

What Container Deposits Will Do for the Northern Territory

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On the 6th May 2010 the Northern Territory (NT) Government finalised an investigation to establish a 'Cash for Containers' Scheme, announcing it will introduce a Container Deposit System (CDS) similar to the successful South Australian model. The NT CDS will start in late 2011.

This short paper outlines what the Cash for Containers Scheme will achieve in practical terms.

KEY FINDINGS:

1. Only 47% of households have access to recycling systems currently. The Cash for Containers scheme will extend access to approx. 80% of the population – providing over 70,000 Territorians with a recycling system for the first time.
2. Just 30,000 tonnes of waste is recycled in the NT. This will increase to over 55,000 tonnes p.a. as a direct result of the Cash for Containers Scheme – an improvement of more than 80%.
3. The incidence of beverage container litter in the NT is substantially higher than the national average. Based on the experience in South Australia, the NT can expect the amount of bottle and can litter to decrease by as much as 55%.
4. The scheme will save NT ratepayers some \$540,000 p.a. in charges for kerbside recycling services.
5. Cash for Containers will create at least 213 full time and 100 part time jobs in the Territory.
6. At least \$7million of new investment capital will be injected into the NT economy as a result, growing the state economy by some \$13.3million per annum.

After careful analysis, the Henderson Government has committed to decisive action on waste and clearly defined deadlines for implementation. Boomerang Alliance, welcomes this decision and we extend our congratulations to NT Environment Minister Karl Hampton MLA, his predecessor Alison Atherton MLA and the other Territory MPs who formed the Reference Group that undertook this investigation – Gerry Woods and Michael Gunner.

The Boomerang Alliance:

- Australian Conservation Foundation • Arid Lands Environment Centre • CleanUp Australia • Conservation Council of South Australia • Conservation Council of Western Australia • Environment Centre of the Northern Territory • Environment Tasmania • Environment Victoria • Friends of the Earth • Greenpeace Australia Pacific • Local Government & Shires Association of NSW • Mineral Policy Institute • NSW Nature Conservation Council • National Toxics Network • Queensland Conservation Council • Tasmanian Conservation Trust • Total Environment Centre •

The Case for Intervention

Waste and recycling management is difficult and costly in the Northern Territory both because of the relatively small population and the cost to transport recycling to distant reprocessing centres, largely located in the major population centres in south eastern Australia.

As a result the environmental and economic performance on the waste and recycling front has mainly been poor in the Northern Territory:

- Only 47% of the NT population currently has access to recycling services compared to over 95% of the national populationⁱ;
- While data on the generation, disposal and recycling in the NT is weak, the recent National Waste Reportⁱⁱ estimated that in 2006/07 over 151,000 tonnes of waste were disposed to landfill in the NT. The report estimated that 30,000 tonnes of waste was recycled, indicating a recycling rate of 16.5%, compared to a national recycling rate of 52%;
- According to data from the NT Government and provided to the Commonwealth Governmentⁱⁱⁱ, where kerbside recycling services were offered, the average annual fee charged to households by local councils was \$216.00 per household. This cost is some 300% higher than the fees charged in more densely populated Victoria (\$69.93 per household);
- Litter is an important issue for the Territory. Visitors to the NT spent an estimated \$1.7billion in the NT^{iv} in the 12 months to March 2010, with wilderness, outdoor and eco-tourism experiences the largest source of these revenues. Litter can play a significant negative role in the satisfaction of these visitors. In particular the NT Government has identified 'glass injuries' caused by littered bottles to be a significant social impact, particularly in rural and remote NT communities;
- Keep Australia Beautiful research indicates that on average 84 items of litter were found in each 1,000M² surveyed in the NT^v. This is some 33% higher than the national average where just 63 items were found per 1,000M². Keep Australia Beautiful's 'Branded Litter Study'^{vi} found that 48.9% of all 'branded litter items' were beverage containers; by comparison, in South Australia (who have had a CDS for 33 years) beverage containers represented just 22.1% of 'branded litter' – some 54.8% less than the NT.

These facts make it clear that on economic, environmental and social grounds there was a very strong case for government to undertake regulatory intervention.



1. The Impact of the 'Cash for Containers' Scheme on waste and litter in the NT

The 'Cash for Containers' Scheme will have a marked impact in reducing litter in the Territory, and based on the historic performance in South Australia will at least halve the amount of beverage litter at no cost to the territory or local government.

This occurs in 2 ways: polluters who dump their used beverage containers will in effect be charged 10¢ each time they litter a used soft drink can or beer bottle; and responsible citizens, community groups and unemployed people can earn good money by cleaning up parks, streets and waterways – for example, Scouts South Australia report that they earn some \$9million per annum from their active participation in the SA CDS.

While over 97% of all Australians regard recycling as one of the most practical actions they can take, currently less than half of the NT population can access recycling systems. Based on the South Australian scheme, Boomerang Alliance estimates that the NT Government Cash for Containers Scheme will see installation of at least 30 sophisticated automated recycling centres; another 20 manual drop off centres and up to 100 centres in rural and remote retail collection points across the NT. Conservatively this will provide some 75,000 Territorians with recycling services for the first time^{vii}.

Boomerang also estimates that approx. 18,000 tonnes of beverage containers are consumed annually in the NT (205million containers); with just 952 tonnes recycled (5%). Various national and state investigations have indicated that a 10¢ deposit will produce an overall container recycling rate of just over 80%^{viii} resulting in an additional 15,000 tonnes of glass, aluminium, and plastic being recycled annually.

Additionally, recyclers in South Australia report that each of the 117 recycling collection centres receives an average 208.2 tonnes p.a. of non deposit materials - which residents drop off when redeeming their container deposits. Based on these estimates Boomerang Alliance expects a further 10,490 tonnes p.a. of recycle (newspapers, non deposit packaging, car batteries etc.) will also be recovered at the redemption centres.

Overall this indicates that the Cash for Containers scheme will deliver an increase in recycling from a current 30,000 tonnes to over 54,000 tonnes p.a. growing the NT recycling rate from the current 16.5% to around 30% - an 80% improvement.

Clean Up Australia estimates that the incidence of bottle and can litter found in South Australia on Clean Up Australia Day is roughly half that found in the rest of the country, and attributes this to the fact that the CDS acts as a deterrent to litter and also provides incentives for community groups, youth and unemployed people to clean up rubbish dumped in parks, waterways and roads. Given that Keep Australia’s National Litter Index indicates there is substantially more beverage container litter in the Northern Territory than the rest of the country it is reasonable to assume that, over time, the amount of beverage container litter will be halved.

This has substantial benefits in presenting the highly valued NT outback in its most favourable light to tourists; will significantly reduce the incidence of wildlife killed or injured by swallowing or being strangled by beverage waste; and substantially reduce the incidence of glass injuries caused by discarded bottles (particularly high for indigenous children who often play barefoot in the bush).



Lizards, turtles, birds and dolphins are just some of the creatures injured by bottle and can litter

2. Key Employment and Economic Outcomes

JOBS: There are a substantial number of green jobs that will be created from manning collection centres, maintaining technology, driving collection vehicles and administering the systems. The South Australian government estimates that their CDS directly employs some 820 full-time workers and a further 290 part-time employees.

Using these estimates, and making some adjustments for both the use of automated systems (requiring less employment) and a larger number of smaller recycling centres in rural and remote NT (increasing part-time employment) Boomerang Alliance projects that the Cash for Containers scheme will create some 213 full time and 100 part-time positions in the Northern Territory^{ix}.

INVESTMENT: Collection Depots and technology systems are generally 100% privately funded through container deposit systems and will attract significant infrastructure investment to the NT. Based on mapping of major population centres and tourist destinations we would estimate that some 30 automated collection centres and another 15 manual drop off centres will be established to complement another 100 collection points in rural



Indigenous community stores can increase revenues by becoming container collection sites



Automated Collection Centres. These centres provide convenient, clean, and accessible recycling points for the community.

and remote retail locations. The NT Government could reasonably expect to attract some \$7-10million in new infrastructure investment as a result of the Cash for Containers scheme.

NEW GDP: The Cash for Containers scheme will increase the Territory's Gross Domestic Product (GDP) by at least \$13.3million p.a. This growth comes from 2 main areas:

1/ Bottlers will pay collection depots a handling fee of between 4-5¢ per container recovered and at an 80% recovery rate^x this would see small business and community centres injecting \$7-8.5million p.a. in new revenues into the NT economy;

2/ The 25,000 tonnes per annum of increased recycling (CD and other materials collected from collection centres) will generate approx. \$6.3million p.a. from the sale of recovered scrap.

RATE PAYER SAVINGS: Local government will benefit from significant opportunities to reduce the costs of waste and recycling to ratepayers.

The recent analysis into the costs and benefits of a National Container Deposit System for the Environment Protection and Heritage Council^{xi} indicated that local government would save approx. \$32million per annum. In South Australia local government has reported their CDS provides savings in the vicinity of \$90,000 per council. These savings comprised new revenues from redeeming deposits from residual containers left in recycling bins; reduced landfill costs; opportunities to lease space for collection centres at council properties, MRFs and transfer stations; extending the length of collection runs per vehicle; and reduced contamination of paper by glass fines.

Based on these opportunities Boomerang Alliance estimates that of the 36,288 NT household's homes paying an average \$216.00 p.a. for the provision of a waste service - they will save an average \$14.91 per home. This represents a reduction in ratepayer taxes of approx. \$540,000 per annum.

ⁱ National Waste Report 2010; Commonwealth Government – Dep't of Environment, Water, Heritage & Arts (DEWHA)

ⁱⁱ ibid

ⁱⁱⁱ NEPC Annual Report 2008/09 – Reporting on used Packaging NEPM

^{iv} Quickstats Year Ending March 2010; Tourism NT

^v Keep Australia Beautiful National Litter Index 2008/09

^{vi} Keep Australia Beautiful Branded Litter Study 2007/08

^{vii} Assumes that 300 depots will provide convenient access to 80% of the population (181,620 people) less 47% of current population (106,751)

^{viii} 2009 BDA/WCS report on CDS for Commonwealth of Australia; 2008 MMA report for WA 2008; 2001 White Report for NSW all project recovery rates in excess of 80% where a 10¢ deposit is introduced.

^{ix} Breakdown of estimated positions: 15 Government and 'Super Collector' administration positions; 90 positions working in collection centre's; 20 position in transport and handling; and 88 positions in sales and service to recyclers (Access Economic 2009 Employment in the Waste and Recycling Sector report for DEWHA estimate that there are 0.8 indirect jobs for every direct job in recycling). Around 100 part time positions will also be created in smaller rural and remote collection centres.

^x BA personal comms with industry figures indicate that 217million containers are consumed in the NT annually @ an 80% recovery rate approx. 173million containers p.a. will be recovered

^{xi} BDA/Wright Corporate Strategy 2010 - Beverage Container Investigation