

EXTRACT FROM COUNCIL MINUTES FOR CITY OF WHITEHORSE, VICTORIA

COUNCIL MEETING 18 MAY 2009

10.1.8 Drink Container Deposit System in Victoria

FILE NUMBER: SF06/412

The purpose of this report is to comment on a proposal by Ms Colleen Hartland MLC, to introduce a Bill to State Parliament for a 10 cents returnable deposit on all drink bottles, cans and cartons in Victoria. It is recommended that Council thank Ms Hartland for the proposal and further consider once the MAV has completed a comprehensive cost-benefit analysis on the impact of the proposal on local government.

BACKGROUND

Council at its meeting on the 20th April 2009 resolved:

“That Council Officers prepare a report for the May 2009 Council meeting on the report and proposal by Colleen Hartland MLC to introduce a Bill to State Parliament for a 10 cents returnable deposit on all drink bottles, cans and cartons in Victoria.”

Ms Colleen Hartland MLC, Victorian Greens spokesperson for Local Government and Waste Management, has written to Council seeking support for a proposal to introduce a Bill to State Parliament for a 10 cents returnable deposit on all drink bottles, cans and cartons in Victoria. Ms Hartland commissioned a report titled ‘Turning Rubbish into Community Money – The benefits of a 10 c deposit on drink containers in Victoria’ which was published in March 2009. The report outlines a state-based system designed to increase the recovery and recycling of drink containers.

The essential elements of the proposed scheme are:

- A 10 cents returnable deposit would be added to the wholesale price of all drink bottles, cans and cartons in Victoria;
- A network of recycling centre Hubs, Depots and Reverse Vending Machines would be established around Victoria as collection points for the returnable containers (modelled as a ‘hub and spokes’ system, with large-scale central hubs servicing bulk container returns and acting as distribution points for smaller depots and collectors within the region);
- Reverse Vending Machines (RVMs) would be conveniently located near sites that generate drink containers (supermarkets, service stations, retailers etc). These machines would receive the empty containers and refund 10c per item, usually in the form of a voucher that can be redeemed at a nearby shop;
- Containers at the Hubs, Depots or RVMs are crushed, partly sorted and baled for transport to the nearest existing Materials Recycling Facility (MRF);
- The EPA would administer the overall scheme, including financial flows (receives the 10c per item levy and refunds the 10c per item via Hubs and Depots) and monitoring all material flows;
- Community groups, businesses, Councils and organisations such as scouts can get involved in the collection of containers and receive financial benefit;
- The Hubs would process deposits, handling fees, audit the collectors, gather reporting data and perform general administrative functions for the scheme.

The proposed scheme draws together elements from different container deposit schemes around the world. Container deposit scheme(s) operate in South Australia (since 1977) and countries such as Canada, United States, Germany, Denmark, Austria, Israel and Sweden. The Northern Territory has recently announced its intention to introduce a container deposit scheme and container deposit legislation is before State Parliament in New South Wales and the Commonwealth Parliament.

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The claimed benefits of the proposed 10c returnable deposit scheme include:

- Dramatic increase in container recycling rates from 49% to 83%,
- Reduction in litter,
- Reduction in waste to landfill,
- Reduction in greenhouse gas emissions and water because recycling for re-use of container packaging uses less energy and water than manufacturing the same materials from virgin sources,
- Financial benefits to community groups, Councils, recyclers and reprocessors,
- Job creation at the new recycling hubs and depots.

The report suggests that the scheme would be self-funding through the extra 10c charge on containers. The report '*Turning Rubbish into Community Money*' provides calculations of the claimed financial and environmental benefits.

DISCUSSION

Consideration of measures to increase recycling, reduce litter and reduce waste to landfill is consistent with the objectives of Council's 2004 Waste Management Plan. Council's Sustainability Strategy 2008-2013 reaffirms Council's commitment to the waste minimisation and diversion targets contained in the State Government's 'Towards Zero Waste' Strategy that includes a goal to divert 65% of municipal waste from landfill by 2014.

Council collected and recycled 19,860 tonnes of kerbside recyclables in 2007/8, equivalent to 335 kg per household per year, a rate that is slightly above the State average. Council also accepts glass, steel and aluminium containers free of charge at the Recycling and Waste Transfer Centre, provides recycling bins in Council facilities and at major Council events, and has six public place recycling bins in Box Hill Mall.

The intent of a well-designed container deposit scheme is to build on existing Council, business and community recycling schemes to capture and recycle drink containers that are discarded away from home in the workplace, at public venues or around retail premises.

The proposed container deposit scheme appears to have merit but further information is required to enable a full assessment of the scheme.

Some of the report's underlying assumptions and the basis for calculating a number of the financial and environmental benefits do not appear to align with actual data for Whitehorse. Figures used in the report for the tonnage of recyclables going to landfill inside Whitehorse garbage bins (contamination level) and the gate fee that Whitehorse pays to process its recyclables appear to vary with actual rates.

Further information is needed to verify the extent of claimed financial benefits such as the increased price that recyclables collected through a container deposit scheme would fetch compared to recyclables collected through the kerbside system, and operational savings in kerbside collections after a container deposit scheme is introduced.

Further information is also required on the costs to establish the network of recycling Hubs, Depots and Reverse Vending machines. Several costings and assumptions within the report will need to be clarified to ensure that all of the factors that are relevant to local government have been fully considered.

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In principle, Council would receive financial and environmental benefit if more recyclables can be recovered and diverted from landfill as part of a well-designed container deposit scheme. To fully assess the extent of the savings and benefits from the proposed scheme, further information is required and Council needs to be re-assured that any new scheme will not inadvertently add costs to the community or duplicate infrastructure unnecessarily.

The report acknowledges that the assessment contained in the report *"....does not present a full economic analysis; rather it looks at the broad changes in financial flows and costs, and the associated environmental benefits from increased recycling of drink containers....."*

In 2008, the State Council of the Municipal Association of Victoria (MAV) passed a resolution supporting the examination of potential Container Deposit Legislation and a full economic cost-benefit analysis. The MAV has welcomed the report commissioned by Ms Hartland and have stated that it adds to the body of knowledge on Container Deposit Legislation in the Victorian context and provides a foundation to help complete the picture for local government in line with the resolution passed by the State Council.

The MAV proposes to conduct a comprehensive cost-benefit analysis of the impact of the proposed 10c deposit scheme on local government. The analysis will consider all local government fixed and variable costs associated with kerbside recycling, landfills and littering. The MAV will circulate a brief shortly with details on the scope and timing of its proposed analysis.

It is recommended that Council further consider the proposal once the MAV has completed a comprehensive cost-benefit analysis on the impact of the proposal on local government and urge the MAV to conduct the analysis thoroughly but quickly.

CONSULTATION

Not applicable at this stage.

FINANCIAL IMPLICATIONS

The *'Turning Rubbish into Community Money'* report claims that the proposed 10 cents returnable deposit scheme provides potential financial savings for Victoria including Whitehorse City Council.

As discussed earlier in this report, the savings do not appear to be based on the actual tonnage and gate fee information applicable for Whitehorse. The pending MAV analysis is expected to clarify the calculations and assumptions in the *'Turning Rubbish into Community Money'* report.

The mechanism for Councils to receive income from the 10c deposit levy in the proposed scheme is also unclear. It is proposed to distribute surplus unredeemed 10c deposits to the EPA, Hub operators and local government, but the proportion that would come to Whitehorse and whether Council would have to take an active role in operating a Depot or Hub to be eligible for funding is unclear.

If more recyclables can be recovered from the waste and litter streams, Council would benefit financially from reduced litter collection and disposal costs, and savings on avoided landfill gate fees. The proposed MAV cost-benefit analysis should clarify the net benefit of the proposed 10c refundable deposit scheme.

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POLICY IMPLICATIONS

Council's Whitehorse Sustainability Strategy 2008-2013 and Waste Management Plan 2004 contain waste minimisation objectives and targets to divert more waste from landfill. The proposed scheme, if it proves to be viable and can be successfully implemented, would assist Council and the community in achieving these objectives and targets.

The Waste Management Plan is scheduled to be updated in 2009/2010. Consideration of a container deposit scheme will be included in the updated Waste Management Plan.

COUNCIL RESOLUTION

Moved by Cr Stennett, Seconded by Cr Munroe

That Council:

- 1. Thank Ms Hartland MLC for commissioning the report 'Turning Rubbish into Community Money – the benefits of a 10 c deposit on drink containers in Victoria' and for proposing a scheme to increase the recovery and recycling of drink containers in Victoria;***
- 2. Further consider supporting the proposal for a 10 c deposit on drink containers in Victoria once the MAV has completed a comprehensive cost-benefit analysis on the impact of the proposal on local government;***
- 3. Urge the Municipal Association of Victoria to quickly and thoroughly complete its cost-benefit analysis of the impact of the proposed 10c deposit scheme on local government;***
- 4. Supports in principle a drink container deposit scheme that would not financially disadvantage Council.***

CARRIED