

# cash for containers

## WHAT'S IN IT FOR ME?

### THE LOCAL GOVERNMENT SECTOR

This short paper seeks to explain the benefits for and impacts of a container deposit system (CDS) on the local government sector. While local government will benefit financially, the specific estimates provided are somewhat generic and councils and associations are advised to undertake their own advocacy to ensure that any CDS is designed to ensure they receive the maximum benefit and take account of any transitional contract issues with waste collectors.

#### KEY ISSUES

**PARTICIPATION:** Most modern CDS have specific requirements where the system operator must allow kerbside recycling and waste collection services to redeem deposits on any residual containers – this increases the value of remnant materials. For example 1 tonne of glass bottles are currently sold to a reprocessor for around \$72 a tonne. On average there are 4,784 bottles to a tonne – meaning that 1 tonne of glass bottles redeemed for a 10 cent deposit are worth \$478.40. Thus if just 15% of material currently collected remains in the kerbside bin (and modelling indicates that the remnant CD material will be around 20% of current volumes) council revenue actually increases above material sales.

The most recent analysis of a CDS by BDA/Wright Corporate Strategy (2010) showed that a national CDS would save local government (in avoided landfill costs and savings to kerbside recycling operations) at least \$32million (net) per annum – while the alternative mechanisms to CDS explored by the study would all increase the cost to local government - seeing some \$30million annual increase in local government expenditures on kerbside and other collections.

*Councils and Shires need to ensure they will be able to redeem residual materials and should advocate they can make returns based on the average weight of bottles rather than a manual count – reducing sorting costs.*

*Councils should strongly advocate that they will be quarantined from any increased costs from new interventions to improve the recovery of end of life packaging materials.*

**EXISTING RECYCLING INFRASTRUCTURE:** Many councils have already built significant infrastructure (recycling drop off centres, transfer stations and some MRFs) that the community uses to deliver their recyclables. This infrastructure which often has excess capacity or can be expanded, will form a significant



part of any CDS. The redemption of containers at these sites will make a huge difference to their financial viability. For example a small rural depot processing just 5 tonnes of mixed beverage containers a month (55,000 containers) could expect to receive a handling fee of at least 3 cents per container, plus transport costs – that's around \$19,800 in additional revenue for a smaller drop off site. A large metro transfer station will process as much as 30 tonnes of containers a week – earning \$118,800 a year.

With well over 200 drop off centres and transfer stations, local government can expect to recover at least 30,000 tonnes of CDS material via this channel. This represents at least \$9.9million in revenues to offset the cost of existing recycling infrastructure.

*Councils and Shires should advocate that their existing infrastructure will be among the first collection points established under a CDS.*

**LITTER:** The National Litter Index (2010) produced by Keep Australia Beautiful indicates that beverage containers are around 32% of the total volume of litter found in our parks, rivers and roadsides. Further analysis (adjusted to exclude cigarette butts and illegal dumping) indicates that in South Australia the incidence

# cash for containers

of beverage container litter found total litter is less than half the national average.

The most recent analysis of a CDS by BDA/Wright Corporate Strategy in 2009/10 showed that of all potential product stewardship schemes for packaging only CDS made any significant reduction in litter (a 6% reduction in items littered and a 19% reduction in the total volume of litter), where the best result for item numbers from other mechanisms represented just 0.3%. With local government investing over \$200 million a year in litter abatement, Boomerang Alliance estimates that a conservative 12% reduction in volume will save local government over \$24million per year.

**EFFICIENCY:** In relation to the impacts of CDS on removing much of the glass and plastic from kerbside recovery; there are four key impacts local government should consider. They are:

- 1 Many reprocessors estimate that broken glass bottles collected with cardboard and organics adds many millions of dollars to the cost of sorting and reprocessing through labour costs, reduced material value and machinery damage. With about 80% of the glass collected by kerbside redirected to CDS drop off centres, councils can change specifications for MRFs to reduce sorting costs.
- 2 Compaction restrictions on glass and plastic provide significant limitations to the payload of recyclables that can be loaded onto each truck. Councils can expect to significantly increase their payload per vehicle, carrying much more cardboard – one of the few materials that are profitable to collect under a kerbside recycling system.

- 3 The CDS drop-off centres can also receive kerbside problem products such as batteries and e-waste, thus reducing kerbside contamination, roadside litter and council funded drop-off days.
- 4 Boomerang Alliance estimates that the average collection cost per home will be some 20% lower once a CDS is introduced. This means that councils can extend the collection run of each vehicle and significantly reduce the transport costs for kerbside collection.

*If the four efficiencies above deliver a saving of just 5% on the estimated \$360million (a conservative figure) to operate kerbside recycling – additional savings to those above would be around \$18 million per annum.*

## SUMMARY

It is clear that from a financial perspective alone local government authorities will receive substantial benefits from a national container deposit system<sup>1</sup>:

- \$32 million per annum from redemption of CDS deposits, kerbside operation savings and avoided landfill costs;
- \$9.9 million per annum in new revenues for existing transfer stations and drop off centres;
- \$24 million a year in savings from a 12% reduction in the volume of litter;
- \$18 million per annum in efficiency gains from kerbside recycling; and.
- With polls showing upwards of 90% public support for a CDS, provide a popular measure for ratepayers to increase recycling.

<sup>1</sup> The BDA study did not account for all of these.



Level 4, 78 Liverpool Street, Sydney, NSW 2000  
Mailing: PO BOX A176, Sydney South 1235  
P 02 9261 3437 F 02 9261 3990  
[www.boomerangalliance.org.au](http://www.boomerangalliance.org.au)

## 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 • Mineral Policy Institute • NSW Nature Conservation Council • National Toxics Network • Queensland Conservation Council • Tasmanian Conservation Trust • Total Environment Centre