



**Australian Beverages Council
Submission to NT Container Deposit
Scheme Discussion Paper**

14 April 2023

About the Australian Beverages Council

The Australian Beverages Council Limited (ABCL) has been the leading peak body representing the non-alcoholic beverage industry for 75 years and is the only dedicated industry representative of its kind in Australia.

The ABCL represents around 95 per cent of the industry's production volume and Member company's range from some of Australia's largest drinks manufacturers to small and micro beverages companies whose drinks are enjoyed nationally and globally. Collectively, ABCL members contribute more than \$7 billion annually to the Australian economy and employ more than 46,000 full time employees (FTEs). The industry pays over \$1.2 billion in taxation per annum. For every direct employee in the beverages manufacturing industry, there are 4.9 jobs required elsewhere in the Australian economy along its value chain.

The ABCL strives to advance the industry and represent the diverse range of beverages produced by our members. These include carbonated soft drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, 100 per cent juice and fruit drinks, cordials, iced teas, ready-to-drink coffees, kombuchas, flavoured milk products and flavoured plant milks.

The ABCL offers Members a unified voice and presence to promote fairness in the standards, regulations, and policies concerning non-alcoholic beverages.

The ABCL introduced a dedicated juice division, Juice Australia (formerly Fruit Juice Australia) in 2009 and then a dedicated water division, the Australasian Bottled Water Institute (ABWI) in 2011. Through these divisions and various committees, our organisation and Members continue to adapt and flourish.

Introduction: the beverage industry is a pioneer in producer responsibility

The Australian Beverages Council recognises the impact of waste on our environment and acknowledges the role our industry must play in helping to meet this challenge. Through Container Deposit Schemes (CDS), our members have led other sectors by taking responsibility for their packaging and investing in the circular economy.

Today, CDS plays a valuable role as a channel for materials to enter the circular economy and remain out of the natural environment at their highest reuse ("bottle to bottle"). Participation in CDS also has a positive impact on climate change and generates strong social and economic dividends for the community.

The 10 cent deposit is an important incentive, rewarding consumers for taking their drink containers to a collection point and driving a clean stream of used materials for remanufacture into recycled containers for a range of different industries.

The CDS model remains one of the most robust and transparent approaches to resource circularity and we urge other industries to leverage this model as they seek to enact producer responsibility.

The opportunity for the Northern Territory to foster a world-leading circular economy through CDS

When a CDS was first introduced– in South Australia in 1977 – the intent was to reduce litter. For that reason, schemes targeted products in containers that were consumed ‘out and about’ and often littered, such as smaller beverage bottles and aluminium cans. Consequently, policy makers have tended to exclude other packaging types because they were less frequently discarded in the environment and were deemed a price sensitive consumer staple.

As time moved on and new package formats were introduced which were within the target market segment, they were added to the scope of CDS containers. For example, immediate consumption beverages contained in Liquid Paper Board, HDPE Juice and PET. Recently, Australia’s policy context has evolved and CDS are now increasingly important in supporting broader imperatives such as extended producer responsibility, resource recovery, and fostering a national circular economy. The goal is no longer simply reducing litter but recovering high quality, food grade materials for reuse, supporting local industry, charities and social enterprises, and keeping material (such as glass and plastic) in use for as long (and for as many rotations) as possible through circular economy initiatives. The scope expansion proposed only deepens the opportunity and outcomes for a circular economy.

To meet this challenge, the ABCL proposes that **Commonwealth, state and territory governments align to agree on action to broaden the scope of containers currently collected by CDS to encompass a wider range of packaging.** We urge this alignment to occur expeditiously to further improve environmental outcomes.

In this context, the Australian Beverages Council supports the Northern Territory Government’s proposal to expand the scope of CDS to include:

- Larger flavoured milk or juice bottles and cartons
- Wine and spirits bottles
- Any recyclable container that holds 3 litres or less of ready to drink beverage, with a nationally harmonised lower limit¹

¹ The ABCL notes the SA CDS review which is considering harmonising up to the national lower limit of 150ml (from 0ml). The ABCL supports whichever limit is nationally agreed upon as we prioritise the streamlining of state by state obligations.

The ABCL does not represent the unflavoured milk category nationally, however, we are positioned to identify issues that the Northern Territory CDS would need to rectify to enable the inclusion of plain unflavoured milk. These include:

- Conducting research into the effect that an increase in price would have on low income or 'budget' consumers, who represent a sizeable portion of the categories' sales. Unflavoured milk is a staple food not subject to GST and subject to high price sensitivity.
- Consideration of how to collect irregular and large containers at RVM points.
- How cafés could maintain the barcode's integrity as they frequently clean empty milk containers by using the steamer and shrinking the bottle

The ABCL supports the collection of as much recyclable material as possible but recognises that unflavoured milk is a unique category to other non-alcoholic beverages and has economic and operational issues to rectify before it is feasible to consider including the materials.

Beyond the current scope expansion, there is an opportunity for the Northern Territory to go even further. Currently, a large volume of PET and glass packaging such as cooking oil, hand wash, shampoo and detergent containers needlessly go to landfill. There is a similar opportunity to integrate glass jars and bottles from the food sector into the scheme, near eliminating the issue of glass contamination in waste and recycling services. This is an overlooked source of high-quality material which could be collected using existing infrastructure, reused, and kept out of the natural environment, just as many beverage containers are.

Transitioning new manufacturers into the scheme

The ABCL commends the Northern Territory for reaching out to industry to understand the timeframes and infrastructure needed to ensure successful transition. From our experience, we offer a few points to consider when transitioning new beverage manufacturers into the scheme:

- As discussed earlier, the ABCL believes the expanded scope should occur expeditiously. We believe implementation could occur by the end of 2023, with a 'go-live' date on the anniversary of scheme commencement on 1 November. This will quarantine the annualized impacts and ensure redemption metrics can be understood into the future.

- We propose a **24-month grace period** to enable beverage manufacturers to make changes associated with a wider container scope. These may include, for example, modifying labels to include a deposit statement and, in some cases, a bar code. This is harmonised with the provisions put in place during most states' original implementation.
- We would encourage Northern Territory to run an extensive education campaign to support beverage manufacturers and consumers to adapt to the broadening of scope. For example, through workshops in metropolitan and regional areas and provision of clear online and hard copy resources.
- This education campaign should also provide ongoing updates to consumers on the timelines for the expanded scope coming into effect. Beverage manufacturers – particularly smaller operators – may need additional support to navigate procedural matters such as providing sales data from the previous year to the scheme coordinator.

Scheme redemption targets

The ABCCL applauds the Territory's initiative in considering redemption targets across CDS materials. While admirable, we have concerns about target achievability given the decentralised nature of the Northern Territory's CDS governance structure. We believe that appointing a single not-for-profit scheme coordinator to manage scheme administration, consumer education and the system of return points is the only way the Northern Territory could instil and drive targets throughout the program.

In its current structure, NT CDS has no clear lines of responsibility for driving redemption outcomes, return point density, or education programs. There are no clear lines of responsibility for collecting from commercial and multi-unit residential premises, which we know make up two thirds of losses in most other Australian schemes. If collecting eligible containers from remote and regional areas at cost parity is very difficult, how do you convince a super collector to take on these routes even if they are not economically viable? If there are not clear lines of responsibility drawn, how does one individual actor (for example, a beverage company) coordinate other members of the recovery chain to act if they don't have enforcement power or authority? This is where a single scheme coordinator can establish responsibilities, work to balance costs throughout the system, set return point access standards in concert with the Minister and coordinate Territory-wide education campaigns. We strongly believe that a single

not-for-profit scheme coordinator, similar to the systems in Queensland and Western Australia is needed first before targets can be introduced.

Should the scheme be amended to require the collection of container lids, and make lid collection more viable for scheme participants?

Bottle caps are the second most littered item in the Australian environment today, particularly in and around Australia's otherwise pristine waterways. Australians want these caps collected, both in recycling services and via CDS. Drinks caps are made primarily from HDPE and PP plastics which have strong domestic demand and reprocessing infrastructure.

The push to "caps on" across recycling and CDS has had a considerable positive response on a state, territory and national level and is supported by the Australian Packaging Covenant Organisation (APCO). We anticipate that this will be a position which is adopted across Australia in the coming year.

Through consulting transfer centres and material recovery facilities of all sizes, we understand that there is a variety of equipment necessary to ensure that caps can be collected effectively. The recent Recycling Modernisation Fund award to Alice Springs Town Council for an HDPE granulator is a critical step to recycling caps in the Territory. We suggest leveraging similar grants to ensure there is enough infrastructure across the entire CDS network to handle both caps and the increased materials arising from expanded scope.

What else can be done to improve scheme reporting?

As the Territory is aware, elements of a nationally harmonised CDS registration and audit portal are being explored by the HEPA CDS Subcommittee of the Environment Minister's Meetings, under the direction of the NSW EPA. The ABCL believes the scope is too narrow. There is an opportunity to harmonise a wide array of administrative and operational functions, reducing the burden on beverage SMEs and enabling transparency across materials recovery data nationwide. These reduce time spent by business inputting data into multiple platforms across multiple CDS. Many SME beverage companies must currently outsource CDS compliance due to lack of resourcing, a cost to business which is not usually accounted for.

The key piece of feedback we received from members concerning the NT scheme is that they would like registrations to be done via portal. The current practice of

registering suppliers via email makes it difficult to create a paper trail for the organisation.

Further to this, a national portal with streamlined back-end functions, single platforms and protocols should encompass:

- container registrations
- supplier registration
- sales reporting and invoicing
- auditing
- exports and scheme refunds

Further cost reduction can be realised through administrative efficiencies, delivered via alignment between schemes and integration with GSI's national product catalogue, Australia's main barcode and product data repository. We see particular potential in the newly launched FSANZ and GSI Branded Food Database. If integrated into CDS, this would give manufacturers one place to register their product and packaging information to satisfy a wide variety of regulatory and voluntary requirements.

What else can be done to improve access to the scheme, improve container returns, and facilitate refunds to consumers?

It is critical to bridge the gap on beverage container collection in out of home spaces such as industrial/commercial premises, shopping malls, office buildings, hotels, cafes, restaurants, sporting and conference venues and tourist areas. Other Australian schemes consistently find that approximately two thirds of uncollected containers come from these out of home spaces, and require separate targeted behaviour intervention to collect. We greatly support the plan in Victoria to mandate separation of recycling in business spaces. Understanding that the population density in the NT is unique to other jurisdictions, this could be a targeted intervention at population centres such as Darwin.

In the Northern Territory scheme, MRFs are able to claim a 10c deposit for collecting beverage containers without having to sort them, which is not the practice nationwide. The reason we see such a clean stream of materials for food-grade reuse in other schemes is precisely this reason, they must source separate containers before moving them on for processing. In the NT, MRFs should be strongly encouraged to sort containers for the fee they receive. This would unlock a further stream of clean PET for use in recycled packaging.