



**THE INSTITUTE OF
WASTE MANAGEMENT
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**CHARLES MULLER
EXECUTIVE DIRECTOR
PACKAGING COUNCIL OF SA**

AGENDA

- **Our performance**
- **The Paper & Packaging Industry Waste Management Plan**
- **The consequences of the Pricing Strategy & Waste Management Bureau as seen by Industry**
- **Way forward ?**

SOUTH AFRICA'S PERFORMANCE BY SUBSTRATE



OUR PACKAGING PERFORMANCE - 2013

	<u>CONSUMPTION</u>	<u>RECYCLED</u>	<u>%</u>
PAPER PACKAGING & PRINT	1892	1169	61.8
METAL	233	153	65.8
GLASS	806	321	39.8
<u>PLASTICS</u>	<u>731</u>	<u>225</u>	<u>30.8</u>
TOTALS	3662	1868	51

'000 tonnes

Source - BMI

OUR PACKAGING PERFORMANCE - 2013

Whilst these performance indicators compare favourably to many developed countries it is recognised that they are **still just NOT good enough !**



**OUR INDUSTRY PLAN FOR
THE PACKAGING & PAPER
SECTOR**

INDUSTRY PLAN

- ✓ Original Plan was developed & presented to the DEA in 2011
- ✓ Document was updated & submitted as a “Draft Proposal for Discussion” in September 2014
- ✓ International experts were consulted
- ✓ Compiled with extensive input from....

Aerosol Manufacturers Association of SA
Collect-a-Can
The Glass Recycling Company
Multilayer Packaging Forum
Paper Manufacturers Association of SA
Paper Recycling Association of SA
PETCO

Plastics SA
POLYCO
Polystyrene Packaging Council
Printing SA
S A Plastics Recycling Organisation
Southern African Vinyls Association



INDUSTRY PLAN

Cornerstone of the Paper & Packaging Plan....

- ✓ **Industry managed system**
- ✓ **Non-profit & as cost-effective as possible**
- ✓ **Primary objectives:**
 - ✓ **Maximise diversion from landfill**
 - ✓ **Provide industry with steady stream of good quality recyclables**
 - ✓ **Reduce resource consumption**
 - ✓ **Job creation & better working conditions**
 - ✓ **Clean up the environment**
- ✓ **Mandatory household separation at source into recyclables & other**

INDUSTRY PLAN

- ✓ **Focuses on new collection systems**
- ✓ **Informal collectors to play a key role in collection**
- ✓ **Develop labour intensive models to handle & sort recyclable materials specifically through MRF's**
- ✓ **Reinforces that Municipalities need assistance & support**
- ✓ **Develop markets to absorb the various recyclables collected**



INDUSTRY PLAN

- ✓ Encourages SMME's & entrepreneurship
- ✓ It requires Government support to ensure that there are NO free riders – must be obligatory membership of an industry representative Product Responsibility Organisation
- ✓ Costs to implement will be collected from “obligated industries” including importers
- ✓ These may include....
 - ✓ Raw material producers
 - ✓ Converters
 - ✓ Fillers or brand-owners
 - ✓ Retailers
 - ✓ Combination of the above

PRICING STRATEGY

The recently Gazetted Pricing Strategy “discussion document” proposes....

- ✓ **That the EPR Scheme becomes “Government Managed”**
- ✓ **EPR schemes will have 2 years to align their funding models to the Pricing Strategy & the ACT**
- ✓ **Implies there will be a SARS collected tax**

INDUSTRY CONCERNS

Industry have significant concerns that with increased Government intervention & regulation including the imposition of SARS collected “waste management charges” or taxes the following will inevitably occur....

INDUSTRY PLAN – CONCERNS

The paper & packaging industry will quickly abdicate responsibility....

- ✓ **Industry will not pay twice ie. both a voluntary levy & a mandatory tax.**
- ✓ **With some exceptions the packaging manufacturers in South Africa are not in good economic shape – careful that undue taxation & interference does not negatively affect the sector.**

INDUSTRY CONCERNS

The many voluntary & successful initiatives, particularly those of the 7 main stream Material Organisations, will collapse....

- ✓ **These organisations are all funded through voluntary contributions**
- ✓ **Current Funding models generally collect upfront – delays in funding will see the disintegration of projects etc !**
- ✓ **Collective spend is >R300 million**
- ✓ **Responsible for tens of thousands of jobs**
- ✓ **Destroy the “passion” !**

INDUSTRY CONCERNS

There will be a regression of recycling rates.....

- ✓ **There is international evidence to suggest that recycling rates will regress such as what occurred in Hungary in 2012 where the state assumed control from privately run PRO's**
- ✓ **The recycling rates there fell from 59% to 49% within a year !**



INDUSTRY – CONCERNS

Packaging costs effect all the LSM's....

- ✓ Packaging is an integral part of protecting, preserving & containing food
- ✓ Another tax on the poor
- ✓ Careful of inflationary affect



INDUSTRY CONCERNS

Revenue collected will be swallowed up in the Fiscus....

- ✓ **Government has made it clear that there will be NO “soft” or “hard” earmarking (ring-fencing) of revenue generated & collected**
- ✓ **Other State expenditure such as housing, water provision, unemployment etc may take preference particularly if there is a significant budget deficit**
- ✓ **There will be another...**



...& the money will never be seen again !

INDUSTRY PLAN

The industry is of the opinion that it should be a priority to finalise & implement the Plan and once in operation consider what economic instruments would best address any shortcomings that might emerge.

INDUSTRY PLAN

However....

....with the imminent introduction of the Waste Management Bureau & the Pricing Strategy it is however accepted that there has to be a greater collaborative effort to achieve the aspirations of all.



INDUSTRY PLAN

THE ROAD FORWARD ?

- ✓ **By working closely with the DEA ensure that none of the above concerns come to fruition**
- ✓ **Accept that Government must be part of the solution but cannot be THE solution**
- ✓ **Learn from & listen to international experiences**
- ✓ **PACSA is being collapsed & replaced by a new & more encompassing PRO body called Packaging SA**



INDUSTRY PLAN - ROAD FORWARD ?

- ✓ In preparation for the Minister calling for updated industry plans (Section 28 of NEMWA) the new Packaging SA has already started work on a comprehensive business plan encompassing....

- ✓ Operational
- ✓ Marketing
- ✓ Financial aspects



- ✓ Recognize the need for much better data & harmonisation of recycling statistics.

INDUSTRY PLAN - ROAD FORWARD ?



We cannot fail - there is no option but to ensure that South Africa becomes a better place for ALL.

Thank You

