. Beverages sold in plastic bottles such as water and soft drink are commonly consumed “on the run” and are prone to being littered. Further, they can easily be blown or swept into waterways and end up as marine litter. For these reasons, it may be important to ensure the continuation of the CDS for plastics as a litter reduction measure (even though the benefits of CDS as a resource recovery measure for plastics may be less clear and not so easily quantified).

## Glass

On the other hand, the CDS plays an important role as a resource recovery measure for glass. The CDS provides a method of ensuring that as much glass as possible is returned for recycling and as much glass as possible is returned directly outside of the kerbside-collected yellow bin system. There are two reasons why this is important for South Australian councils and communities.

Firstly, glass is a high value material if recovered in a “clean” state and the CDS plays an important role in ensuring as much “clean” glass is recovered in South Australia as possible (CDS glass also retains a high value because it is sorted according to colour type). Given that recovered glass is a cheaper input for industry than newly manufactured glass, an increase in the availability of recovered glass should lead to a decrease in the demand for new glass. Additionally, the majority of glass recovered in South Australia is also reprocessed locally and there are many economic benefits associated with this.

Secondly, glass (when disposed through the yellow bin) is responsible for a significant proportion of the cost to councils of providing recycling services and glass fines (glass broken into very small pieces) cause a number of problems in the recycling process. This is because:

1. councils are charged a per tonne processing fee for recyclable materials and glass contributes to this processing fee (ie it now costs Material Recovery Facilities more to process recyclable materials than they can make back through selling the materials recovered and councils pay for this shortfall). Again, glass (if broken) will have no value and will be a cost to the processor;
2. this cost is separately passed on to councils. Glass that breaks at any point (through collection, transportation or processing) will be recorded as “contamination” for which a number of councils are now being charged as part of their recyclables processing contracts; and
3. glass fines also contaminate the other materials and impact on their value (again, increasing the disparity between the cost of processing and the value of materials recovered).

The more glass that can be recovered through the CDS scheme outside of the kerbside-collected yellow bin system the greater the opportunity that councils will be able to manage the increase in waste costs without passing these onto communities. For these reasons, the LGA’s view is that it is the CDS’s role as a resource recovery mechanism for glass where there is the strongest case for expansion of the scheme, possibly through the inclusion of wine bottles.

Given the range of beverage containers (including alcoholic beverage containers) currently included in the scheme, the inclusion of wine bottles seems the most consistent with the scheme’s parameters and the least likely to cause confusion for consumers.

## Policy basis of the CDS

In reviewing the CDS, the LGA’s view is that resource recovery should not be viewed as an end in itself and there should be increased scrutiny of what happens to these resources following recovery. No containers should be approved for sale in South Australia through the CDS unless there is an existing market for the recovered materials.

The Scoping Paper simply states that *“aluminium, steel, liquid paperboard and plastic containers are recycled through markets sourced by the super collector”*. This is not enough information to enable the community to form a meaningful view as to whether CDS recycling for these materials is worthy of their continued support. The community needs to know what these markets are and where they are, whether they are in Australia or only overseas, where the costs and benefits of this system lie and whether they are sustainable or not. The LGA recommends that resource recovery efforts be focused on materials that are, or are likely to be, re-processed within Australia.

Therefore, the LGA's view is that the Scoping Paper does not adequately define the policy problem that the review is seeking to address or the range of options that may be available to address it (ie. do we want to recover more resources? all resources or a particular type? why? do we have end markets for these? are the end markets in Australia or only overseas? are they socially and environmentally responsible? or should we be doing something different with our recyclables? what could be done to develop local markets for these? will the proposed State Government action assist with this?).

The Scoping Paper explains the process for consumers to obtain a refund by returning CDS containers to collection points but does not discuss whether this is more beneficial or less beneficial (from a resource recovery perspective) than recycling the containers through the kerbside-collected yellow bin. The LGA has set out some of the benefits of returning glass containers to collection points but the same benefits are not necessarily applicable to other materials. The LGA recommends that information on the difference in value between "cleaner" materials collected through the CDS and "dirtier" materials collected through the yellow bin system be provided. It is difficult to comment on whether other containers (for example, milk bottles) should be included in the CDS scheme without this information.

The LGA supports product stewardship schemes that are based on the premise that those who benefit from producing, selling, using and disposing of products have a shared responsibility to ensure that those products are managed in a way that reduces their impact on the environment. However, it is not clear that the CDS, as it currently operates, is achieving this objective. There is also a lack of publicly available information on the economics of the CDS and where the costs and benefits of the scheme lie. The LGA recommends that the State Government provide further economic analysis on this issue.

## Refund amount

While the LGA does not have a firm view on whether the refund amount should be increased or not, the LGA reiterates its comments regarding supporting increased engagement with industry, businesses and consumers by supporting innovative and voluntary action on waste and resource recovery issues.

The LGA's view is that the CDS should be flexible enough to allow innovative responses from the market that can be incorporated into other business models. For example, retailers should be permitted to provide a CDS refund greater than the minimum 10 cents, a refund by way of a voucher towards the purchase of products or a refund in the form of a donation to a charity of their choice, if they form the view that this will be beneficial for them in encouraging consumers into their stores or enhancing their reputation as "good corporate citizens".

## Conclusion

In summary, the LGA believes the CDS has been highly successful at improving resource recovery rates in South Australia and reducing litter and supports the continuation and possible expansion of the scheme. However, the LGA also believes that the policy basis for the scheme should be subject to greater scrutiny (in particular, in relation to what happens to resources following recovery and why).

The LGA recommends that both the economic and environmental costs and benefits of the scheme be further explored and explained before the next stage of the review.