

# Chapter 1

## Introduction

### Referral to the committee

1.1 The *Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2009* (hereafter 'the bill') was introduced into the Senate on 14 May 2009. On 17 June 2009, the Senate referred the bill to the Senate Environment, Communications and the Arts Committee for inquiry and report by 17 September 2009.

1.2 The committee advertised the inquiry in *The Australian* on 1 July 2009 and 15 July 2009 and placed details of the inquiry on the committee's website. The committee also wrote to a number of organisations and stakeholder groups inviting written submissions by 23 July 2009.

1.3 The committee received submissions from 105 individuals, groups and organisations, as listed in Appendix 1. The committee held public hearings in Melbourne on 24 August 2009 and in Canberra on 7 September 2009. A list of those who gave evidence at these hearings is at Appendix 2. The committee thanks all those who assisted with its inquiry.

### Background to the bill

#### *Container Deposit Schemes*

1.4 The principal intent of container deposit legislation is to place a monetary value on a used beverage container. This value provides an incentive for consumers to return beverage containers to collection centres for appropriate recycling or disposal.

1.5 There are several different models of container deposit schemes operating globally including in North America, Europe and South Australia.<sup>1</sup> In a traditional container deposit scheme, such as the system currently operating in South Australia, deposits apply to a range of beverages with the initial amount paid into a central fund by the producer. The cost of the deposit is then passed on to consumers in the retail price. Consumers have the opportunity to redeem the deposit by returning the beverage container to a designated collection point. Traditional container deposit schemes were initially implemented in the 1970s and 1980s to reduce litter and require little centralised management or government involvement.<sup>2</sup>

1.6 Variations to this basic model fall under the following broad categories:

---

1 Hyder Consulting Pty Ltd, *Feasibility Study of a Container Deposit System for Tasmania*, May 2009, p. 3.

2 Hyder Consulting Pty Ltd, *Feasibility Study of a Container Deposit System for Tasmania*, May 2009, p. 5.

- Deposit amount: Globally, this varies from as little as five cents to as much as 40 eurocents (around 80 Australian cents) and is generally regarded as the principal factor affecting beverage container recovery rates;<sup>3</sup>
- Range and types of containers: Under the traditional model the deposit applies only to carbonated drinks but in some instances this has been extended to other beverage containers;
- Container sorting and transport arrangements: Generally, the key distinction is between retailer and centralised collection of returned beverages. Retailer collection is considered more convenient but less cost effective. Centralised collection is less convenient for individual consumers but more cost effective and allows for volume returns (restaurants, hotels etc.).<sup>4</sup> The other mode of collection, increasingly used in Europe, is by reverse vending machines (RVMs).<sup>5</sup> RVMs are an automated mechanism for returning deposits to consumers through a reconfigured vending machine. However, there remains considerable debate concerning the cost effectiveness of this collection system;<sup>6</sup>
- Recycling: Traditional programs generally do not require redeemed containers to be recycled, although recycling is common, due to the primacy of litter reduction as the objective of the initial program; and
- Unredeemed deposits: Unredeemed deposits are generally either retained by the retailer to help cover program costs or accrued to public funds and are subsequently reinvested in other waste management programs.

### ***Current Australian container deposit schemes***

1.7 South Australia is currently the only state in Australia to operate a container deposit scheme.<sup>7</sup> However, research undertaken by the Commonwealth and other state and territory governments into the viability of implementing a container deposit scheme has relevance to this bill.

#### *Commonwealth Government*

1.8 On 13 March 2008 the Drink Container Recycling Bill was introduced as a Private Members' Bill in the Senate. The Bill was referred to the Senate Standing

---

3 Hyder Consulting Pty Ltd, *Feasibility Study of a Container Deposit System for Tasmania*, May 2009, p. 9.

4 Hyder Consulting Pty Ltd, *Feasibility Study of a Container Deposit System for Tasmania*, May 2009, p. 12.

5 Hyder Consulting Pty Ltd, *Feasibility Study of a Container Deposit System for Tasmania*, May 2009, p. 12.

6 Environment Protection Authority (SA), *Container Deposit Legislation* (EPA 074/04), March 2004, p. 3.

7 Environment Protection Authority (SA), *Container Deposit Legislation* (EPA 074/04), March 2004, p. 1.

---

Committee on the Environment, Communications and the Arts on 20 March 2008. In his second reading speech, Senator the Hon Steve Fielding MP stated:

The Drink Container Recycling Bill 2008 provides a system of drink container stewardship plans, where producers, distributors or industry groups must submit an approved plan to achieve a 75 per cent recycling rate within two years of the commencement of the plan and 80 per cent within five years.<sup>8</sup>

1.9 The 2008 Senate Standing Committee on the Environment, Communications and the Arts Report titled the *Management of Australia's waste streams (including consideration of the Drink Container Recycling Bill 2008)*, tabled on 3 September 2008, recommended that the Environment Protection and Heritage Council (EPHC) consider initiatives, including container deposit schemes, to improve away-from-home recycling.

#### *EPHC consideration*

1.10 At its meeting on 22 May 2009, the EPHC considered a report entitled *Beverage Container Investigation – Final Report*. The report provided an assessment of potential options for national measures, including container deposit legislation (CDL), to address resource efficiency, environmental impacts and the reduction of litter from packaging wastes such as beverage containers.<sup>9</sup>

1.11 The EPHC further agreed to conduct a community attitudes survey on preparedness to pay for increased recycling. The consumer attitudes survey has been designed to look at the willingness of consumers to pay for increased recycling rates and services across the waste stream.<sup>10</sup> The EPHC will consider the findings of the consumer attitudes survey, in conjunction with the National Packaging Covenant and the National Waste Strategy, at its 5 November 2009 meeting to determine whether or not to initiate a full regulatory impact statement into CDL.<sup>11</sup> The EPHC is not currently conducting any other CDL specific work as a result of the May 2009 Report.<sup>12</sup>

#### *South Australia*

1.12 The South Australian Government introduced CDL in 1977. Following amendment to legislation in 2003, the scheme has expanded to capture a broad range of beverage containers including:

---

8 Senator the Hon Stephen Fielding MP, *Senate Hansard*, 13 March 2008, p. 773.

9 Environment Protection and Heritage Council, *18<sup>th</sup> Meeting of EPHC Communique*, 22 May 2009, available <http://www.ephc.gov.au> (accessed 11 August 2009).

10 Dr Diana Wright, First Assistant Secretary, Department of Environment, Water, Heritage and the Arts, *Proof Committee Hansard*, 7 September 2009, p 2.

11 Dr Diana Wright, First Assistant Secretary, Department of Environment, Water, Heritage and the Arts, *Proof Committee Hansard*, 7 September 2009, p 6.

12 Dr Diana Wright, First Assistant Secretary, Department of Environment, Water, Heritage and the Arts, *Proof Committee Hansard*, 7 September 2009, p 4.

- flavoured milk and fruit juice in containers less than one litre; and
- all non-carbonated soft (non-alcoholic) drinks in containers of three litres or less.

1.13 Previous exemptions for refillable glass soft drink bottles, glass containers for alcoholic and non-alcoholic cider and beverages were repealed when the new regulations took effect in 2003. However, plain milk and wine in glass containers remain outside the scope of the legislation, which also specifically exempts pure fruit juice and flavoured milk in containers with a capacity of one litre or greater.<sup>13</sup>

1.14 In September 2008 the South Australian government increased the deposit on beverage containers from five cents to 10 cents as an added recycling incentive.<sup>14</sup> Evidence from Mr Peter Dolan of the Environment Protection Authority of South Australia indicated that collection data, as well as anecdotal accounts, suggested that the increased deposit had resulted in higher rates of return.<sup>15</sup>

1.15 Under the current South Australian scheme, beverage manufacturers pay a deposit to a supercollector, who sets up a collection system and retains the manufacturer's funds until the consumer returns the used container and redeems their deposit.<sup>16</sup> The manufacturer passes the cost of the deposit and a handling fee of around 3-4 cents per unit on to the consumer in the retail price.<sup>17</sup> Unclaimed deposits are retained by the beverage manufacturer. The supercollector on-sells the used containers to beverage manufactures, distributors and wholesalers.<sup>18</sup>

1.16 There are around 110 collection depots located throughout the state. Around 60 of these are licensed as recycling depots that can collect a range of other waste items.<sup>19</sup> The system costs the South Australian Government around \$250,000 to administer annually.<sup>20</sup>

---

13 Environment Protection Authority (SA), *Container Deposit Legislation* (EPA 074/04), March 2004, p. 2.

14 Environment Protection Authority (SA), *Container Deposit Legislation* (EPA 074/04), March 2004, p. 2.

15 Mr Peter Dolan, Director, Environment Protection Authority (SA), *Proof Committee Hansard*, 7 September 2009, p. 8.

16 Environment Protection Authority (SA), *Container Deposit Legislation* (EPA 074/04), March 2004 p. 3.

17 Mr James Maxwell Spedding, Director of Sustainability, Veolia Environmental Services Australia, answer to question on notice, 24 August 2009 (received 24 August 2009).

18 Productivity Commission, *Waste Management*, report no. 38, October 2006 p. 239.

19 Mr Peter Dolan, Director, Environment Protection Authority (SA), *Proof Committee Hansard*, 7 September 2009, p. 9.

20 Mr Peter Dolan, Director, Environment Protection Authority (SA), *Proof Committee Hansard*, 7 September 2009, p. 9.

### *Northern Territory*

1.17 On 11 March 2009, Northern Territory Chief Minister, the Hon Paul Raymond MLA, and the Minister for Natural Resources, Environment and Heritage, the Hon Alison Anderson MLA, announced that his government would adopt ‘cash for containers’ legislation, based on the Southern Australian scheme, by 2011.<sup>21</sup>

### *Victoria*

1.18 In Victoria a Private Members’ Bill, introduced into the Legislative Council on 1 April 2009, sought to amend the *Environmental Protection Act 1970* to establish a beverage container deposit and recovery scheme. The Bill was passed by the Legislative Council on 24 June 2009 but the Legislative Assembly refused to entertain the Bill as the government was concerned that it sought to unlawfully impose a levy which, under the *Constitution Act 1975*, is exclusively the power of the Legislative Assembly.<sup>22</sup>

### *New South Wales*

1.19 In New South Wales, a Private Members’ Bill was introduced into the Legislative Council on 10 April 2008 to amend the *Waste Avoidance and Resource Recovery Act 2001* by instigating a container deposit scheme. It was negated on division at the second reading, 18 June 2009.<sup>23</sup>

### *Australian Local Government Association*

1.20 The 2009 National General Assembly of Local Government resolved to support the introduction a container deposit scheme throughout the Commonwealth of Australia.<sup>24</sup>

## **The provisions of the bill**

1.21 The bill seeks to establish a national Beverage Container Deposit and Recovery Scheme that would be administered by the department responsible for the *Environment Protection (Beverage Container Deposit and Recovery Scheme) Act 2009* (the Act).

---

21 Chief Minister, the Hon Paul Raymond MLA, and the Minister for Natural Resources, Environment and Heritage, the Hon Alison Anderson MLA of the Northern Territory Government, ‘Cash for Cleaning up the Territory’, Press release, 11 March 2009.

22 Parliament of Victoria, *Environment Protection Amendment (Beverage Container Deposit and Recovery Scheme) Bill 2009*, available <http://www.legislation.vic.gov.au/>, (accessed 6 August 2009).

23 Parliament of New South Wales, *Waste Avoidance and Resources Recovery (Container Recovery) Bill 2008*, available [www.parliament.nsw.gov.au/prod/parlment/nswbills.nsf/131a07fa4b8a041cca256e610012de17/bf517113ea29b646ca2572d6007cfe94?OpenDocument](http://www.parliament.nsw.gov.au/prod/parlment/nswbills.nsf/131a07fa4b8a041cca256e610012de17/bf517113ea29b646ca2572d6007cfe94?OpenDocument) (accessed 6 August 2009).

24 2009 National General Assembly of Local Government, National Convention Centre, Canberra, *Resolutions*, 21-24 June 2009, available <http://nga.alga.asn.au/business/resolutions/2009> (accessed 9 September 2009).

1.22 Under the Act, a 10 cent deposit would apply to the sale of each eligible beverage container, with the deposit paid to the department. Labelled beverages would be eligible for a refund at authorised collection depots and transfer stations. The authorised collection depots and transfer stations would provide the refund upon receipt of eligible beverage containers. The department would then refund the deposit amount to the authorised collection depots and transfer station operators. Unclaimed deposits or levy funds would be retained by the department.

1.23 The deposit amount of 10 cents per eligible beverage container would be reviewed by the Minister every 5 years.

1.24 The 10 cent deposit would apply to containers not exceeding 4 litres of the following types:

- A plastic or glass bottle;
- An aluminium or steel can;
- A liquid paperboard or composite carton; and
- A composite container.

1.25 Penalties would apply to those persons contravening the provisions of the Act.