

Audit of the supervision of recycling of waste subject to taxes and advance contributions

Federal Office for the Environment

Key facts

The Federal Office for the Environment (FOEN) is responsible for ensuring the sustainability of the waste recycling system. This system is financed by a fee on the purchase of certain products by consumers. A state solution, the prepaid disposal fee, is paid when purchasing glass packaging and batteries. The advance recycling contribution, introduced by the private sector, is paid on the purchase of PET packaging, aluminium cans, tin cans, electrical and electronic appliances and light sources. The waste management organisations collect the financial resources, whether mandatory (prepaid disposal fee) or voluntary (advance recycling contribution), and redistribute them to the communes and companies responsible for waste collection, transport and recycling. In 2019, taxes and contributions totalled CHF 176 million, according to an estimate by the Swiss Federal Audit Office (SFAO).

The advance recycling contribution system is an example of a so-called "Damocles law". This prioritises the introduction of self-regulating solutions by the private sector. However, if the proposed solution fails, the state can intervene, for example by means of a state tax. Proper supervision of the various recycling channels is therefore essential to ensure that waste is not only collected but also actually recycled.

The SFAO investigated the FOEN's supervision of the recycling of this waste in terms of cost and efficiency. The result is that while the quantities of waste collected and processed are well known, there is a lack of transparency regarding the quality of recycling (measured in terms of reuse, material recovery and thermal recovery rates). This lack of knowledge makes it impossible to assess the effectiveness of the resources allocated to recycling and the evolution of the situation in Switzerland, which has long been a pioneer in this sector. Most importantly, it prevents the Confederation from assessing whether it is necessary to amend the current legislation.

Non-consolidated financial information

The FOEN has only partial knowledge of the financial situation of the waste management organisations, as it only performs legal supervision of glass and batteries. Financial information on voluntary financing systems is partially available, but the FOEN must request it or wait for it to be published. In the SFAO's view, the waste management organisations still need to improve the information published and a minimum standard should be set out in an ordinance.

The waste management organisations have set aside "financial reserves for future disposal" to cover the eventuality of a breakdown in the recycling system. These reserves are not subject to the supervision of the FOEN or the auditing bodies of private waste management organisations. However, they play an important role in ensuring the sustainability of the system in the event of crises or fluctuations. The risk of these reserves

being hoarded is also significant: for example, Auto Recycling has CHF 74 million in reserves that have hardly been used in almost 18 years.

Material flows lack transparency

The terminology used in the recycling sector is ambiguous. The terms "recycling" and "collection" are sometimes confused and "thermal recovery" is emphasised, even though it may ultimately be used to power a cement plant. Thus, consumers do not know whether their waste is simply collected, incinerated or actually recycled.

The FOEN is limited by the legal framework; it has limited access to data on material flows at the various stages of recycling. This lack of transparency is particularly evident for electrical and electronic waste. However, the Federal Council has limited the revision of the Ordinance on the Return, Taking Back and Disposal of Electrical and Electronic Equipment (ORDEE) to purely technical aspects. This was due to the strong opposition of recycling companies, waste management organisations, traders and importers to the proposed financing system. One of the aims was to force the waste management organisations to be more transparent.

FOEN needs to demand greater transparency for electrical and electronic waste

In the past, the FOEN has highlighted a certain lack of transparency in the recycling of electrical and electronic waste. During the revision of the ORDEE, the FOEN made various proposals, including on how the advance recycling contributions are distributed among the beneficiaries, access to the results of the audits of the recyclers, and the quantities recycled and the raw materials recovered. The very long revision period for the ORDEE – more than ten years – was a missed opportunity to access this information. None of the points raised were included in the final version.

The FOEN is currently not in a position to assess the effectiveness of electrical and electronic waste recycling or whether it is in line with the latest technical developments. This is because the waste management organisations in charge set the audit standards and monitor their application themselves. The draft revision of the ORDEE was also intended to ensure that the state of the art is respected through independent audits. In the end, this aspect was not adopted.

In view of these difficulties, the FOEN is planning an implementation guide in which it will set out its requirements for the treatment of electrical and electronic waste. With a view to promoting a circular economy, the FOEN has commissioned the Swiss Federal Laboratories for Materials Science and Technology (Empa) to develop indicators – and target values – for assessing whether a company recycles in line with the state of the art.

At the same time, Parliament is preparing a revision of the Environmental Protection Act (EPA) in the context of parliamentary initiative 20.433 "Developing the circular economy in Switzerland". Depending on the results of this initiative, it may also be possible to close some of the shortcomings identified in this report.

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