



**AUSTRALIAN HOTELS
ASSOCIATION SUBMISSION –
ENVIRONMENT PROTECTION
(BEVERAGE CONTAINER
DEPOSIT AND RECOVERY
SCHEME) BILL 2009**



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SUBMISSION OF AUSTRALIAN HOTELS ASSOCIATION

1. INTRODUCTION

1.1 On behalf of the hotel industry in Australia, the Australian Hotels Association (“AHA”) is pleased to provide a submission to be considered as part of the Senate Inquiry into the Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2009.

1.2 On 17 June, 2009, the Senate referred the Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2009 for inquiry and report.

1.3 The inquiry is being conducted by the Senate Standing Committee on Environment, Communications and the Arts.

2. HOTEL INDUSTRY PROFILE

2.1 Australia’s hotel industry is extremely diverse. Businesses that are part of our industry include small country pubs, metropolitan pubs and taverns, city bars, international standard accommodation hotels and resorts.

2.2 Key facts about Australian hotels are as follows:

- There are 6407 hotels in Australia;¹
- Australian hotels employ 258,386 people;²

¹ Australian Hotels Association 2009

² Australian Hotels Association 2009/Australian Bureau of Statistics – Tourist Accommodation, 26 March, 2009

- The total industry value added by pubs, taverns and bars in Australia is \$4,394,000,000 or 0.5% of Australia's gross domestic product.³

2.3 Key facts about Australian hotels that specialise in the provision of accommodation are as follows:

- There are 1280 licensed hotels in Australia with five or more accommodation rooms;
- There are a total of 86,646 rooms for accommodation in Australian hotels;
- There are a total of 227,001 bed spaces in Australian hotels;⁴
- In the financial year ending June, 2008, there were 21,551,200 room nights occupied in Australian hotels;
- In the financial year ending June, 2008, there were 15,801,500 guest arrivals in Australian hotels;⁵ and
- The total industry value added of Australia's accommodation businesses is \$4,774,900,000 or 0.5% of Australia's gross domestic product.⁶

2.4 Therefore, the total industry value added of Australia's entire hotel industry is 1% of Australia's gross domestic product.

2.5 The AHA represents and protects the commercial interests of hotels throughout Australia. In excess of 75% of hotels in Australia are financial members of the AHA.

³ Australian Bureau of Statistics – Clubs, Pubs, Taverns and Bars 2004/2005

⁴ Australian Bureau of Statistics – Tourist Accommodation, 26 March, 2009

⁵ Australian Bureau of Statistics – Tourism Accommodation, 26 September, 2008

⁶ Australian Bureau of Statistics – Accommodation Services, 25 June, 2008

3. HOTEL INDUSTRY POLICY POSITION

3.1 Section 9 of the Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2009 (“the bill”) proposes the establishment of a national beverage container deposit and recovery scheme.

3.2 Further, Section 12 of the bill proposes that “the amount of the beverage container environmental deposit is:

(a) 10 cents; or

(b) If the regulations prescribe a higher amount for the purposes of this section, that amount.”

3.3 South Australia has had a beverage container deposit scheme in place since the mid-1970s. From its introduction until the end of 2008, the deposit was 5c per container. From the beginning of 2009, this deposit was raised to 10c. Wine bottles are exempt from the scheme.

3.4 The Northern Territory Government has also indicated it intends to introduce a similar scheme within its jurisdiction from 2011.

3.5 Australia’s hotel industry is opposed to the introduction of a national beverage container deposit scheme – and there are several reasons for our industry taking this policy position.

3.6 The national container deposit scheme, as proposed in the bill, would create a \$2.40 loading/price increase on a case of beer (a case contains 24 cans or bottles; 24 cans or bottles multiplied by \$0.10 = \$2.40), which would more than likely be reflected in higher retail prices. Effectively, this means consumers would be

bearing the cost of such an increase. If this situation prevails, sales of beverages that come in these containers would inevitably suffer. Given sales of beverages in these containers are a major source of income for hotels, businesses in our industry would suffer if the proposed scheme was to be introduced.

3.7 The impact on retail prices the container deposit scheme in South Australia is not confined to that State. According to the South Australian Environment Protection Authority: “It should be noted the additional costs to beverage fillers are probably passed on nationally with the benefits to South Australians being, in effect, subsidised by interstate consumers of the same beverage types.”⁷

3.8 In States and Territories outside of South Australia, beverage containers that have a deposit when recycled in South Australia are currently disposed of by businesses and households with general recycling, i.e. they are recycled along with cardboard, wine bottles, plastic milk containers, newspapers and other waste that is able to be recycled (kerbside recycling). If a new national container deposit scheme was to be introduced, it would be compete with kerbside recycling. This would effectively increase the total cost of recycling and increase the carbon footprint made by the transportation of empty containers – two different forms of transport for recycling would be required when all States except South Australia currently have one. There is a distinct possibility such a scenario would have a negative environmental impact, not a positive one.

⁷ Container deposit legislation: Economic and environmental impacts, Environment Protection Authority consultancy report, Government of South Australia

4. WASTE MANAGEMENT – PRODUCTIVITY COMMISSION INQUIRY

4.1 The Productivity Commission conducted a comprehensive inquiry into waste management in 2005-2006. It concluded: “The case for introducing CDL (container deposit legislation) in addition to existing kerbside collection schemes on resource recovery grounds is weak. CDL achieves improved recovery of beverage containers. However, it does so at the cost of introducing an additional collection system that competes with existing kerbside collection schemes for resources, and is likely to reduce the economies of scale of kerbside collection. Resource recovery under CDL is also likely to be significantly more costly than under kerbside recycling.”⁸

4.2 Also, the Productivity Commission made the following finding: “Container deposit legislation is unlikely to be the most cost-effective mechanism for achieving its objectives of recovering resources and reducing litter. Kerbside recycling is a less costly option for recovering resources, while general anti-litter programs are likely to be a more cost-effective way of pursuing overall litter reduction.”⁹

5. CONCLUSION

5.1 The hotel industry does not support the introduction of a national container deposit scheme and therefore, does not support this bill.

5.2 Our industry, which has a strong commitment to the environment (the hotel

⁸ Waste Management – Productivity Commission Inquiry Report, 20 October, 2006

⁹ Waste Management – Productivity Commission Inquiry Report, 20 October, 2006

industry has had an environmental strategy in place for some time¹⁰), recommends that instead of legislation being introduced to Parliament for a national container deposit scheme, the National Packaging Covenant – a voluntary initiative between government and industry to reduce the environmental effects of packaging on the environment – should examine the issue of recycling beverage containers in greater detail.

Date: 1 September, 2009

¹⁰ Appendix 1

APPENDIX 1



**The Hotel Sector and the Environment
Strategy**

August, 2007

1. Background

Over the last 12 months the environment and more particular climate change have become major issues in the community. Both the Australian Government and the Opposition are now committed to establishing an emissions trading scheme. The final details are still to be determined.

There is no doubt that consumers are beginning to assess businesses on the basis of their environmental “credentials”. Corporate clients are asking major accommodation hotels if they have environment plans, overseas conventions are promoting themselves as carbon neutral and Europeans are being encouraged to holiday closer to home to avoid the perceived “environmental cost” of long haul jet flights.

The tourism and hospitality sector always seek to respond to the changing needs of our customers. There is an increasing expectation that our businesses will be environmentally responsible and sustainable.

The Council of Australian Governments has called for the development of an action plan to assess the impacts of climate change on tourism and develop adaptation strategies.

To be successful these strategies must go beyond greenhouse gas emissions and a business’s “carbon footprint”. It will require each business to implement systems that enable continuous improvement in energy and water usage, the generation and disposal of waste and the use and protection of land and other natural assets.

This paper provides a guide on how the AHA and its members can assist in the development of environmentally responsible and sustainable businesses.

2. Goal

To assist hotels minimise the unnecessary and inefficient use of resources and reduce the production of waste and environmentally detrimental outcomes.

3. How this will be achieved

(i) Introduction of appropriate systems and processes

Hotels need to monitor performance in key areas and compare against best practice standards. To do this they will need to:

1. Examine and assess the current environmental impact of the business – including carbon emissions
2. Compare current outputs against agreed industry standards
3. Identify and implement alternative ways of doing business that reduce negative environmental outputs and
4. promote any business benefits to the market.

Case studies show that the use of such systems not only achieves improved environmental outcomes but also leads to operational improvements and reduced operating costs.

The AHA has been working with the Centre for Sustainable Tourism to test the Green Globe environmental benchmarking system with accommodation members.

Green Globe benchmarks performance in key areas against standard industry-based levels that are achievable, responsible and beneficial from an operational perspective. The areas are:

Total Energy Consumption
Total Waste Production

Total Water Consumption
Community Commitment

It also assesses water saving, waste recycling, the use of paper, pesticide and chemical products and overall community commitment to sustainable business practices.

The AHA believes that a consistent, cost effective way of assessing and comparing environmental performance must be an essential element of any Tourism and Hospitality Industry action plan to deal with climate change. All hotels will need to be environmentally sustainable if our industry is to effectively manage the economic, social and political challenges that lie ahead.

(ii) Contributing to the development of uniform standards

Over the next few years the Australian Government will introduce an Emission Trading System. State Government's have already moved towards establishing these systems. This will involve the establishment of a cap and trade process for carbon emissions.

It is important that the needs of hotels and the broader tourism and hospitality sector are considered in the development of this system.

The new arrangements must take account of existing requirements in related areas such as water. They must develop robust standards and introduce effective monitoring systems.

(iii) Building on existing programs

There already exists a range of environmental programs and initiatives. These include Water Efficiency Plans, the Greenhouse challenge, the National Packaging Covenant and Energy Efficiency Plans.

It is important that strategies take account of the requirements of these programs and where possible build on work already undertaken.

(iv) Establishing partnerships with key stakeholders

Any new Emissions Trading System will require an analysis of the total carbon footprint of a product and service. This will require consultation and co-operation across a range of sectors involved in production and distribution. The AHA needs to engage suppliers and transport companies in the development of appropriate standards and strategies.

(v) Showcasing Best practice

The AHA need promote case studies of best practice through its publications and via the introduction of an Environmental category in the National Awards for Excellence.

(vi) Supporting Relevant Promotional Activities

Hotels around the country should support initiatives that raise awareness of environmental issues and reflect the industry's commitment to assist in achieving improved outcomes, e.g. Earth Hour, Clean Up Australia

(vii) Providing Advice and Information

The AHA will use its publications and websites to raise awareness and provide relevant information to members on environmental issues. It will work with suppliers to identify and deliver cost effective products and services that meet the needs of the industry.