

# What Container Deposits Will Do for the Tasmanian Economy

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The Tasmanian Government has been considering the establishment of a Cash for Containers scheme similar to that operating for over 30 years in South Australia and recently adopted in the Northern Territory. This short paper seeks to outline what the Cash for Containers Scheme will mean for Tasmania in practical terms.

## **KEY FINDINGS:**

1. Over 82% of Tasmanians are currently able to access convenient recycling systems; the Cash for Containers scheme will extend access to the entire population – providing over 90,000 Tasmanians with access to recycling for the first time.
2. Tasmania has the worst recycling rates in Australia with just 14% of all waste being recycled (75,000 tonnes per year) currently; this will increase to over 115,000 tonnes per year as a direct result of the Cash for Containers Scheme – an improvement of more than 50%.
3. We estimate that the provision of municipal recycling services costs Tasmanian ratepayers some \$51.11 per household. The adoption of a container deposit system (CDS) would provide ratepayers with savings of some \$2.6mill per year in charges for kerbside waste and recycling services.
4. Cash for Containers will create about 306 full time and 80 part time jobs in Tasmania.
5. At least \$10million of new investment capital will be injected into the Tasmanian economy, growing the state economy by some \$20.3million per year.

The Tasmanian Government has previously pledged its support for the adoption of a National Container Deposit Scheme, yet after 10 years of inaction the Commonwealth Environment Protection and Heritage Council has failed to progress the necessary regulatory investigations to see such a scheme adopted. More lengthy delays are expected, with the current RIS process unlikely to produce a result. It's time for Tasmania to follow the Northern Territory's lead and introduce its own scheme to benefit Tasmanians and their environment.

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### **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 Tasmania because of the relatively small population, the small amounts collected and the cost to transport current recyclate to distant reprocessing centres, largely located on the major population centres in mainland Australia.

As a result both the environmental and economic performance on the waste and recycling front has been poor in Tasmania:

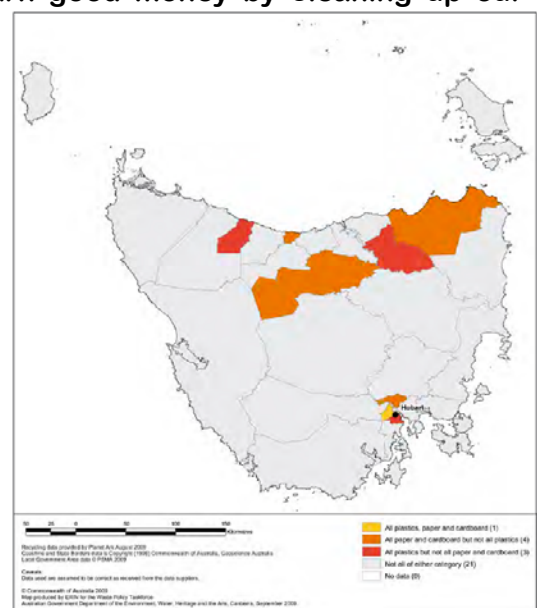
1. Only 82% of the Tasmanian population currently has access to recycling services compared to over 95% of the national population<sup>i</sup>.
2. While data on the generation, disposal and recycling in Tasmania is inadequate, the recent National Waste Report<sup>ii</sup> estimated that in 2006/07 over 446,000 tonnes of waste were disposed to landfill in Tasmania. The report estimated that 75,000 tonnes of waste was recycled, indicating a recycling rate of 14%, compared to a national recycling rate of 52%.
3. According to reporting by the Tasmanian Government to the Commonwealth Government<sup>iii</sup>, where kerbside recycling services were offered, the average annual fee charged to households by local councils was \$51.11 per household. This cost is very high considering the limited collection services that are offered - representing a cost of some \$10.9mill pa.
4. Litter is an important issue for Tasmania. Visitors to Tasmania spent an estimated \$2.25billion<sup>iv</sup> in 2010, with wilderness, outdoor and eco-tourism experiences the largest source of these revenues. The prevalence of litter can play a significant role in the trip satisfaction of these visitors.
5. Keep Australia Beautiful research indicates that beverage container related litter represents nearly 30% of all litter volumes found in Tasmania.

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

### 1. The Impact of the Cash for Containers Scheme on waste and litter in Tasmania

A Cash for Containers Scheme will have a marked impact in reducing litter in Tasmania. Based on the historic performance in South Australia it will at least halve the amount of beverage litter found in Tasmania at no cost to the state or local government. This occurs in two 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 our parks, streets and waterways. For example Scouts South Australia report they earn some \$22million pa from their active participation in the SA's CDS.

While over 97% of all Australians regard recycling as one of the most practical environmental actions they can take, currently some 18% of the Tasmanian population cannot access recycling systems, and nearly half can only undertake limited recycling. The map to the right highlights the extreme limitations that many Tasmanians currently experience. Based on the South Australian scheme, Boomerang Alliance estimates that a Tasmanian Government Cash for Containers Scheme will see at least 30 sophisticated automated recycling centres; another 50 manual drop off centres and up to 50 centres in rural



collection points established across the state. This will conservatively provide some 90,000 Tasmanians with recycling services for the first time<sup>v</sup>.

Boomerang Alliance estimates that approx. 30,000 tonnes of beverage containers are consumed annually in Tasmania (337million containers); with just 9,000 tonnes recycled (30%). Various previous national and state investigations indicate that a 10¢ deposit will produce an overall container recycling rate of over 80%<sup>vi</sup> indicating that an additional 15,000 tonnes of glass, aluminium, and plastic will be recycled annually once the Cash for Containers scheme is implemented.

Additionally, The Recyclers of South Australia report that each of the 117 recycling collection centres in that state collects an average 208 tonnes pa of non deposit materials - which residents drop off when redeeming their deposit containers. Based on these estimates and the significant lack of current recycling facilities in the state, Boomerang Alliance expects up to a further 25,000tonnes of recycle (non deposit packaging, car batteries, e-waste etc.) per year will also be recovered at Cash for Container redemption centres.

Overall this indicates that the Cash for Containers scheme will deliver an increase in municipal solid waste recycling from a current 75,000 tonnes to over 115,000 tonnes per year increasing the state household recycling rate from its current 14% to around 22% - an improvement of over 50%.

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 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. Much reduced litter has substantial benefits in presenting the highly valued Tasmanian wilderness in its most favourable light to tourists; will significantly reduce the incidence of wildlife killed and injured by swallowing or being strangled by container waste; and substantially reduce the incidence of glass injuries caused by discarded bottles, which is particularly high in rural areas, where children are likely to play in bushland.

## 2. Key Employment & Economic Outcomes

**JOBS:** There are a substantial number of green jobs that will be created in collection centres, maintaining technology, driving collection vehicles and administering the systems. The South Australia 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 (reducing potential employment) and a larger number of smaller recycling centres in rural Tasmania (increasing part-time employment), Boomerang Alliance projects that for both direct and indirect jobs, the Cash for Containers scheme will create some 306 full time and 80 part-time positions in Tasmania<sup>vii</sup>.

**INVESTMENT:** Collection depots and technology systems are generally 100% privately funded through container deposit systems and will attract significant infrastructure investment to Tasmania. Based on mapping of major population centres and tourist destinations we would estimate that some 30 automated collection centres and another 50 manual drop off centres will be established to



*Turtles, lizards, turtles, birds, seals, platypus and dolphins are just some of the creatures injured by bottle and can litter*



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

complement another 50 collection points at rural retail locations. The state government could reasonably expect to attract some \$10-15million in new infrastructure investment as a result of the Cash for Containers scheme.

**NEW GDP:** The Cash for Containers scheme will increase Tasmania's Gross Domestic Product by at least \$20.3million pa. This growth comes from two main areas:

1. Bottlers will pay collection depots a handling fee of between 3-4¢ per container recovered (this figure actually has little cost impact on retailers as the sale of material and the unredeemed deposits fund will largely cover handling fees) - at an 80% recovery rate<sup>viii</sup> this would see small business and community centres injecting \$7-10.2million pa in new revenues into the Tasmanian economy.

2. The 40,000 tonnes per annum of increased recycling (containers and other materials received at collection centres) will generate approx. \$10.1million pa from the sale of recovered scrap. A CDS produces high quality recyclate which with the additional tonnes collected, may create new opportunities for local industry.

**RATEPAYER SAVINGS:** Local government will receive 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<sup>ix</sup> indicated that local government would save approximately \$32million pa. In South Australia local government has reported that their CDS provides savings in the vicinity of \$90,000 per council. These savings comprise new revenues from redeeming deposits from residual containers left in recycling bins; reduced landfill costs; opportunities to lease space for collection centres at high street council properties, MRFs and transfer stations; extending the length of collection runs per vehicle; and reduced contamination of paper and destruction of waste management equipment by glass fines.

Based on these opportunities Boomerang Alliance estimates that the 176,000 Tasmanian households, each paying an average \$51.11 pa for the provision of this important service will save an average \$14.91 per home. This represents a reduction in ratepayer taxes of approximately \$2,624,000 pa.

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<sup>i</sup> Commonwealth Government – Department of Environment, Water, Heritage & Arts (DEWHA), 'National Waste Report 2010'

<sup>ii</sup> *ibid*

<sup>iii</sup> NEPC Annual Report 2008/09, Reporting on Used Packaging NEPM

<sup>iv</sup> Tourism21; Tasmanian Government & Tasmanian Tourism Industry Business Plan 2011-2013

<sup>v</sup> Based on reporting to the EPHC indicating the number of homes that currently have no access to recycling.

<sup>vi</sup> 2010 BDA/WCS report on CDS for EPHC, Commonwealth of Australia; 2008 MMA report for WAust 2008; 2001 White Report for NSW. All project recovery rates in excess of 80% where a 10¢ deposit is introduced.

<sup>vii</sup> Breakdown of estimated positions: 15 Government and 'Super Collector' administration positions; 130 positions working in collection centres; 25 positions in transport and handling; and 136 positions in sales and service to recyclers (Access Economics, (2009) 'Employment in the Waste and Recycling Sector' for DEWHA estimate there are 0.8 indirect jobs for every direct job in recycling). Around 80 part time positions will also be created in smaller rural and remote collection centres.

<sup>viii</sup> Consumption is based on a pro-rata of national beverage container consumption.

<sup>ix</sup> BDA/Wright Corporate Strategy (2010), 'Beverage Container Investigation'