



## **Refuse disposal with prepaid fees**

### **Evaluation of the control system and the role of the Confederation**

#### **Key facts**

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In Switzerland whoever is responsible for placing products on the market which as refuse can be recycled or have to be specially treated, may in Switzerland be compelled by the Confederation to take these products back after being used. The Confederation may also impose a collection target (quota). In particular if the target has not been reached, the Confederation may decide to impose a ban or charges to finance separate refuse collection.

This has already happened in two cases. Within the scope of public tenders, the Confederation authorised two organisations to organise the collection of batteries and glass for recycling and to impose a legal prepaid fee on manufacturers and importers. This prepaid fee will be used to finance the costs involved in collecting, sorting, transport, preparation, re-use or recycling and for public information.

In various other sectors, disposal is organised by private industry organisations which in addition levies a voluntary prepaid fee on manufacturers and importers. This concerns PET packaging, aluminium and steel sheet, along with electric/electronic appliances and cars. Prepaid fees, as an instrument, are increasing in importance. Today the total amount for these fees is approximately CHF 200 million per annum.

The implementation of Switzerland's waste disposal policies is based on close cooperation with private-sector organisations (public private partnership).

#### **Subject and purpose of the evaluation**

The existing separate collections using prepaid fees are the subject of this evaluation. The Swiss Federal Audit Office (SFAO) carried out investigations to see to what extent effectiveness and efficiency are checked in the individual solutions and to see the role the Confederation plays at the same time. The evaluation is based on the analysis of written documents, interviews with the stakeholders concerned and international comparisons.

#### **Overall an effective system**

Even though the SFAO evaluation is not directly targeted at being an assessment of the system of waste disposal with prepaid fees, nonetheless it can be stated that overall this system fulfils its role well. The Swiss population has shown great interest in the separate

collections and in the necessity of closed circuits/cycles, in particular in communes which impose a rubbish bag fee. In a comparison with other European countries, Switzerland fares favourably not just concerning the collection quotas but also regarding fees.

### **A multiplicity of collection chains with little coordination**

The system of separate collections has developed very quickly since the end of the 1980s. Today seven organisations run a nationwide collection and recycling system with prepaid fees for different types of waste. In contrast there is still ground to be made up concerning car-recycling, where a solution has yet to be found for valorising the residues of automobile crushing, in spite of the fact that considerable financial resources are available by the foundation.

Current solutions are practically all individual, pioneering solutions which came into existence due to practical constraints (e.g. the environmentally-friendly disposal of refrigerators which contain dangerous fluids). Organisation of the procedures for collection, transportation and reimbursement are correspondingly multifarious and diverse. Each waste management organisation has its own strategy concerning public information. There is also huge diversity in the legal form of the waste management organisations, in the relationships with the producers and importers and also in the resources available. These organisations have individual accounting systems and trading account systems. There is no overall comparison of costs relating to prepaid fees.

The term "Swiss Recycling" covers an umbrella organisation, its projects are also supported by the Federal Office for the Environment (FOEN). Not all waste management organisations are members or else there could be greater coordination. A good example worth mentioning is the cooperation between IGORA and Ferro Recycling which collect aluminium and tin cans in shared containers. Concerning information campaigns, at the moment there are individual campaigns being carried out jointly by two or three organisations.

The vast number of collection chains is considered to be non-consumer friendly. Sometimes the commune is responsible for the collections and sometimes trade and commerce, often at different locations. Consumers have to do the sorting at home and collect separately. It is not clear why glass, aluminium and sometimes drinks in PET packaging should be collected separately by the commune, whereas the white PET milk packaging is not included and this is left up to the private initiative of certain shops. New, additional collections (lights, tyres, Coffee capsules) may lead to further confusion. In most countries in Europe, in contrast to Switzerland, the disposal of packaging waste is dealt with by one single waste management organisation.

### **Very few environmental reviews which also take costs into account**

The many collection chains lead to considerable transportation via road and rail, from people's homes to the collection locations to the local processing plants and then on to the treatment facilities. The latter are to some extent to be found just over the border. Here the

economy of the system confronts ecological benefits. So that the communes carry out disposal in accordance with the Environmental Protection Act, they have the right to be reimbursed for their collection activities relating to glass, aluminium, tin cans and in certain circumstances, PET). This does not cover costs in all cases but is meant to act as an impetus for optimisation. Nobody can safely say (taking into account all aspects such as economic benefits and quality) whether a PET bottle should rather be incinerated or whether yet another bottle or any other product should be made from it. As an aid for fixing recycling quotas, more independent environmental reviews coupled with efficiency analysis would be useful.

### **Satisfied producers, importers and traders**

In general the producers, importers and traders are satisfied with the present solution and have set themselves the goal of avoiding the use of deposit-refund systems which are, in their opinion, very complicated to run. However, members from voluntary business solutions often complain about those who take advantage or so-called free riders who make no contributions and carry out recycling and disposal themselves. They thereby benefit from some of the benefits of the collection organisations (infrastructure, information campaigns, etc.), without having to pay. This requires an immense effort from the organisations to come up with correspondingly competitive fees.

Some glass packaging (15 – 20%) is not subject to the prepaid fee (preserved vegetables in glass jars, in syrup, etc.). The producers of this glass packaging benefit from the services of the collection organisation without having to pay for them. This situation was brought about intentionally at the time due to practical reasons.

### **Numerous control mechanisms**

The evaluation shows that the voluntary business solutions concentrate primarily on determining the specified or desired recycling quotas (effectiveness), but in addition also in general terms on the control of the cash flow (administrative efficiency). The stakeholders are interested in minimising costs in ecological and economic terms and try to reach the quotas by spending as little as possible. The market exerts pressure on waste management organisations, so that the fees stay as low as possible, so as to avoid making the products more expensive than is necessary. In the last few years it has been possible to lower the fees in several separate collections. There are several control mechanisms not just through direct inspections and controls by the waste management organisations and their control bodies themselves but also indirectly, e.g. obtaining certified documents.

There are other stakeholders who perform certain control tasks in a specific way. Articles which appear in the media identify specific loopholes. Waste disposal and recycling are often the subject of parliamentary interventions. Consumer organisations and environmental organisations are not particularly active in this area.

## **High acceptance of the Federal Office of the Environment (FOEN)**

The Federal Office of the Environment acts upon the principle of subsidiarity and as far as possible allows the economy to undertake measures itself to protect the environment and only intervenes if the collection target cannot be reached. Concerning the legal solutions (batteries, glass), FOEN works closely together with the stakeholders, drawing up corresponding requirements and also determining how the results should be published.

In the case of the voluntary sectoral agreements, FOEN itself does not carry out on-the-spot inspections. The control activities of FOEN largely concentrate on substance flows and quotas. There are control possibilities in the case of export permits. FOEN examines the administrative efficiency of these sectoral agreements only to a small degree. With regard to ecological and economic efficiency, which would be possible or conceivable due to increased coordination/integration of the individual systems, FOEN is reserved. There is no clearly defined control concept. From time to time, FOEN instructs third parties to examine key data. An important task of FOEN is that of filing statistics on waste.

Up to now, FOEN has rarely examined the level of awareness or the recycling habits of the population. The results of such surveys could assist in implementing specific information measures for target categories in the population. However, FOEN has published important studies on the topic of separate collections. For the first time, the influence and the impact of the refuse-bag charges have been examined on the one hand from the point of the population and on the other, through figures supplied from the communes. General waste composition was also examined several times by the communes.

Practically all the stakeholders are very satisfied with FOEN. It goes to a great deal of trouble to find solutions with the broadest consensus, and seldom intervenes in the area of responsibility of the collection organisations.

## **Conclusions and recommendations**

Separate collections have become established. The population is showing the understanding needed for retrieving precious raw materials and helps by sorting and collecting separately in the home already. Consumers contribute to this system to the tune of CHF 200 million per annum in the shape of prepaid fees. In general however, they do not know how these fees are utilised. The following recommendations have been drawn up with this in mind.

**Recommendation 1:** FOEN should draw up standards for comparing the financial date of the waste management organisations as well as an overall cost comparison for all separate collections using prepaid fees.

**Recommendation 2:** FOEN should transparently give account of its own control activities in relation to separate collections.

**Recommendation 3:** FOEN should fix priorities for its study policies and define a corresponding strategy.

**Recommendation 4:** FOEN should try to summarise the financial resources used for campaigns to do with the public, as well as taking a more professional approach with the measures involved.

**Recommendation 5:** FOEN should provide incentives for the stakeholders concerning mergers and realignments.

**Recommendation 6:** FOEN should examine if present car recycling voluntary sectoral agreements should be converted into a legislative solution.

The OFEV agrees with these recommendations. The OFEV's standpoint is in appendix, at the end of this report.

**The original text is in German**