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21 May, 2008

Stephen Palethorpe  
Inquiry Secretary  
The Senate Standing Committee on Environment  
Communications and the Arts  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Sir,

**Re: The Management of Australia's Waste streams and the Drink Container Recycling Bill**

The Nature Conservation Council of NSW would like to support legislative developments for the management of packaging waste, particularly in reference to the proposed Drink Container Recycling Bill. We believe that the responsibility for waste should rest with producers and their commitment to implementing effective mechanisms for waste reduction and recovery. In forming this view, we considered the following:

**Packaging in Australia**

Packaging volumes in Australia are high compared with Europe – 116kg/capita/annum compared with approx 80kg/capita/annum in Spain, France and the UK<sup>1</sup> and three times as much as Germany, Belgium and Austria. The high volume in Australia leads to unnecessary costs for waste management as well as significant costs to the environment.

**Kerbside recycling**

Kerbside recycling in some states is collapsing, resulting in subsidies by ratepayers of \$374 million per year<sup>2</sup>. This is not financially sustainable. Furthermore, even if kerbside pick-up recycled 90% of container waste collected, it would only achieve a 50% recovery rate if waste from public areas (e.g. malls, parks, etc.) and commercial operations (e.g. cafes, pubs and clubs) is omitted.

The cost unfairly falls on ratepayers (70% of homes), with tenants (30% of homes)<sup>3</sup> and tourists (39% of tourist spending is on shopping, meals and food<sup>4</sup> which all generate container waste) excluded. There is no reward for good environmental habits or any incentive for behaviour change.

**The failure of the National Packaging Covenant**

We believe that the recycling rates stated in the National Packaging Covenant 2006 Annual Report are incorrect. Investigations by Industry Edge and Pitcher partners show that:

- annual paper and cardboard recycling figures wrongly included approx. 279,000 tonnes of newsprint and white office paper which should not be considered as packaging and
- glass recycling wrongly included 70,000 tonnes of glass processed by Visy in New Zealand

We believe the actual recycling rate is 43% and not the 55% reported, well below the target of 65%<sup>5</sup>. It is clear that after 8 years of the National Packaging Covenant, little has improved and its targets will not be met. A further illustration of this is a 3.6% increase in beverage containers collected on Clean Up Australia Day year on year.

An estimated 743,022 tonnes of container packaging is sent to landfill<sup>6</sup> at a cost of \$51.08 per tonne, resulting in a disposal cost to the public of \$37.96 million per annum. Litter recovery costs governments \$200 million per annum<sup>7</sup> with containers comprising 29.38% by volume<sup>8</sup> and therefore costing taxpayers in excess of \$58 million per annum.

### **Container deposit schemes**

Container Deposit schemes enable deposits to be included in the purchase price of certain containers (usually beverages, but not exclusively), and the deposit refunded when the container is returned. Such schemes are in operation in Europe and North America and provide an effective tool in addressing litter, encouraging recycling and reuse, and moving towards zero waste.

Container deposit schemes follow the 'polluter pays principle'. At present the cost of waste management is hidden in the cost to the consumer with no incentive for the producer to reduce the volume of packaging or make it easier to recycle. While it is true that society will ultimately pay for recovery and recycling under any scheme, the mechanism should encourage an attitudinal and operational change at the source of the problem. A container deposit scheme would do this by shifting the cost from the consumer to the producer and thereby providing a direct financial incentive to producers to improve their approach on this issue.

Opponents of container deposit schemes suggest that such schemes will reduce the volume collected at the kerbside and therefore make kerbside collection even less viable. We disagree and assert that the profit made by councils by redeeming the deposits more than outweighs losses from reduction in kerbside volumes. A recent study by the Boomerang Alliance confirmed this, showing a saving to councils of \$59.8 million per annum if a national container deposit scheme were introduced<sup>1</sup>.

Payment for recovery through rates and taxes penalizes everyone regardless of their contribution to the problem and so rewards consumers who are wasteful. A deposit scheme only involves those who consume, easing the burden on those who are more frugal.

The National Packaging Covenant has not worked and it is time for the beverage industry to take responsibility for their products. The cost should be borne by the polluter and not by members of the public who are not involved in beverage consumption but pay anyway through rates and taxes.

### **The benefits of a Container Deposit Scheme**

- Responsibility is assigned to the consumer with a powerful incentive for consumers to ensure that containers are returned.
- A Container Deposit scheme will enhance the established kerbside recycling scheme by:
  - providing an alternative container return mechanism, thus reducing the cost of collection (currently a cost deficit of \$36 million in Sydney alone<sup>9</sup>);
  - reduce the number of collection services and sorting needed;
  - reduce landfill and associated costs;
  - provide councils with an income stream from refunds for containers collected at kerbside (\$90,000 per year to councils in South Australia from unredeemed deposits<sup>10</sup>);
  - reduce the burden of litter management and associated costs. Two studies (ISF 2001, BEAR Report 2002 – US) have found that unit costs in deposit/refund systems were lower than unit costs in kerbside collections (cited in ISF 2004)<sup>9</sup>;
  - reduce the financial burden on local councils and ratepayers and redistribute the cost to producers and consumers who don't return containers;
  - place a value on waste which provides an effective way to encourage voluntary litter collection.

The Boomerang Alliance study shows that a national Container Deposit scheme would reduce the cost of managing containers by \$84 million and increase recycling rates to 80%. This would remove any immediate need for regulatory action on the remaining 70% of food and grocery companies that use cardboard based products.

### **Economic Benefits**

A national 10¢ container deposit would have substantial benefits:

Three million per annum to the Australian economy, increasing to \$84.9 million if operating surpluses are returned to tax payers through rates or income tax, representing a saving of \$11.52 per household. Such a scheme is much cheaper and more effective than schemes using different types of bins in public spaces which involve councils in considerable time and resources.

### **Environmental benefits**

The considerable environmental benefits are outlined below:

1. Litter reduction: 12-15% reduction or equivalent to six Clean Up Australia Days
2. Reduced waste to landfill: 631,008 tonnes reduction or 6% of all MSW waste to landfill
3. Greenhouse Gas abatement: 1.38 million tones of CO2 equivalent, equivalent to switching 197,000 homes to renewable energy
4. Water: 8.1 gigalitres of drinking water saved, enough to supply 24,128 homes.
5. Air quality: removal of 610 million gC2H4-e, equal to removing 144,711 cars from the road.

These major benefits come with little economic impact when compared with renewing the National Packaging Covenant.

### **The Drink Container Recycling Bill 2008**

We support the proposed Drink Container Recycling Bill with the following comments:

- the Act is based on sound and clear objectives focusing on producer responsibility, and requires the sustainable management and reuse of containers;
- an appropriate timeframe is set out for initiation and implementation of the scheme;
- flexibility is provided to producers in the way they choose to implement the scheme
- reporting annually is necessary due to the national, market based nature of the scheme, and for evaluation and information needs from initiation onwards;
- producers should incur penalties if they do not meet their obligations. Those obligations should include the prohibition of land-filling or incinerating returned containers;
- the instrument should remain flexible and responsive and allow adaptation and development as circumstances and consumption patterns change.

### **Community support**

The community has a strong desire for a comprehensive scheme addressing packaging waste. Two News poll surveys<sup>11</sup> of 300 households in Western Australia showed that 94.45% of the adult population were in favour of a container deposit scheme in May 2006 and 94.48% in February 2007 (with a 6% potential variance). This clearly shows that the vast majority of the community favour action on packaging waste. Some members of the industry, including Coopers Brewery and Diageo, also favour such a change.

The survey also shows a strong willingness by consumers to pay an upfront deposit - 96% willing to pay 5¢, 89% willing to pay 10¢ and 75% willing to pay 20¢. South Australia has led the way in waste reduction and resource recovery and it is now time for the rest of the country to follow suit.

The Nature Conservation Council of NSW supports the introduction of Extended Producer Responsibility mechanisms to tackle Australia's waste crisis and supports the introduction of Container Deposit Legislation nationally as an effective mechanism to substantially improve recovery rates for beverage containers.

If you have any questions on this matter please contact the Outreach Coordinator, Faith Flanigan at (02) 9279 2466 or [fflanigan@nccnsw.org.au](mailto:fflanigan@nccnsw.org.au).

Yours sincerely,



Cate Faehrmann  
Director

<sup>1</sup> Boomerang Alliance, Container Deposits: The Common Sense Approach, "Financial Analysis of Costs & Benefits of a National Container Deposit System", V2.1: May, 2008.

<sup>2</sup> Source: Extrapolation of data from NEPC Annual Report 2005/06 – Reporting for the Used Packaging NEPM

<sup>3</sup> ABS (1999). *Australian Social Trends 1999. Housing national summary tables*. Available at <http://www.abs.gov.au>. Link checked December 2004

<sup>4</sup> ABS (2003). *Australian National Accounts: Tourism Satellite Account*. Available at <http://www.abs.gov.au>. Link checked December 2004.

<sup>5</sup> Boomerang Alliance, Container Deposits: The common sense approach towards a zero waste society, "Background Briefing", April 2008.

<sup>6</sup> Landfill and Waste levies only. No collection costs have been included. If collection costs were to be included, these costs would be substantially higher.

<sup>7</sup> Calculation of the total cost of litter, source: Plastic Shopping Bags – Analysis of Levies and Environmental Impacts – Nolan ITU Pty Ltd, December 2002.

<sup>8</sup> Keep Australia Beautiful 2006 National Litter Index – Volume of litter, on an item count basis, containers represent 11.95%.

<sup>9</sup> Institute for Sustainable Futures (2004). *Beyond Recycling: An Integrated Waste Management Framework for Local Government. Part B: Recycling in Context – the current situation*. Available online at <http://www.igsa.org.au/docs/policy/environment/PartB.pdf>. Link checked December 2004.

<sup>10</sup> Hudson, P., in association with Cole Solicitors (March 2000). *Container Deposit Legislation: Economic and environmental impacts*. Report prepared for the South Australian Environment Protection Authority. Available online at [http://www.environment.sa.gov.au/epa/pdfs/cdl\\_report.pdf](http://www.environment.sa.gov.au/epa/pdfs/cdl_report.pdf). Link checked December 2004.

<sup>11</sup> Newspoll May 2006

