

Why 10 cent drink container/refunds work in today's world

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The costs and benefits of a container deposit system (CDS) can appear hazy with claims and counter claims and theoretical assumptions – and even accusations that calls for its adoption are driven by nostalgia. But there are over 40 such schemes around the world with new ones being installed each year – much improved on the old versions like that in South Australia.

The cost claim

The Australian Food and Grocery Council (AFGC) have been prominent in arguing that a CDS will increase the cost of living. When you look at the assumptions as well as the actual experience in South Australia and the Northern Territory which have a CDS – significant exaggeration is in play.

A Senate Inquiry into the NT and SA schemes late last year unanimously reported that the AFGC research was based on 'weak methodology and poor data' (p20). For example the Council assumed the 10cent deposit would not be redeemed by any consumers (when 80% redemption is common) and that all beverage prices will rise by 20cents (despite this never occurring in either state). In fact some companies didn't even pass on the deposit because they used unredeemed deposits to fund the system.

Also these two schemes are particularly inefficient and old style and a national CDS can operate on more a modern, efficient, convenient and low cost basis. The result is no extra charge on top of the refundable deposit. As for those who don't individually redeem they can donate to a charity or the local school; and the litterers are paying for collection by others.

Critics like to throw big numbers around but when you break these down – they are not scary. In 2011 environment ministers received a CBA which assessed the proposal by the Boomerang Alliance to cost \$1.4b. Big number – but it's over 20 years. Break it down and that's \$70m a year or \$3 per person a year. This particular CBA is now being reviewed by ministers because it overstated the costs and understated the benefits.

Naturally a new system requires investment – but the essential question is – is it worth it and is it sustainable? Several international companies recently visited Australia and committed to invest \$400-500m in a national CDS generating 3,500 jobs. Correct me if I'm wrong but I thought Australia needed more investment in its manufacturing, environmental technology and services sectors.

Big benefits

The benefits of a modern CDS are multiple and cannot be achieved by any other alternative. They include – a doubling in recycling; new network of drive through recycling

centres for a range of products servicing households and commercial sector; growing the recycling chain and local processing; and improved beverage and retailer marketing.

A modern CDS lifts Australia's recycling and anti-litter efforts to a new sustainable level. Bear in mind we have a major problem with 8 billion drink containers a year being landfilled or littered every year. All the other options on the table require industry or government funding – piecemeal, often tokenistic and under risk of being withdrawn as budgets tighten or priorities change.

A CDS does work and recently the CSIRO which has been mapping plastic debris reported there is far less plastic bottle litter coming off SA shores. Our recent investigations of existing bin networks (like the one being proposed by the AFGC) have shown they have limited effect on litter (overflowing is common and it's impossible to put a bin along every few metres of beach or road) and the so-called recycling bins are so contaminated that the material is all sent to landfill. A CDS diverts the recyclable material to a clean system for reprocessing; while it frees up space in existing bins.

You also have to be careful about state comparisons. The National Litter Index from which some critics draw comfort has serious problems. It compares items – that is a cigarette butt is counted as equal to a plastic drink bottle which is contributing to the plague of plastic that is killing seabirds and other marine mammals. Another misuse of the information is to claim that South Australia has more litter per head than say Victoria or NSW. But guess what? The NLI has the same number of survey sites in SA as the two other states with much bigger populations – so it's not surprising you get a distorted result (the NSW Office of Environment and Heritage from which this claim came originally has now withdrawn it, due to its lack of credibility).

Councils will benefit financially from a CDS. This has been affirmed in the last five government initiated reports on CDS. The latest study in Victoria did not allocate CDS-derived kerbside collection savings to its key results and found that some metro councils could lose out at about 98cents per household (but not rural councils which gained). But if you include collection and other savings they will benefit by \$4.59m a year.

Who supports CD?

If you take a broad picture – as any sensible policy maker should – then CDS is a winner. A contemporary political judgment is found in the Northern Territory. Their cash for containers scheme was brought in by an ALP government and has been staunchly defended by the now CLP government – despite a successful court case by Coca Cola.

Why? Because the majority of the community see its worth on social, environmental and economic grounds. Once you pass by the alleged costs and distorted studies – you have enduring community support. Newspoll recently found 84% of the Australian community want a CDS – despite the ongoing public attacks from certain parts of the beverage sector and AFGC.

And I can assure Premiers, MPs and columnists alike – our campaign is supported by many young and other people disgusted at the litter and plastic marine debris and their desire for an effective solution – not those wallowing in nostalgia.

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Key Facts

The beverage industry have launched a major advertising campaign calling cash for containers a tax. If you want to get really angry - check out their [website](#). Tell your Premier:

- It's not a tax - it's a refundable deposit you can choose to redeem or give to a charity or to to the local council recycling program via kerbside or your kids as pocket money.
- Boomerang's modern container deposit system will be convenient with drink containers being returned to [reverse vending machines](#) at the local shopping centre.
- Kerbside and CD coexist in other places like Germany, California and South Australia.
- Container deposits work! The industry alternative of more bins in shopping centres, sports grounds, airports does not attack the main vectors of litter in the wider environment.
- Recycling will double like in South Australia creating new jobs and investment.

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[Read more: Why 10cent drink container/refunds work in today's world](#)

The Boomerang Recycle Refund Model

Reply to Coke's Defence Blog

Coca Cola has sought to explain its position on Cash for Containers with a blog by the Head of Corporate affairs (see end of this article).

Some of it is complete nonsense, most of it misleading at best. Below we pick apart some of the claims and the reality.

Why do some beverage companies oppose a CDS?

WHO IS OPPOSED?

Some large beverage producers such as Coca Cola spend considerable resources lobbying and on advertising campaigns fighting the imposition of deposit schemes (CDS) on bottles and cans by legislators. Why?

They also financially support alternative, less effective schemes such as public space recycling bins that are notoriously contaminated and do little to prevent the littering of these items (placed as they are in proximity to existing rubbish bins), as a way to appease regulators.

An expose' of the policy and political campaigning undertaken by sections of this industry is contained in a recent ABC background-briefing documentary available [here](#).

While not all producers are opposed (there are some important and notable exceptions in Australia and an emerging softening of this opposition from some of the largest producers), Coca Cola's leadership in opposing CDS has often stopped efforts by governments and community groups to advance this issue.

One of their rare defeats was in the Northern Territory in February 2011 when the parliament unanimously passed legislation to establish a CDS in early 2012.

ADDITIONAL INDUSTRY OPPOSITION

Beverage industry opposition has also managed to corral additional industry actors such as some packaging producers and retail groups. In Australia this group falls under the Australian Food and Grocery Council (AFGC) and is known as the Packaging Stewardship Forum (PSF).

It is unclear what the motives of the packaging producers in joining these anti-CDS campaigns are (though it is most likely a matter of retaining important commercial / major customer relationships) as packaging producers would benefit from a CDS in a number of ways:

- Many packaging producers rely on quality recovered materials as feedstock for new products. A CDS delivers a clean flow of useable recycled materials including glass, aluminium and PET.
- In addition, kerbside recovery of cardboard and paper is less contaminated (with CDS achieving the exclusion of broken glass fines etc) and so this material is also more useable for these packaging producers.

- Finally, alternatives to a CDS such as advanced disposal fees or packaging taxes also place a financial cost on packaging producers rather than beverage producers – which some packagers would prefer to avoid.

CD SCHEME COSTS

Beverage producers suggest a CDS would impose an unacceptable financial penalty on them. However the most recent advice to Australia's environment ministers (confirmed in the ABC documentary cited above) outlines that a national CDS would cost ½ a cent per container or \$55M spread over the entire producer chain and likely passed through to consumers. Such a price impact is insignificant.

This cost compares to the Australian local government (and ratepayers) spend of around \$300M p.a. in subsidising kerbside recycling – costs they cannot recover.

Another argument is that beverage producers would experience a loss of sales as price elasticity of demand would lead to consumers sometimes avoiding beverage products, as the additional ten cents (the deposit at point of sale) is perceived as an additional cost. But in very quick measure as a CDS beds in, consumers recognize a redeemable deposit is just that. Nevertheless the supposed 'cost of living' argument is put strongly to decision makers.

Australia's only current CDS in South Australia, was examined in the documentary cited above with Coca Cola suggesting, the sales of their products would have been higher in SA had the CDS not existed. No other view from other beverage producers is available to confirm this (unlikely) permanent impact.

POSSIBLE REASONS FOR BEVERAGE INDUSTRY OPPOSITION

Once the pros and cons of a CDS are clearly explained, it is often difficult for the observer to understand Coke and its allies objections. It is our understanding that opposition from producers is more likely based on the following:

- Coca Cola as the 'leader of the pack' appears locked into ideological opposition to a CDS.
- Also Coke's position comes out of its heritage in Atlanta, US where pure free market ethics are perhaps most powerful and the disposable container seen as an emblem of 'consumer choice'.
- There seems to be a perception within Coke (and there are anecdotes confirming this) that any interference with its operations, packaging, etc is an unnecessary government intervention.
- Beverage producers in Australia currently take little responsibility for the disposal or recycling of the packaging in which they serve their products – a comfortable situation.

- While the industry supports the Australian Packaging Covenant (APC) the reported figures for beverage container recycling (which are lower than for all other packaging) are almost entirely due to kerbside recycling to which neither the industry nor APC provide financial support. This responsibility is borne by local government and ratepayers that subsidise kerbside recycling.
- Beverage producers want to avoid the complexities of having to adjust to a new system, believing they have other commercial priorities, preferring the simplicity of current arrangements where councils take the responsibility.
- Producers have focused their environmental actions on lightweighting of container materials to reduce material, transport and energy costs. (However such materials break more easily and contaminate the kerbside and public space bin recycle stream.)

PUBLIC CAMPAIGN ARGUMENTS BY BEVERAGE PRODUCERS

Beverage producers use various public arguments to convince governments not to impose a CDS. These include:

- There are other, more efficient ways, to collect more container packaging. This is not borne out in our global analysis where deposit schemes universally and reliably achieve the highest rates of recycling, highest quality material for reuse and lowest rates of container litter (consistently a dominant litter item in states with no CDS).
- Producers delay processes by asking 'again' for governments to 'first assess' what the problem is.

As a consequence governments initiate long-winded processes of 'discovery', and the problem is expanded to all packaging in which beverage containers are a subset. Thus a CDS appears to have narrow impact. However, we argue it is containers above all other packaging materials that require action (cardboard for instance as a dominant packaging material has high rates of collection, does not contaminate other materials and is not a litter problem). This problem is one of the key failings of Australia's current regulatory impact statement process reviewing options to tackle packaging.

- Finally, in Australia producers have resorted to straight lies and misleading political campaigns to influence public opinion. They also threaten to electorally defeat governments wishing to impose CD schemes. This was reported in both the NT (where the NT Chief Minister called on the beverage industry to desist their 'misleading' political campaign) and prior West Australian debates and is again outlined in the ABC documentary available [here](#).

Why we need a container deposits system (CDS)

REPORTS

[Submission to Consultation Packaging Impacts Regulatory Impact Statement](#) [698kb, 2012]

[CD - a common sense approach towards a zero waste society](#) [871kb, 2008]

[Financial Analysis of Costs and Benefits of a National CDS](#) [448kb, 2008]

[Victoria - turning rubbish into community money](#) [1.35mb, 2011]

[What CD means for the Northern Territory](#) [248kb, 2010]

[What CD means for Tasmania](#) [294kb, 2011]

[The Reality of Beverage Container Recycling, presentation on PwC International Study on Beverage Container Recycling Systems](#) by Jürgen Resch, Executive Director of Deutsche Umwelthilfe [1.31mb, 2011]

Opinion Polling: [Summary of attitudes](#) [1.3Mb, 2010]; [EMRS Tasmania](#) [2011]; [Newspoll NT](#) [2011]; [WA Newspoll](#) [2007]

[Independent Review: The Northern Territory Container Deposit System](#) [836kb, 2012]

BRIEFING NOTES

[Container deposits in 2012 - the case is clear](#) [173kb, 2012]

[Analysis of KAB National Litter Index 2011](#) [165kb, 2011]

[Container Deposit Systems and the Cost of Beverages](#) [524kb, 2011]

[Review of Packaging RIS Approach](#) [140kb, 2011]

[NT Cash for Containers and Remote Communities](#) [52kb, 2011]

[Community sector and charitable recyclers. What's in it for me?](#) [88kb, 2011]

[Private recyclers and waste managers. What's in it for me?](#) [343kb, 2011]

[The local government sector. What's in it for me?](#) [101kb, 2011]

[Households and working families. What's in it for me?](#) [132kb, 2011]

[CD Briefing Note](#) [147kb, 2009]

[CD FAQs](#) [25kb, 2009]

[NSW Benefits CD Update](#) [23kb, 2010]