

Bill amending the Act on Waste Management and the Act on Measures to Combat Environmental Pollution Resulting from Disposable Drink Packaging (EEA-rules, civil penalties etc.)

(Submitted to Althingi at the 145th legislative session 2015-2016.)

[...]

CHAPTER II

Amendment to Act No. 52/1989 on Measures to Combat Environmental Pollution Resulting from Disposable Drink Packaging, with subsequent amendments.

Article 20

In Article 1, paragraph 1, sentence 4 reads as follows: In addition to the deposit, a handling fee shall also be collected on every unit of packaging of steel, aluminium, glass and plastic materials and the amount of the fee excluding value added tax shall be ISK 5.50 for packaging of steel, ISK 0.20 for packaging of aluminium, ISK 5.30 for packaging of glass exceeding 500 ml in size, ISK 3.90 for packaging of glass sized 500 ml or less, ISK 3.20 for packaging of coloured plastic materials and ISK 1.30 for packaging of uncoloured plastic materials.

[...]

Commentary Pertaining to the Bill

[...]

10. Handling fee for aluminium packaging.

Finally, the bill proposes that Act No. 52/1989 on Measures to Combat Environmental Pollution Resulting from Disposable Drink Packaging be amended so that a handling fee is also collected for aluminium like other packaging. According to the Act, a handling fee is collected for steel, glass and plastic materials, but not aluminium. The handling fee is seen as an additional fee on the deposit on beverage packaging that is not financially viable with regard to its share of the deposit and exportation. The handling fee is thus the amount that can be adjusted if changes occur in export prices for packaging and the share of the deposit. The price of aluminium has fallen in recent years, which for Endurvinnslan hf. has meant that revenue from aluminium, i.e. the sale of aluminium packaging, is lower than the company's handling cost for aluminium. It is therefore considered appropriate to propose a moderate handling fee for aluminium packaging.

Comments on individual articles of the bill.

[...]

Regarding Article 20

An amendment is proposed to Act No. 52/1989 on Measures to Combat Environmental Pollution Resulting from Disposable Drink Packaging so that a handling fee is collected for aluminium like other packaging.

According to Article 1 of the Act, in addition to the deposit, a handling fee shall be collected for every unit of packaging of steel, glass and plastic materials. The handling fee is seen as an additional fee on the deposit on beverage packaging that is not financially viable with regard to its share of the deposit and exportation. The handling fee is thus the amount that can be adjusted if changes occur in export prices for packaging and the share of the deposit. According to the Act, a handling fee is collected for steel, glass and plastic materials, but not for aluminium. Presumably, it was thought that such a fee would not be necessary as the value of aluminium was greater than that of most other metals collected and it's possible that there was no expectation for the return rate for aluminium packaging to be in excess of 90%, which is where it stands today. The price of aluminium has fallen in recent years, with a 10% reduction predicted for 2016, in addition to the 10% reduction in the price of aluminium recorded in 2015. For Endurvinnslan hf. this has meant that revenue from aluminium, i.e.

the sale of aluminium packaging, is lower than the company's aluminium handling cost. As a response, the handling fee for packaging other than aluminium has been raised but this cannot be considered normal. It is therefore deemed appropriate to propose a moderate handling fee for aluminium packaging in the amount of ISK 0.20 for every unit of aluminium packaging. It is the intent of Endurvinnslan hf. and the ministry that the fee take into consideration the market price of aluminium at any given time in addition to developments in the exchange rate and the return rate of packaging to the company. Therefore, there is nothing to prevent the handling fee for aluminium packaging to be set at ISK 0 through a regulatory amendment if the market situation changes.

It should be emphasised that the only change made to Article 1, paragraph 1, sentence 4 of the Act has to do with the collection of a handling fee for aluminium packaging. According to Article 4, paragraph 1 of Act No. 52/1989, the minister may decide further on the amounts of any handling fees in a regulation. The minister has exercised this authorisation, cf. the subsequent amendments to Regulation No. 368/2000 on the collection, recycling and deposit on non-reusable beverage packaging, and therefore the handling fee amounts in Article 1, paragraph 1, sentence 4 of the Act in the Statute Book do not provide an accurate picture of the situation.

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