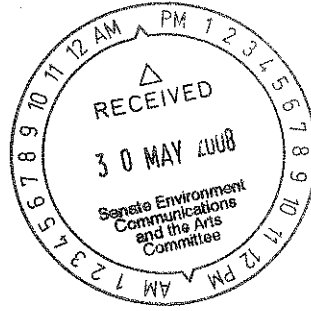


Enquiries: Simon Thomas
Telephone No: 9294 6353

15 May 2008

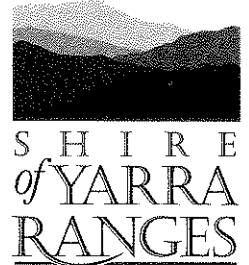
The Secretary
Senate Standing Committee on Environment
Communications and the Arts
PO Box 6100
Parliament House
CANBERRA ACT 2600



Shire of Yarra Ranges
Anderson Street,
P.O. Box 105,
Lilydale 3140
DX 34051

Mayoral Office

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Dear Mr Secretary

Yarra Ranges Shire Council at its meeting of the 12 February 2008 considered a report on issues surrounding the use of Container Deposit Legislation (CDL) as a means of reducing litter and increasing recycling rates.

The report looked at the South Australia experience where CDL has been in existence for over three decades and the positive impacts it has had on the recycling of beverage containers and in reducing certain types of litter. This is highlighted in the areas of PET and Glass beverage containers where South Australia recycles 38% and 49% more than the national average.

Whilst the above positive aspects were welcomed, the report also acknowledged that there are costs associated with the operation of such a program and that it could be extended cover a wider range of recyclables other than just selected beverage containers. In addition, it was considered that to be truly effective any CDL system should be National and that it must integrate with the National Packaging Covenant and existing kerbside recycling services.

Council on considering the report resolved as follows:

That:

- 1. Council write to both the State and Federal Governments advocating for the introduction of a broad based packaging/container recovery scheme supported by legislation; integrating initiatives such as Container Deposit Legislation, the National Packaging Covenant and kerbside recycling.*
- 2. The above letter propose that in the event that the forthcoming review of the National Packaging Covenant does not recommend a national approach, the State Government introduce Container Deposit Legislation in Victoria and that they continue to advocate to the Federal Government for a national approach.*

.../2

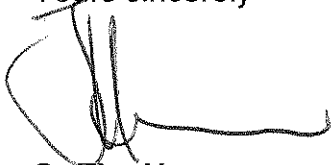
Correspondence has been forwarded to the Federal Minister for the Environment, Heritage & the Arts (copy enclosed) requesting the Federal Government to take positive steps toward the introduction of a national broad based packaging / container recovery scheme.

Council urges you, as Secretary for the Senate Standing Committee on Environment, Communications and the Arts to support this national approach to addressing the issue of reducing litter and increasing recycling rates. Interstate experience has shown a broad based Packaging and Recovery Scheme would reduce unsightly and dangerous litter in our environment, whilst at the same time increasing recycling, and save both energy and raw materials used in the production of packaging.

Please accept the above Council resolution, the enclosed letter to the Federal Minister and the attached Council Report as the Submission from the Shire of Yarra Ranges to the Senate Enquiry.

Should you require any further information please do not hesitate to contact Simon Thomas, Director - Environment & Engineering on 9294 6353.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cr Tim Heenan', with a long horizontal flourish extending to the right.

Cr Tim Heenan
Mayor

Enc. Letter to the Federal Minister (copy)
Container Deposit Legislation Report to Council (copy)

ENVIRONMENT & ENGINEERING

No. of Pages - 7

8.11 Container Deposit Legislation

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ATTACHMENTS	Letter from Peter & Marion Cook
RESPONSIBLE OFFICER	Director Environment & Engineering

SUMMARY

There are clear benefits from a Container Deposit Legislation (CDL) based system in improving recycling rates, particularly as they relate to away from home consumption that does not get picked up by the kerbside recycling system and possibly reducing part of the litter stream. However, the costs involved need to be fully understood, as the community will be required to pay the price for improved environmental performance. In addition, any system introduced should be National and fully integrated with the National Packaging Covenant and kerbside recycling services.

BACKGROUND

Correspondence was received in 2007 from local residents, P & M Cook, highlighting both the litter caused by beverage containers along with the cost to the community in the clean up of this litter. (Refer to Attachment 1.)

Further, they requested that Council write to the State Government supporting the introduction in Victoria of CDL, similar to that operating in South Australia.

Any consideration concerning the introduction of a CDL system must also include the National Packaging Covenant that deals with all consumer packaging from manufacture to disposal.

Container Deposit Legislation

CDL, as it operates in South Australia, was introduced in 1977 to address the litter problem being generated by the introduction of "one fill" beverage containers that were replacing the traditional reusable glass bottles. This system also clearly pre-dated any formal recycling services that are now an accepted part of waste management. South Australia (SA) is the only state in Australia to have CDL. There are CDL systems in operation in a number of other countries and in some states in America, often being driven by recycling initiatives. Currently Western Australia and Tasmania are investigating the possibility of introducing some form of CDL.

The principle of the legislation is really “polluter pays” where the consumer incurs a monetary penalty at the point of sale which can be redeemed if the container is returned. The containers covered by CDL are returned to collection depots where the consumer refund is obtained. These depots then further sort the material and take it to super collection depots who pay the collectors the deposit fee plus an agreed handling charge. The super collectors finally sell the materials to respective markets for both reprocessing or remanufacture.

National Packaging Covenant

The National Packaging Covenant (the Covenant) commenced in July 1999.

The Covenant is the voluntary component of a co-regulatory arrangement for managing the environmental impacts of consumer packaging in Australia. It is an agreement based on the principles of shared responsibility through product stewardship, between key stakeholders in the packaging supply chain and all spheres of government – National, State, Territory and Local.

Underpinning the Covenant is a regulatory framework known as the National Environmental Protection (Used Packaging Materials) Measure (NEPM). The regulatory framework has been adopted by all states. The regulations provide controls and standards for companies that do not voluntarily sign the covenant or who fail to comply with its requirements.

The Covenant and the NEPM expired in July 2005. The Covenant was extensively reviewed in 2004 and revised in response to the findings of the evaluations and a general agreement by all stakeholders that the model needed to be significantly strengthened if it was to continue. A new Covenant was subsequently approved and incorporates the changes made to achieve substantially improved performance.

The Covenant is designed to minimise the environmental impacts arising from the disposal of used packaging, conserve resources through better design and production processes and facilitate the re-use and recycling of packaging materials.

The Covenant establishes a framework for the effective lifecycle management of consumer packaging and paper products that will be delivered through a collaborative approach between all sectors of the packaging supply chain, consumers, collectors, re-processors and all spheres of government.

The following two examples show some of the achievements from the Covenant in action:

- Coca-Cola have taken the principles of the Covenant and improved the design of their cans (lighter weight) thereby reducing the amount of raw materials required to make each can and using less energy to produce. The amount of raw materials the new design has saved is equivalent to 91 million cans per annum.
- The Covenant has provided \$19 million in funding to Local Government. This funding has been used to improve the programs listed below to capture greater volumes of packaging material in the recycling process:
 - Best Practice Kerbside Recycling Program.

- Litter Best Practice Grants.
- Market Development Grants.

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Note: Project Funding is made available via annual industry contributions and are matched by Government.

The Objective & Scope of the Covenant

The objective of the Covenant is to reduce environmental degradation arising from the disposal of used consumer packaging and conserve resources through:

- Better product design.
- Increased reduction, re-use and recycling of used packaging materials.
- Reduced amount of used packaging materials going to landfill.
- Reduced incidence of packaging being littered.

DISCUSSION

It is clear from reports relating to both South Australia and overseas countries that CDL has been introduced with a primary role in reducing litter and as an additional measure to improve recycling associated with beverage containers.

It is also important to note that beverage containers covered by CDL account for 18.5% of the litter stream. (Source: Clean Up Australia Day 2001.)

Whilst the South Australian experience shows a high recovery rate for CDL beverage containers, Victoria has a greater overall recovery rate for packaging material. (Refer to Table 1.)

Table 1: Comparison on Packaging Recovery

State	Net Packaging Recovery (tonnes)	Population (Dec 06 quarter) (million)	Packaging Recovery per person (tonnes)
VIC	699,992	5.17	0.136
S.A	176,155	1.58	0.112

Source: Recycling Activity in SA 2005-06, ABS Population Data (Dec 06 Quarter) Victorian Recycling Industries Annual Survey 2005 – 06, 2006 National Plastics Recovery Survey (2005 calendar year)

In conjunction with Table 1, Tables 2 – 4 below show that CDL appears to have an impact on consumer recycling habits via the deposit refund, but appears to have no overall impact on consumer habits in regard to littering.

Table 2: Comparison of Percentage of CDL Items Per Head in the Litter Stream

State	CDL Items in the litter stream (per 1,000 m2 sample areas*)	Metropolitan Population (million)	Percentage of CDL items per head of metropolitan population in the litter stream
VIC	2.80	3.63	0.018%
S.A	1.59	1.19	0.033%

Source: Keep Australia Beautiful – Litter Index Report 06-07

Table 8

There are 151 sample areas for each state

Table 2 shows that despite having CDL in SA when population figures are taken into account there is actually more CDL material in the SA litter stream per head of population than in Victoria.

Table 3: Comparison of Litter Volume

State	Volume (litres per 1,000 m2 sample areas)	No. of items
VIC	7.74	80
S.A	11.08	61

Source: Keep Australia Beautiful Litter Index Annual Report 2006 – 07

Table 3 shows that whilst SA has less items per 1,000 sqm the actual volume of litter is greater than Victoria.

Table 4: Overall Return Rate for Beverage Containers

State	PET	Glass	Cans
S.A	74%	85%	84%
Nationally	36%	36%	63%

Source: Recycle SA website

Finally, Table 4 shows there is a greater overall return of beverage containers in SA. The major difference probably relates to away from home consumption, especially at venues, restaurants etc, where collected material has a monetary value and is returned in SA, whereas Victoria has no monetary value and most likely ends up in landfill.

This table highlights the greatest value of CDL in that it produces higher recycling rates overall for beverage containers.

Sustainability Victoria indicates the litter collection costs for Local Government, Victoria as outlined in Table 5 below.

Table 5: Litter Collection Costs for Local Government, Victoria

Task	Percentage	Cost (million)
Street sweeping	64%	\$37
Illegal dumping, litter bins & trap maintenance	36%	\$21
Total Litter Collection Management	100%	\$58

Source: Sustainability Victoria

CDL is unlikely to have a major impact on the cost of litter collection services, as street sweeping will still run and bins etc. are required to be serviced. In the Shire of Yarra Ranges there is no separate crew assigned to general litter collection and any direct costs in collection of litter from roadsides etc. is difficult to estimate.

In addition, as previously indicated, beverage containers covered by CDL only make up 18.5% (by number) of the litter stream and therefore the cost impact of any reduction would be minimal.

The issue of the compatibility and financial impacts of CDL on the kerbside recycling service is also an important consideration. Proponents of CDL argue that it will reduce the cost of the kerbside recycling due to reduced volume of material being collected thereby reducing the number of loads. Additionally, the value of any CDL containers that households may put out in their normal recycling collection could be separated by the collector and the deposit claimed.

The reduced cost is impacted by the fact that that the glass and aluminium are "high value" in the recycling collection and much of the other material is of lesser value, so the recycling company is getting less income from the sale of collected product. In balancing these issues, independent studies have suggested a reduced cost of the kerbside recycling service of around 5%. (ie. Approx \$1.66 per household per year.) (Source: Nolan ITU Report for EPA Victoria.)

Despite the above, it is noted that the average cost per household of kerbside recycling in Victoria is \$33.27 against \$35.38 in SA. ie. In SA where CDL exists, it still costs more per household for the kerbside recycling than it does in Victoria.

In addition to the costs of the kerbside recycling service in SA the CDL system has a handling fee of 3.33 cents per CDL container. Based on figures from a report on Recycling Activity in SA by Hyder 2005-06 the estimated cost is \$12.1 Million per year in SA.

The current real cost of CDL in SA is masked, as most of the products are sold via national distribution with uniform pricing. ie. All consumers nationwide bearing the extra handling fees in SA, whereas a national CDL system would increase these costs overall and provide direct price increases.

An independent study was commissioned in 2003 by the EPA of Victoria on the financial implications of introducing CDL into Victoria. The study was carried out by Nolan-ITU and reviewed by Perhards, a London based consultancy. The study involved detailed analysis of 3 Councils in Victoria; Manningham, Ballarat and Mildura, representing urban, regional and rural Victoria. The study looked at all costs associated with introducing a CDL system in parallel with the existing waste management collections, including recycling.

The overall results of the study found that the introduction of a CDL system in Victoria in parallel with the kerbside collection service would result in increased costs of between \$73 and \$81.50 per household per year; this would be in addition to the current average cost of \$33.27 per household per annum for the kerbside recycling service. These costs are overall costs to the community and not costs incurred by Council. However, to provide perspective, \$73 is the equivalent of a 5.8% rate increase for the average property in the Shire of Yarra Ranges.

Whilst it is acknowledged that there are higher recovery rates from some beverage containers in SA due to CDL it must be balanced against a very substantial household cost per year to have an impact on overall recycling rates and reductions in only one part of the litter stream.

THE FUTURE

There are a number of issues in moving forward to address both the reduction of waste and litter from not only certain types of beverage containers, but from all packaging. It is also important that there is a unified national approach to this problem.

The Victorian State Government is currently in the process of developing a new litter strategy expected to be finalised in the first half of 2008 which should reflect best practice in the management of the litter problem.

A number of submissions were made by both individuals and organisations in the consultation phase of the draft strategy and a total of 24% called for the introduction of CDL, while a further 13% called for a review of the impacts of introducing CDL.

It is expected that when the final draft strategy is released for public comment in the new year, the State Government position on the possible introduction of CDL will be clearer.

CDL does not address the complete issue of packaging, rather only targeting some beverage containers. (Note – it does not cover wine bottles in SA and only addresses a small portion of the litter stream). To be successful CDL would have to broaden the number of products it relates to and integrate into the overall recycling chain rather than limiting it to certain types of beverage containers and having the narrow focus of litter control.

The National Packaging Covenant involves all parties and is based on covering all packaging material from its design, manufacture, use and disposal. It is slowly gaining more momentum by requiring targeted increases in recycling of all packaging. If CDL were to be introduced it must be part of the National Framework and be fully integrated with the current kerbside recycling systems in place.

RECOMMENDATION

That:

1. *Council write to both the State and Federal Governments advocating for the introduction of a broad based packaging/container recovery scheme supported by legislation, integrating initiatives such as Container Deposit Legislation, the National Packaging Covenant and kerbside recycling.*
2. *P & M Cook be advised of Council's position accordingly.*

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