

VICTORIAN CASH FOR CONTAINERS CAMPAIGN

a toolkit



1. WHAT IS CASH FOR CONTAINERS?

Also commonly known as a container deposit system (CDS), it involves consumers receiving a refund for the return of their beverage containers for recycling. It aims to reduce the amount of container litter and increase the amount of recycling by a financial incentive. There are a range of models in over 40 jurisdictions around the world with the best achieving 80-90% return rates. Boomerang Alliance has produced a best practice CDS focussing on efficiency, low cost and convenience.¹

In previous years environmental campaigners sought a national CDS, but in the absence of Commonwealth action the focus has been on the states and territories. State action does not allow the levying of a deposit as it is regarded as a tax or excise, which breaches the Constitution – only the Commonwealth government can impose these. Instead a state CDS legally mandates an obligation on beverage suppliers to provide a financial refund. The cost of the refund is passed into the price of the beverage.

South Australia in 1977 and the Northern Territory in 2012 introduced older versions of a CDS. These are run by the beverage companies and consequently have some inbuilt inefficiencies

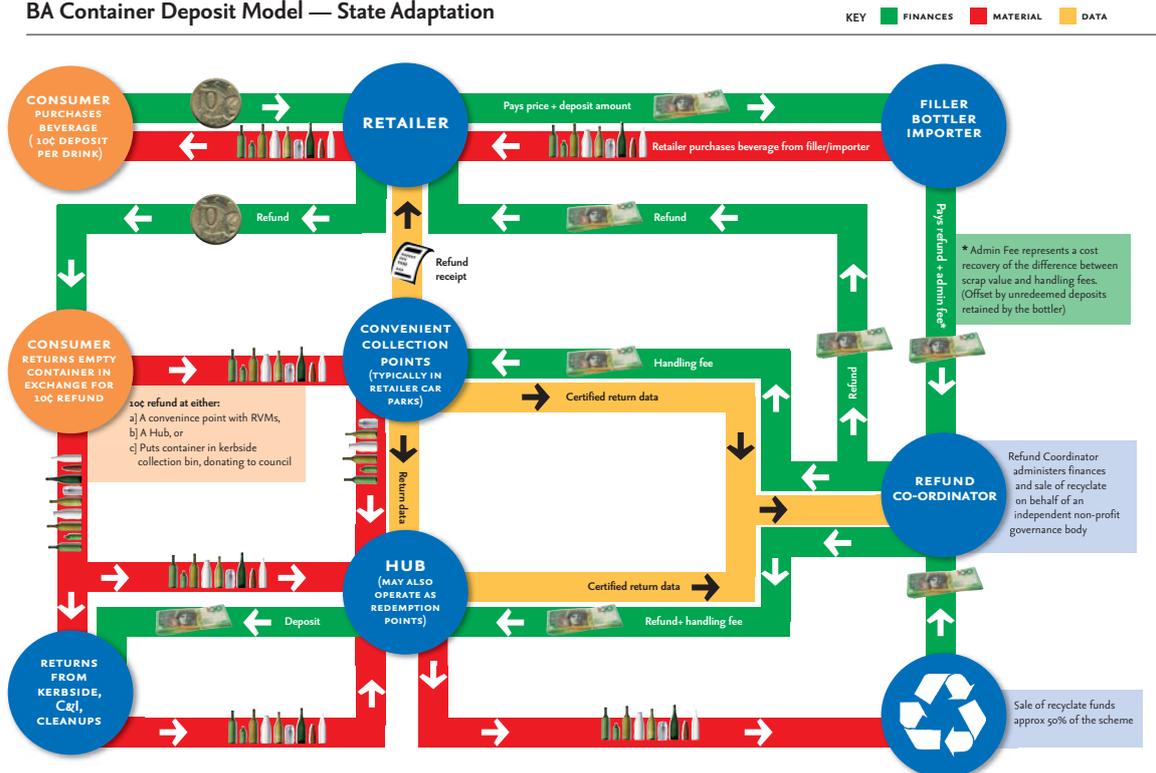
requiring multiple coordinators to deal with individual brands (many splits after collection). SA and NT also rely largely on manual separation of the containers into brands and material types.

The scheme structure proposed for NSW (which is likely to be broadly adopted by QLD, WA and ACT) involves a single Coordinator to deal with the receipt and disbursement of money and data – and which is brand neutral. Network Operators (NO) will be appointed to arrange Collection Points (CP) in various regions. The legislation defines the types and sizes of containers covered by the CDS.²

Consumers will return containers to CPs to receive their refund. The CP and NO receive a handling fee for operating the collection, sorting and transport of containers to recyclers. There will be a similar arrangement for containers collected from kerbside³, events, litter and commercial sector such as cafes. Beverage producers will be levied an amount by the Coordinator that matches the cost of the handling fee and total refunds provided.

A critical issue has been the convenience for consumers (who justifiably will want to get their refund which was part of the purchase price). Boomerang has pressed for the involvement of supermarkets and shopping centres as convenient

BA Container Deposit Model — State Adaptation



financial refund points because people will be regularly visiting these locations (the NSW CDS is weak in this area). The actual CP site may be next to the store or in the carpark or adjacent mall. The favoured collection infrastructure is reverse vending machines (RVM) which are automated and more efficient than manual operations. The RVMs crush and sort the containers and this reduces transport costs at an early stage of the collection process. They read the barcode which provides accurate information on returns and costs as well as assisting with control of fraud. RVMs can provide a voucher for redemption at a linked store or EFT or a donation to a nominated group.

In addition to RVMs at retail outlets, councils and community organisations like Scouts are keen to set up their own collection points or depots. Scouts in SA make a \$2.8 million profit from container collection every year. Schools, surf clubs, charities and a range of community organisations are also likely to get involved in collection. A CDS will provide huge benefits for community group fundraising.

Individuals can also benefit by collecting littered cans and bottles - many adults will remember collecting for pocket money when they were younger.

With several states (Qld, WA and ACT) moving to introduce a CDS, there is a joint agreement to harmonise the refund level (10cents), the label and scope of containers covered so as to minimise industry and consumer confusion and disruption; as well as beverage distribution complexities. As noted above they are also likely to copy the split Coordinator/Network Operator/Collection Point model. However there may be some differences in other areas such as convenience requirements and regions. Future harmonised changes will be subject to interstate discussion.

The NSW (and possibly ACT) scheme will start on 1 July 2017 and the other states in mid-2018. NSW has a very short timeframe (the contracts will be signed in April 2017) but is requiring 50% of CPs to be operational on day 1 and 100% by the end of the year.



1. For more detailed information on Boomerang's preferred model see: [https://d3n8a8pro7vhmx.cloudfront.net/boomerangalliance/pages/153/attachments/original/1448496487/BA_CDS_model_-_parameters_280915_final_\(1\).pdf?1448496487](https://d3n8a8pro7vhmx.cloudfront.net/boomerangalliance/pages/153/attachments/original/1448496487/BA_CDS_model_-_parameters_280915_final_(1).pdf?1448496487)
2. Metal, paper, plastic and glass containers 150mm to 3L are included but not included in the scheme and, therefore, do not qualify for a refund are:
 - plain milk (or milk substitute) containers
 - flavoured milk containers 1 litre or more
 - pure fruit or vegetable juice containers 1 litre or more
 - glass containers for wine and spirits
 - casks (plastic bladders in boxes) for wine and casks for water - 1 litre or more
 - sachets for wine 250ml or more
 - containers for cordials, concentrated fruit/vegetable juices
 - registered health tonics.
3. Although kerbside does not receive a handling fee as it is already being paid by councils to collect household waste.

2. FACTS AND FIGURES

How many beverage containers?

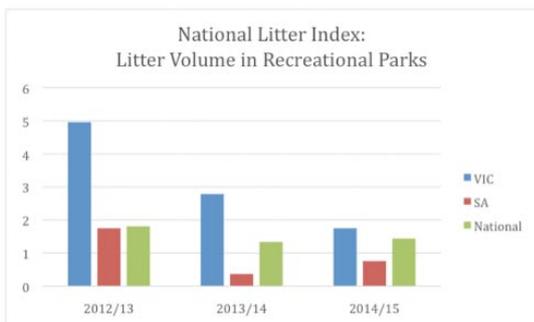
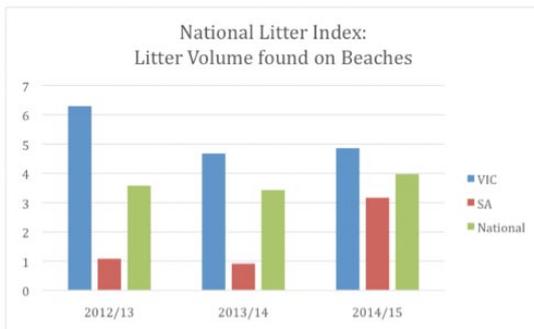
Australia consumes about 17 billion drink containers a year. Not all of these are covered by the CDS. There are about 3 billion likely to be covered by a Vic CDS.

What is the share of litter?

Data on litter is not particularly accurate due to the method and frequency of collection. States often refer to the National Litter Index (NLI) as a comparison point. It collects item and volume data twice a year from various locations (eg, parks, roadside, beaches, etc). However the spread of location types and the physical situation of each location does not easily equate between states. For example, one location in a state may have a vastly different clean up regime or weather pattern to another similar location in another state.

Nevertheless comparisons are made between states and to the national average. Governments have preferred to focus on the item count – so a cigarette butt is counted the same as a 1L plastic bottle. This is clearly inappropriate in terms of environmental impact and resource wastage.

NSW adopted a volume measure to take account of the different sizes of items. It found that beverage containers make up over 40% of the volume of litter. A similar situation would prevail in Victoria. Our volume analysis of the NLI for Victoria shows:



Moreover, the NLI grossly under-estimates the amount of litter found on public lands. This is apparent when we compare the NLI with other litter studies.

- 1 The 2016 Clean up Australia Day Rubbish Report declared Victoria was in fact 'Australia's dirtiest state'.
- 2 The recent research undertaken by the CSIRO Marine Debris project identified that, on average, there are some 3,461 individual pieces of plastic found along each kilometre of coastline, with the highest concentrations found around metropolitan communities. This reflects an incidence of litter along our beaches of some 173 items per 1,000 m² - 346% more than identified on Victorian beaches via the NLI, confirming the gross under-reporting in the NLI.
- 3 The Victorian Government's own litter studies, the 'Victorian Litter Report' (VLR) produced by Sustainability Victoria uses a standardised approach. The amount of litter in each location is assessed over a 48 m² area including, ideally, a bin and furniture or other infrastructure across some 240 sites. Adjusted to reflect an average 1,000 m², the VLR indicates that there is nearly 10 times more litter than described in the NLI. It also notes that beverage containers are increasing.

The table below compares the NLI counts for Victoria to the VLR across the same three site types discussed earlier:

	NLI litter per 1,000m ²	VLR litter count per 48m ²		VLR extrapolated per 1,000m ²	
		2013/14	May-13	Sep-13	May-13
Beach	50	23	18	479	375
Park	24	47	27	979	563
Retail/Shops	108	33	28	688	583

The litter counts also do not estimate microplastics. Dr. Ross Headifen and Ramona Headifen from BeachPatrol have developed a study to estimate the amount of plastic litter being washed up on Port Phillip Bay beaches. The study involves a dedicated daily sampling regime on two beaches, which when incorporated with wind vectors and extrapolated over the 264 km perimeter of the Bay provides an estimate of 950 million pieces of plastic litter per year.

What are the environmental impacts of container litter?

- Biodiversity – litter damages natural environments and harms terrestrial and marine wildlife. According to the CSIRO ‘two thirds of the rubbish found along our coastline is plastic, with most coming from local sources.’ (Marine Debris Report 2014)

- Some 30% of marine plastic pollution is from beverage containers. 95% of bird species will have consumed plastics by 2050. It is likely Victoria’s penguin population is impacted by plastic.

- Visual – litter makes places look unsightly and uncared for, and attracts more litter.

- Human – litter like broken glass can injure people. The presence of litter makes it more likely that other antisocial behaviours will occur, like graffiti and property damage

- Health- With emerging data showing that corals, molluscs and fish are eating/absorbing microplastics, it is likely that humans are now eating plastics. Recent studies in the EU suggest that those Europeans with a high shellfish diet may be consuming thousands of microplastics. The 2016 Senate Report into marine plastic warns of a ‘looming health crisis’.

- Resource – easily recyclable and valuable resources, like drink containers, are lost when people litter. Even if littered items are subsequently collected in public space bins, they are often too contaminated to be recycled.

What is the cost of litter?

A NSW EPA 2015 survey of local government, state agencies, private land managers and community groups found that more than \$162 million a year is currently being spent on managing litter in NSW. This is significantly more than that estimated in the Commonwealth Packaging Regulatory Impact Statements – but is far more accurate as it surveyed real costs by various agencies. Undoubtedly Victoria is experiencing similar types of costs and burden on ratepayers amounting to over \$100m a year. USA research by the National Association of Home Builders found property values are negatively impacted by about 7%. The 2015 Scottish analysis (Eumonia) conducted to consider whether Scotland should adopt a container deposit system estimates the direct benefits of CDS in terms of reducing litter (by 17%) would also provide indirect savings through litter reductions:

“The indirect costs of litter are thought to be considerably higher than the direct (clean-up) costs. The study identified 5 key areas in which litter created a significant indirect cost along with an estimate of the potential loss; (1) Property values – £100 million loss; (2) Mental health – £53 million loss; (3) Crime – £22.5 million loss; (4) Neighbourhood litter disamenity – £73 to 770 million loss; (5) Beach litter disamenity – £50 to 100 million loss”

How many containers are recycled?

Boomerang’s analysis of Victoria’s recycling rate exposes some serious concerns about the accuracy of the data. Estimates of beverage container recycling from kerbside rely on what has been reported as ‘collected’ and do not appear to take account of contamination which sends containers to landfill, nor the very large glass stockpiles which have no market. Waste to energy is a diversion from recycling.

Away from home recycling is low across Australia – about 20%. This is a major litter source. There is no reason to think Victoria diverges from this. When assessing total recycling, an estimate of where consumption occurs is important – at-home v away-from-home. The NSW analysis reveals it’s about a 50/50 split⁴ (the lower the away-from-home, the higher the claimed recycling rate – previous erroneous rates have been suggested as 70% at-home/30% away). The Victorian government needs to reassess its recycling figures including of beverage containers.



4. Anne Prince analysis for NSW EPA showed each household had average of 13 drink containers per week at home compared to AFGC data of a total of all consumption of 27.

3. THE IMPACTS OF A CDS

BEVERAGE PRICES: some opponents suggest there will be an unacceptable impact on prices harming the household budget. However governments have rejected this. An efficient CDS will be low cost with perhaps half a cent net increase from handling fees.⁵ Of course if a consumer does not redeem their container for the refund, they are charged – but that is a personal decision and a cost that can be avoided. The availability of convenient Collection Points helps improve consumer access to refunds. Further information [here](#).⁶

KERBSIDE COLLECTION FINANCES: some councils have expressed concerns that the diversion of container material away from their collections to the CDS means a loss of revenue from the sale of the material. However as found in [7 studies](#) for various Australian governments there is still some CDS material left in kerbside (about 12% in the long term) and this still has a refund value.⁷ The value is so significant compared to the lost lower material values, it results in a net financial gain. In the early years of a CDS, significant amounts are left in kerbside as the community adapts to the new CDS.

It is important that councils make effective arrangements with their collectors to share this gain. Kerbside collection also benefits from the reduced amount of glass which breaks up during collection and contaminates other recyclables like paper, as well as causing expensive machinery wear and tear at MRFs and recyclers.

CHARITIES: a CDS can provide significant funds to charities. This can occur in a range of ways:

- Litter collections
- Collecting containers at events

- Siting a reverse vending machine or other collection system
- A Collection Point RVM including the option of a donation to a chosen charity
- Running a depot (eg scouts)

The last two would include receipt of handling fees.

[Analysis](#) by Boomerang in NSW showed a potential \$65m a year in charity income.⁸ This equates to about \$50m in Victoria.

LITTER MANAGEMENT COSTS: removal costs for litter by councils, businesses and government agencies will reduce. For example bins will not need to be emptied as often (and won't spill over as much); and labour pick-up will be less. These savings are in addition to the revenue from kerbside refund containers – creating revenue for other environmental projects.

NEW JOBS: Given there is minimal price impact and no evidence of loss of sales from other CDS jurisdictions - it is difficult to mount an argument that jobs in the beverage sector will be adversely impacted by a CDS. In fact new jobs will be created as acknowledged by consultants to the grocery industry, ACIL Tasman, "However, new jobs will arise in the collection and recycling sectors as well as some jobs associated with administration of the [CDS] scheme."⁹ This is borne out by Remondis, Tomra, Rhenus Logistics, Envirobank in their 2012 'Common Position Paper' which predicts some 3,000 additional jobs from a national CDS. The Boomerang Alliance has calculated some 1029 direct jobs and 687 indirect jobs for NSW.¹⁰ Victoria would also see hundreds of new jobs, including in regional areas.

5. Handling fees can be about 5 cents, but there is also a revenue stream from sale of the material and unredeemed deposits of about 4.5cents.

6. https://d3n8a8pro7vhm.cloudfront.net/boomerangalliance/pages/115/attachments/original/1438371241/PRICES__JOBS__HOUSEHOLD__IMPACTS_2014.pdf?1438371241

7. See: https://d3n8a8pro7vhm.cloudfront.net/boomerangalliance/pages/96/attachments/original/1438367515/CD_and_Kerbside_2014_2.pdf?1438367515

8. https://d3n8a8pro7vhm.cloudfront.net/boomerangalliance/pages/168/attachments/original/1447910066/Community_Opportunities_with_Cash_for_Containers.pdf?1447910066

9. ACIL Tasman (2011), 'National Container Deposit Scheme Impacts – projected changes in Australian retail volumes and associated employment impacts by beverage category' p17

10. Figures are based on Tomra, Remondis, Rhenus, Envipco, Revive Recycling, (2012) 'Common Position Paper'. Indirect jobs are based on Access Economics 2009 'Employment in Waste Management and Recycling' for the Commonwealth Government. Ratio of indirect jobs per job in recycling = 0.64

4. KEY VIEWS

State government

Previous Victorian ministers and senior environment officials have opposed a CDS citing (erroneous) price and kerbside impacts and the state’s good litter management record. Premier Napthine was a CDS champion but lacked support from the National Party and the political capital to bring it to fruition. The current ALP government position is on the following page.

With the rest of the mainland on track to implement a CDS (and acknowledging the range of benefits outweigh the costs), there will be increasing pressure on Victoria from the community and industry to join in.

Greens, State Opposition

The Greens are strong supporters of CDS. The position of the State Opposition is unclear.

A key to success in other states has been bipartisan support. This has become easier with the departure of industry from the public debate; although there may still be some negative issues fed from local councils.

Senate Inquiry

The bipartisan Senate Committee that reported on the ‘Toxic Tide: the threat of marine plastic in Australia’ (2016) concluded:

“Recommendation 15: The committee recommends that the Australian Government, through the meeting of environment ministers working group, actively encourage the states and territories, which have not already done so, to consider the most effective methods to address marine plastic pollution in their jurisdictions. These should include implementation of container deposit schemes and other anti-littering mitigation strategies.

Recommendation 16: The committee recommends that, if all states and territories have not introduced container deposit scheme legislation by 2020, the Australian Government revisit the issue with the view to developing legislation for those jurisdictions which are yet to implement container deposit schemes.”

Beverage industry

Since the NSW decision in mid-2015, the beverage industry and Australian Food and Grocery Council have stopped campaigning against a CDS. Their public responses to the announcements by NSW, Qld and WA have been to state they will work with the governments on implementation. There is no

evidence they have committed any resources to opposition but rather have actively participated in the governmental consultation processes.

Local councils

A number of councils support the introduction of a CDS. Others have concerns about the impact on kerbside. Previous statewide council association resolutions have called for careful evaluation of the costs and benefits.

Despite similar initial concerns in NSW, councils and the waste industry are adjusting their business models to work with a CDS.

Retail sector

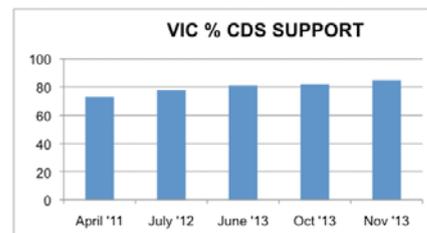
The main concern of the retail sector, in particular the big players Coles and Woolworths, is whether they have to house RVMs, handle logistics and pay out refunds. Convenience is of fundamental importance to the Boomerang CDS and siting refund points where people regularly go is crucial. Clearly the most frequent site is where shopping occurs.

The NSW legislation responded to retailer concerns by refusing to mandate their involvement. However it has obliged Network Operators to locate Collection Points in priority retail precincts. This creates a time wasting ad hoc, store by store process – rather than head office giving store managers a template plan that facilitates their involvement.

The objections of retailers is surprising in view of overseas evidence that shoppers who come into a store to get their refund have greater loyalty to the store and tend to spend more. There is also no need to have a RVM in-store – it can be in the carpark or adjacent mall and logistics are handled by the CP owner.

Public Opinion

Boomerang has been undertaking Newspolls over a number of years. It has consistently shown a growing majority of public support. Politicians are aware of this and it partly explains why they usually do not reject a CDS out of hand.



Source: Newspoll



The Hon Lily D'Ambrosio MP
Minister for Energy, Environment and Climate Change
Minister for Suburban Development

121 Exhibition Street
Melbourne, Victoria 3000
Telephone: 03 8392 2100
DX210074

Mr Jeff Angel
Director and Convenor
Boomerang Alliance
PO Box K61
HAYMARKET NSW 1240

Ref: MIN022052


Dear Mr Angel

CONTAINER DEPOSIT SCHEME

Thank you for your letter of 5 October 2016 about the proposed NSW container deposit scheme (CDS).

As you know, Victoria does not have a CDS in place, and the Andrews Labor Government has no current plans to implement such a scheme. We are, therefore, not in a position to provide advice to other jurisdictions on this matter.

You note in your briefing paper that Boomerang Alliance took the opportunity to make a submission to the NSW Environment Protection Authority on its draft Waste and Resource Recovery Amendment (Container Deposit Scheme) Bill 2016 during the recent consultation period. This is the best and most direct means of providing feedback on the proposed NSW CDS.

The Andrews Labor Government is committed to improving litter management in Victoria. We have developed a Litter Innovation Fund that supports community groups, local government, industry and other land managers to manage and prevent litter in new and innovative ways. An initial round of grants was announced on 22 August 2016, and will target a range of litter issues including marine and coastal litter, disposable coffee cups and illegal dumping. We will also continue to follow New South Wales, Queensland and West Australia's progress as they develop their approach to container recycling to understand the benefits and costs of their models.

If you would like more information about this matter, please contact Mr Ian Campbell-Fraser, Director of Economics, Governance and Waste on (03) 9637 8412 or ian.campbell-fraser@delwp.vic.gov.au.

Yours sincerely

Hon Lily D'Ambrosio MP
Minister for Energy, Environment and Climate Change
Minister for Suburban Development

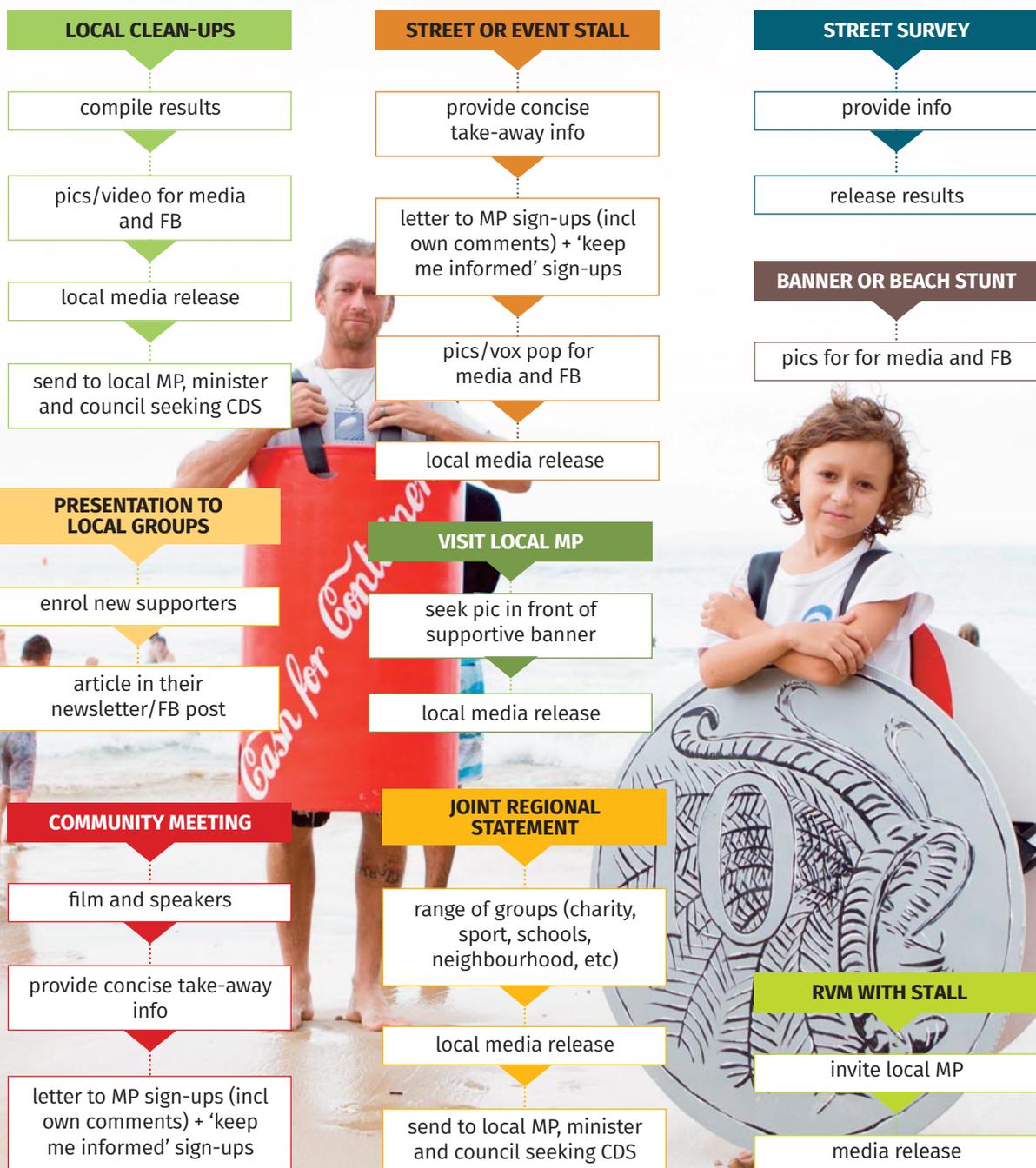
2112116



5. TACTICS

The Boomerang Alliance has used a wide range of tactics in its 13 year campaign for a CDS. Many are community based and link into targeted social media and political lobbying strategies. Most people know about or have previously experienced refund schemes and do not need a lot of convincing. It is essential to obtain engagement

and seek ongoing commitment; and to have a planned set of activities over the year. Boomerang has a Victorian CDS campaign page and can provide further advice:
www.boomerangalliance.org.au/vic



6. GRAPHICS

Boomerang will be developing a range of graphics all groups can use over coming months.



7. CONTACTS

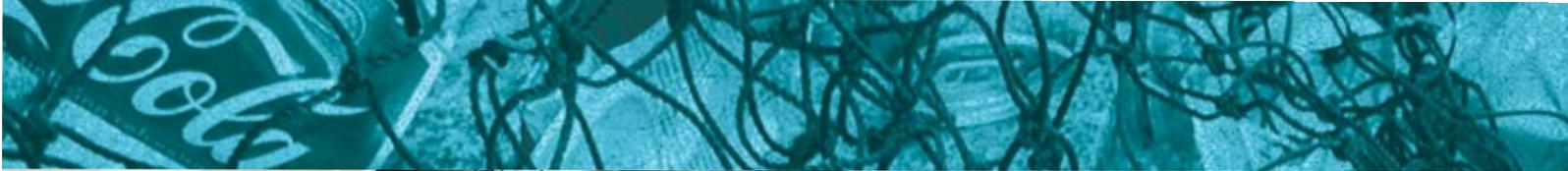
Boomerang Victorian Community Campaigner
Annett Finger, annett.finger@boomerangalliance.org.au

BA Sydney office
info@boomerangalliance.org.au, 02 9211 5022

Victorian web page
www.boomerangalliance.org.au/vic

fb: Boomerang Alliance





10¢ for
each empty
IF we had a
**REFUND
SCHEME**

