# Submission
**to**
# Senate Standing Committee on Environment, Communications and the Arts
**on the**
# Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2009

Thank you for the opportunity to comment on the container deposit legislation introduced into the Senate by Senator Scott Ludlam. I write to support a national mandated refundable deposit of 10 cents on all drink packaging.

Over the years I have been an advocate for waste minimisation, I have witnessed the continual increase in waste from beverage containers. Firstly, returnable and refillable drink bottles were replaced by single-use, throw away containers. Then when recycling of drink containers was introduced, it was only partial; only available to those containers picked up in residential kerbside collections. In that switch, the beverage industry was able to transfer the cost of container management from themselves to other entities, particularly council ratepayers who now pay for litter collection, landfill disposal and recovery for recycling.

A national container deposit scheme would correct the current partial and inequitable management of waste from drink containers because it is universal and the recovery and recycling is paid for by those who benefit from the consumption of packaged drinks and who do not return the packaging for recycling.

## The size of the problem

Packaged drinks amount to about 30% (by weight) of total packaging[1]. They are known as "fast moving consumer goods" because of their rapid entry and exit through the economy.

It has been estimated by the Packaging Stewardship Forum (PSF) of the Australian Food and Grocery Council that 10 billion packaged drinks are sold into the Australian market every year[2]. The report prepared for the Environment Protection and Heritage Council by the BDA Group used the figure of 11 billion to take into account imports and drinks not produced by PSF members. This may still underestimate the actual amount of drink containers being used in Australia.

Less than half of all drink containers are recovered for recycling[3] because:

- they are consumed away from home in offices, parks, schools, food courts, factories, etc. where there is no infrastructure to sort and collect used packaging and no funds to pay for it;
- the kerbside recycling bin is full (of paper);
- they are littered.

Waste from street litter bins, office collections and events usually ends up in landfill.

## The cost of wasting containers

1 Boomerang Alliance (2008) *Container Deposits: The Common Sense Approach; "Financial Analysis of Costs & Benefits of a National Container Deposit System, V2.1* p 4 viewed at http://bringitback.org.au/boomerang/files/Final%20May%20national%20CDS%20Model%20and%20Analysis.pdf

2 Pickles, J. (2007) Presentation to Municipal Association of Australia Forum 8 November 2007 viewed at http://www.mav.asn.au/CA256C2B000B597A/ListMaker?ReadForm&1=10- None~&2=0- PP+- +Environment+- +Waste+Management+&+Resource+Efficiency+- +Container+Deposits+&+EPR+Forum+- +TOC~&3=~&V=Listing~&K=TOC+CD+EPR+Forum~&REFUNID=73462F7C87653BB3CA2573990019D395~

3 Boomerang Alliance (2008) p 9

Not only is landfilling containers a cost to the economy in terms of lost raw materials but it also represents a cost to the environment in terms of lost embodied energy and lost embodied water. A joint university study[4] used Life Cycle Assessment methodology to calculate the environmental impact of landfilling packaging and paper compared to recycling it in terms of greenhouse gases, embodied energy, smog precursors and water use. The study found that the benefits (and costs) vary depending on the material type but that, overall, increasing the recycling rate of packaging is overwhelmingly beneficial.

The Boomerang Alliance calculated that a national container deposit scheme would result in a saving of 631,008 tonnes of material from landfill every year. Using the net savings (or costs) figures calculated for each material type and for each type of impact as shown in the RMIT study, the Boomerang Alliance calculated the following environmental benefits from saving 631,008 tonnes of material from landfill:

- Greenhouse gas abatement of 1.38million tonnes of Co2 equivalent per year; and
- Drinking water savings of 8.1 gigalitres per year[5]

## Funding increased collection services

Installing Public Place Recycling bins at every shopping centre, park and station is not an effective way to increase the recycling of containers because, once again, the cost burden falls on local governments (ratepayers) for the installation and servicing of bins and because the return on the investment is likely to be meagre in terms of the amount of uncontaminated recyclables collected.

A container deposit system generates a source of funds (unredeemed deposits) to pay private enterprise and community organisations to provide collection infrastructure such as reverse vending machines and community depots at locations where people congregate.

## Supporting local government recycling services

This separate collection activity will not detract from local government kerbside operations. On the contrary it will improve collection efficiency and financially underpin council arrangements because:

- Most glass bottles will be removed from co-mingled recycling bins thus reducing the likelihood that used paper will be contaminated by broken glass. Used paper recycling is the most lucrative component of kerbside collections and it will become even more valuable without contamination from glass.
- Without the fear of breaking glass bottles, collection trucks will be able to compact their loads more and travel further per trip. Collection frequencies could also be reduced, if bottles and cans are being deposited elsewhere.
- The bottles, cartons and cans that are left in kerbside recycling bins will return 10 cents per container to the council or council contractor. This financial return will be guaranteed and not subject to the vacillations of commodity markets.
- Fewer containers will end up in the rubbish bin destined for landfill.

Proof that container deposit schemes can coexist with kerbside recycling can be found in South Australia along with the following countries and US and Canadian States:

- California
- Massachusetts
- Maine
- Oregon
- Nova Scotia
- Quebec
- Austria
- Denmark

4 Grant, T, James, K.Lundie, S and Sonneveld, K (January 2001) *Stage 2 Report for Life Cycle Assessment for Paper and Packaging Waste Management Scenarios in Victoria.* RMIT, accessed at http://www.sustainability.vic.gov.au/resources/documents/Stage_2_Report_for_Life_Cycle_Assess_for_Packaging_Waste_Mg.pdf
5 Boomerang Alliance (2008) p 25

The NSW and West Australian local government peak bodies, as well as the Victorian Local Governance Association, publicly support container deposits. At a recent State Council meeting of the Municipal Association of Victoria, 67% of Victorian councils voted in favour of a container deposit scheme.

The EPHC report prepared by the BDA Group confirmed cost savings to local governments across Australia amounting to $75 million per year.

Local governments would also save money from a reduction in litter resulting from a container deposit scheme. Rubbish in the environment is ugly, hazardous and wasteful.

## Reducing litter

It has been estimated that drink containers make up 30% of litter (by volume)[6]. On Clean Up Australia Day 2008 out of the Top Ten rubbish items recorded seven items related to beverage containers.

Plastic litter is hazardous to aquatic wildlife through ingestion or entanglement.

Broken glass causes significant injuries to children and is a nuisance to cyclists.

It has been estimated by the Boomerang Alliance that a national container deposit scheme would reduce litter by 12% – 15%[7]. According to the BDA Report, a container deposit scheme is the only policy option that has a positive effect on reducing litter.

## Changing behaviour

Newspoll surveys show people understand container deposit-refund systems. Surveys carried out in WA[8] and Victoria[9] report that the vast majority of people are willing to pay a 10 cent deposit and that a refund of this amount will motivate them to return containers.

Public support for container deposits shows that consumers accept that they have an important role to play in recycling end-of-life products and packaging. Other container recycling schemes cannot motivate consumers in the same way as a container deposit system.

## Self funding

The legislation, which is the subject of this inquiry, is based on a model where the full cost of the scheme is funded by unredeemed deposits and the sale of the recovered recyclate. In some other container deposit schemes, beverage companies are required to pay handling fees to the extent that there are insufficient unredeemed deposits to pay collectors for their service. However, this national scheme envisages that this situation should not arise due to the amount of the deposit, the wide range of containers to which it applies and the likely return rate.

Any additional costs to governments will be recompensed by the unredeemed deposit fund so the legislation does not require any appropriation from the consolidated revenue.

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6 Keep Australia Beautiful National Litter Index Annual Report 2007 – 08 viewed at http://www.kab.org.au/01_cms/details.asp?ID=5

7 Boomerang Alliance (2008) *Container Deposits: The Common Sense Approach; "Financial Analysis of Costs & Benefits of a National Container Deposit System, V2.1* p 4 viewed at http://bringitback.org.au/boomerang/files/Final%20May%20national%20CDS%20Model%20and%20Analysis.pdf

8 See http://www.boomerangalliance.org/000_files/Newspoll_Container_Recycling.pdf

9 Newspoll (2006) commissioned by AFROCAB

The legislation allows for a review of the amount of the deposit after 5 years to check whether it is still adequate to cover the costs of the scheme.

## Other policy options

### *The National Packaging Covenant (NPC)*

The National Packaging Covenant, a co-operative agreement between industry (brandowners and their supply chains) and the various levels of government, was not effective in increasing the recycling of packaging in its first five years and is highly unlikely to achieve the recycling targets set for its second five year term in 2010.

The amount of money raised by the NPC nationally is $6 million per year. These funds are not permitted to be used to subsidise any recurrent costs of picking up recyclables. Even if they were, this amount would be totally inadequate to cover the recurrent costs of kerbside recycling, which amounts to about $295 million/year; let alone the cost of implementing away-from-home recycling.

The EPHC at its meeting on 22 May this year recognised that the NPC if retained may have to coexist with regulatory measures.

### *Advanced Disposal Fees (ADF)*

The BDA report examined an Advanced Disposal Fee of $10 per tonne of packaging, including containers, sold into the market as a way of financing additional container recovery.

At $10 per tonne, the fee would raise about $42 million dollars in Australia[10]. It is unlikely that any of this would be used to compensate local government for the recurrent costs of kerbside collections, whereas a container deposit system would save local government $75 million.

An ADF of $10 per tonne of material would not be enough to fund the required collection infrastructure and on-going handling costs.

The advantage of an ADF is that it could be applied to all packaging items and, if set at a minimum of one cent per packaging item, might raise sufficient funds to compensate local government for kerbside and public place recycling. However, the disadvantage of an ADF arises because it would be hidden from consumers. Thus, the ADF option does not have the system-changing and behaviour-changing incentive that a deposit-refund scheme has: for example;

- kerbside inefficiencies would remain because glass bottles would still be co-mingled (and broken) with paper in kerbside,
- the cost and contamination of public place recycling would remain the same, and
- litter would remain the same.

## Conclusion

A national container deposit scheme is urgently needed to raise funds to enable more containers to be diverted from landfill for recycling. A national scheme would harmonise state systems of recovery and incentivise materials reprocessing facilities in States which currently either do not have recycling services or have to transport recyclables over long distances. It would reduce the cost burden on local government of kerbside recycling, freeing up funds for other social welfare and community infrastructure. Finally it would establish funded collection depots throughout

10 Environment Protection and Heritage Council Report (2009) *Beverage Container Investigation* prepared by the B D A Group report p 3

Australia that could be made even more viable by adding on other producer responsibility recycling schemes for end-of-life electronic appliances, oil, tyres, batteries, fluorescent lighting, mattresses and gas bottles.

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