



Office of the State Comptroller  
Annual Report 71B | 2021

# **Aspects of the Application of the Deposit Law on Beverage Containers**

Abstract





# Aspects of the Application of the Deposit Law on Beverage Containers

## Background

The Plastic material used in the production of beverage containers, if not recycled, can remain in nature for hundreds of years and its degradation is very slow. As a result, the environmental pollution these containers generate constitutes a global problem whose damages reach approximately 9 billions of dollars a year. In 2008, 28% of household waste in Israel stemmed from the dumping of beverage containers in landfills - 22% from large containers and 6.5% from small containers. In 2018, more than 1.8 billion beverage containers were sold in Israel, out of which 765 million were large ones. The Deposit Law on Beverage Containers of 1999 determined a deposit of 30 agorot on each beverage container of volume less than 1.5 liters. A manufacturer or importer can decide that the amount of the deposit for a full container will be higher than the amount provided by the law.

An amendment to the law in 2010 determined a mechanism whereby beverage manufacturers and importers are obligated to collect 55% of large containers sold and recycle 90% of those collected without applying a deposit. The amendment also stipulated that if the rate of collection is lower than 55% but higher than 47%, the Minister of Environmental Protection would be entitled to issue an order postponing the date of application of the deposit to large containers and determine new conditions for application.

On October 19, 2020, the Minister of Environmental Protection announced that the target for collection of large beverage containers in 2016 was not achieved. She also published, for public comment, the Memorandum of the Deposit on Beverage Containers Order (Deferral of the Date of Application of the Law on Large Beverage Containers), 2020, which delays application of the deposit on large beverage containers. On December 1, 2020, the Knesset's Economic Affairs Committee (the Economic Affairs Committee) approved the application of the deposit on large beverage containers as of December 1, 2021.



## Key facts

**1.8 billion**

Number of beverage containers sold in Israel in 2018.

**300 Million NIS**

More than 300 million NIS Deposit fees paid in 2018 for small beverage containers.

**30%**

Of the deposit fees for beverage containers paid in 2012 were refunded to the public directly and through organizations like education institutions.

**7%**

Rate of household waste recycled in Israel in 2018, compared to an average of 26% in OECD countries.

**23,000**

Number of recycling bins for beverage containers in Israel, from which 22% of the large bottles sold were collected in 2017.

**57%**

Approved collection rate of large containers in 2017.

**78%**

Approved collection rate of small containers in 2017.

**54%**

Percentage of containers recycled out of the total large containers collected in 2017.

## Audit actions



From October 2019 to September 2020, the State Comptroller examined aspects relating to the Deposit Law on Beverage Containers at the Ministry of Environmental Protection (MoEP). Supplementary audits were conducted at the Israel Competition Authority, Israel Tax Authority, the Ministry of Economy and Industry (Ministry of Economy), and the Federation of Local Authorities in Israel.

## Key findings



- Rate of waste recycling in Israel** – according to 2018 OECD data, the average weight of waste per person in Israel (675 kg) was high, the percentage of recycling (7%) was low, and the rate of waste disposal in landfills was high (76%) compared to the average in OECD countries (39%), and especially relative to countries with a high population density.
- Rate of collection of large beverage containers in Israel** – the rates of collection of all beverage containers in European countries where a deposit is imposed (80% to 97% in recent years), are substantially higher than the rate of collection of large beverage containers in Israel in 2017 (57%). Furthermore, Israel makes minimal use of advanced technologies that enables to improve the collection process and the refund of deposit fees.



- ❗ **Application of the Deposit Law to large beverage containers** – in the six years since the 2010 amendment of the law until the determining date of application of the amendment to large containers, the MoEP failed to properly prepare for the collection of these containers. As of September 2020, the Ministry had not yet decided on approved collection data for 2018.
- ❗ **Estimates to determine the number of large bottles collected** – in order to report on the number of large containers collected, they are weighed, and their total weight is converted into the number of units. The conversion requires statistical calculations and estimates. Until the audit completion date, the MoEP had not given instructions to manufacturers and importers on how to determine the estimates and each collection company reports its own estimates.
- ❗ **Participation of the public in the collection of large beverage containers** – the participation of the public in the collection of large beverage containers in container recycling bins decreased from 41% in 2016 and 2017 to 33% in 2019. Participation of the public in collections in containers recycling bins and in orange bins together decreased from 45% in 2016 and 2017 to 40% in 2019. On the other hand, there was an increase in the retrieval of beverage containers from the waste sorted at transfer stations from 55% in 2016 and 2017 to 60% in 2019.
- ❗ **Control of beverage imports to Israel** – according to the Central Bureau of Statistics, 10.5% of nonalcoholic beverages sold in Israel in 2018 and 40.4% of alcoholic beverages sold in 2015 were imported. On the audit completion date, neither the MoEP nor the Ministry of Economy had data that could quantify the surplus costs of applying regulations to control the import of beverage containers in the customs release process, and there are no regulatory tools that enable to control, in real time, how beverages are introduced into Israel.
- ❗ **Information activity to encourage recycling** – in the period 2015-2020, the MoEP did not conduct an information and orientation procedures regarding collection and recycling of beverage bottles in general, and didn't encourage individuals to exercise their right to receive a refund on the deposit in particular. In cities with 50,000 residents or more, 22 containers on average per capita were collected from recycling bins in 2017. Local authorities of high socio-economic level of 8 and above collected 31 containers per capita (141% of the average) in 2017, whereas local authorities of lower socio-economic level of 3 and below collected only 8 containers per capita (36% of the average).
- ❗ **Rate of recycling of large bottles** – the recycling target stipulated in the Deposit Law for large beverage bottles (90% of the approved collection) was not achieved in 2016 and in 2017 (43% and 54% respectively). There are concerns that containers that were collected but not recycled were dumped in landfills.



**Compliance with the collection targets of small beverage containers** – in 2016-2018, the rate of collection of small beverage containers ranged from 78% to 79%, in compliance with the targets stipulated in the law (annual target of 73%, biannual target of 77% on average).

**Online reporting** – the MoEP is working to establish an online reporting system for manufacturers, importers, and collection companies.

**Application of the Deposit Law to large beverage bottles** – on October 19, 2020, the minister of Environmental Protection announced that the collection targets for large beverage containers in 2016 had not been achieved. On December 1, 2020, the Economic Affairs Committee approved application of the deposit to large beverage containers as of December 1, 2021.

## Key recommendations



It is recommended that the MoEP evaluate, in collaboration with the collection and recycling companies, manufacturers, importers and retailers, the installation of automatic machines across the country. These machines will enable consumers to receive a refund without having to wait for cashier at supermarkets. It is also recommended to consider adopting the labeling and identification system for beverage containers used in Germany, which may improve the collection process.



It is recommended that the MoEP work together with collection and recycling companies, the Federation of Local Authorities in Israel, and the Ministry of Education to improve the public's participation in collection and recycling processes. This should be achieved by increasing the orientation in relevant communication channels among local authorities of lower socio-economy level and in educational institutions, especially in the Arab and ultra-Orthodox sectors.



It is recommended that the MoEP conduct independent statistical tests to define the estimates required to convert the total weight of containers collected from different sources to the number of units. This will enable to determine the percentage of collection for the years 2018-2021, when large containers were and will be collected primarily from recycling bins and transfer stations.



It is recommended that the MoEP work with the Ministry of Economy and the Customs Directorate to examine the regulation required enforcing the Deposit Law on the import of beverage containers in the spirit of the OECD position paper, and in a manner that will minimize the burden imposed due to the new regulation. In addition, they should evaluate including online reporting and control mechanisms that will be shared by the relevant entities to minimize the amount of financial offenses committed in this area.



It is recommended that the MoEP continue to work with the Ministry of Economy to encourage high-level recycling in Israel and control the export of recyclable containers to other countries. This will enable to export to global sites with a high-level of recycling in compliance with the principles for global environmental protection.

### Large beverage containers in an open field in the Jordan river – Ateret Fortress



Source: Picture taken by Ben Zion Rabi, August 2020

## Summary

The dumping of plastic in landfills causes environmental damages whose global cost is estimated at tens of billions of dollars every year. The State Comptroller recommends that the MoEP continue to promote actions that will lead to the preservation of the land and the reduction of environmental pollution, as is customary in OECD countries.

It is also recommended that the MoEP examine the amendment of the targets, so that the target of collection of plastic beverage bottles sold every year reaches 77% by the year 2025, and 90% by the year 2029. Furthermore, the MoEP should regulate the issues under its responsibility to ensure that the Israeli economy is able to make the adaptations required to apply the Deposit Law on Large Beverage Containers on the determining date, December 1, 2021.