



Environment Protection (Beverage Containers and Plastic Bags) Act

Annual Report 2013-2014

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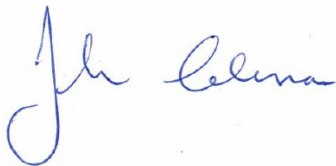
Chief Executive Forward

I am pleased to present the annual report of the 2013/14 administration of the *Environment Protection (Beverage Containers and Plastic Bags) Act*. The annual report details the operation and performance of the Container Deposit Scheme and Plastic Bag Ban's third year in the Northern Territory.

Under the Act two reviews were completed during this period; a review of containers regulated under the Northern Territory Container Deposit Scheme and a review of the plastic bag ban.

Territorians have continued to support the Container Deposit Scheme with approximately \$6 600 000 in depots paid out over the year. The plastic bag ban has also seen some positive results with a 24% reduction in the number of lightweight plastic bags found in the litter stream across the Territory.

I encourage Territorians to continue to support these two programs in 2014/15.



John Coleman
Chief Executive
Department of Lands, Planning and Environment

1 Legislation

The *Environment Protection (Beverage Containers and Plastic Bags) Act* (the Act) was passed by the legislative Assembly in February 2011 and assented on 4 March 2011. The Act provides the legal framework for the Northern Territory Container Deposit Scheme (CDS) and bans the supply of single-use, lightweight, non-biodegradable plastic bags.

The Plastic Bag Ban came into effect in September 2011. The CDS began operating in the Northern Territory in January 2012.

Following the development of legislative amendments in early 2014 the amended *Environment Protection (Beverage Containers & Plastic Bags) Act* commenced on 30 June 2014.

Section 92 of the Act states that the Minister must, within four months after the end of the financial year, prepare a report about the administration of the Act. The report is to be tabled in the Legislative Assembly.

1.1 Mutual Recognition Act 1992 (Cth)

The *Mutual Recognition Act 1992* (Cth) (MRA) applies the 'mutual recognition principle' in relation to goods. The mutual recognition principle (s9 of the MRA) states that goods produced in, or imported into, the first State, that may be lawfully sold in that State, may, by virtue of the MRA, be sold in the second State. For the CDS this principle relates to the requirement for the approved refund marking on regulated beverage containers.

The Territory Government was granted a temporary 12 month exemption from the *Mutual Recognition Regulation* and the *Trans-Tasman Mutual Recognition Regulation* in relation to the approved refund marking on beverage container labels. The temporary exemption expired in January 2013 and at that time, a permanent exemption had not yet been granted.

In December 2012 a number of major beverage suppliers began court proceedings against the Northern Territory. They claimed that components of the Act were invalid on the basis that they breached the MRA and sought a declaration that would allow the sale of beverages in regulated containers without the need to gain approval to sell containers in the Northern Territory market.

On 4 March 2013 the Federal Court granted the declaration sought by the beverage manufacturers. A number of beverage manufacturers withdrew from the CDS following this. The Northern Territory Government funded the scheme from 27 March 2013 to maintain consumer access while finalising the permanent exemption.

In August 2013, all States and Territories and the Commonwealth agreed to permanently exempt the CDS from the requirements of the MRA and the Northern Territory received a permanent exemption. On 14 August 2013 the NT Government ceased funding the scheme, and the CDS recommenced as an industry run scheme under the reinstated Act. A number of Collection Depots closed temporarily at that time whilst agreements with CDS Coordinators were being renegotiated.

1.2 Regulations

Following the period in which the Act was not fully in place, the regulations were amended to extend the transitional period for having approved refund markings from 31 December 2013 to 30 June 2014. This regulation amendment allowed beverage manufacturers a six month extension to achieve compliance with the Act following their four-month withdrawal from the CDS.

1.3 Amended Act

After two years of operation, it became apparent that the CDS was not functioning in all areas as was intended by the legislation. Amendments were made to the Act to improve the efficiency of the scheme's operation and administration and strengthen enforcement potential under the Act.

Key issues with the scheme that have been identified include:

- too many splits and sorts of container types at the collection depot level for the CDS to be efficient;
- reliance of some existing approval holders on ineffective waste management arrangements;
- the Department of Lands, Planning and the Environment (DLPE)'s inability to take substantial regulatory action against existing approval holders;
- some collection depots not being open to the public and accepting containers through commercial arrangements only; and
- the apparent ineffectiveness of the CDS Principles.

Targeted industry consultation was conducted on a Consultation Draft Bill in January and February 2014. A second round of industry consultation was conducted in February and March 2014. Amendments to the draft Bill were made as appropriate in response to comments received during consultation.

The amended Act was assented on 2 June 2014 and commenced on 30 June 2014. The object of the Act is to minimise environmental pollution by:

- (a) Establishing a container deposit scheme to:
 - i. Reduce beverage container waste by providing communities throughout the whole of the Territory, as far as practicable, with access to facilities for the collection of empty containers and the payment of refund amounts; and
 - ii. Increase resource recovery, reuse and recycling; and
- (b) Regulating the supply of single-use, non-biodegradable plastic bags.

The key changes created under the amended Act include:

- increasing the ability for enforcement of the Act;
- ensuring collection depots are open to the public;
- ensuring all CDS participants establish their own contractual arrangements; and
- reducing the number of categories that containers are split into at the collection depot level.

The amended act does not alter the original intention of the Act. It endeavours to give effect to the original intent by improving clarity and functionality of existing provisions. It is expected that the amendments will bring improved efficiency to the scheme and maximise community, business and environmental benefits. These will be implemented over the eight to 16 months following its commencement.

1.4 South Australia / Northern Territory Intergovernmental Agreement

An Intergovernmental Agreement was established between the South Australian (SA) and the Northern Territory (NT) Governments' in December 2011. The agreement was signed on behalf of SA by the Minister for Sustainability, Environment and Conservation and for the NT by the then Minister for Natural Resources, Environment and Heritage.

The agreement provides for mutual assistance and, where possible, alignment of the administration and development of their respective Container Deposit Schemes. The objectives of the agreement are:

- to provide ongoing communication and where possible promote consistency in the administration and development of CDS's of both jurisdictions;
- to commit to cooperation on strategies to manage cross boarder flows of beverage containers and jointly resolve potential issues of fraudulent activity;
- to promote consistency on key components of the two schemes;
- as far as possible to coordinate any legislative changes to promote consistency; and
- to work towards making the CDS a corresponding law.

The SA and NT CDS teams met several times during the year. The proposed legislative amendments, containers redeemed, return rates, container types included under both schemes and other appropriate issues were discussed.

2 Container Deposit Scheme

The Container Deposit Scheme (CDS) provides a 10 cent refund to consumers for approved containers purchased in the Northern Territory on or after 3 January 2012. Empty approved containers must be delivered to an approved collection depot to obtain a refund. The collection depot then arranges with CDS Coordinators to claim the reimbursement of the refund amount and associated costs. The CDS Coordinator then arranges for the containers to be reused, recycled or appropriately disposed of.

2.1 CDS Coordinators

CDS Coordinators are responsible for the coordination of the activities of CDS participants under the CDS. They collect, handle and deliver for reuse, recycling or other appropriate disposal, approved containers received from collection depots.

CDS Coordinators are responsible for the reimbursement of the refund amount and handling costs to collection depots who have accepted delivery of empty approved containers and paid the refund amount to the consumer

2.1.1 Approvals

Five CDS Coordinators continue to be approved to operate under the CDS. They are:

- Envirobank NT Pty Ltd;
- Marine Stores Pty Ltd;
- NT Coordinators Pty Ltd;
- NT Recycling Solutions Pty Ltd; and
- Statewide Recycling.

2.1.2 Annual Returns

CDS Coordinators are required to report annually on the number of containers that have been sold into the Northern Territory and the number that have been returned to them by approved collection depots.

During the period in which the Northern Territory Government funded the scheme (to maintain consumer access), CDS coordinators did not operate. As a result Quarter 1 CDS Coordinator data is limited to the period 14 August to 30 September 2013.

Collection Depot redemption data has been utilised to determine return rates and sales data for this quarter is based upon the same period in 2012.

As Table 1 indicates, 154 292 256 approved containers were sold in the Northern Territory during 2013/14. 63 871 826 of these containers were returned to CDS Coordinators. This resulted in an annual return rate of 41%. That is, 41% of all regulated containers sold in the NT during 2013/14 were reused or recycled. This is reduced from the 2012/13 reporting period by approximately 5%. This may be accounted to a number of collection depots closing temporarily after the period that the government was funding the scheme, whilst renegotiating arrangements with CDS Coordinators. This limited the community's access to the CDS in Alice Springs, Tennant Creek and Elliot. There was a spike in container returns in Quarter 3 of the 2012/13 financial year which may also account for the decrease in 2013/14. It is likely that this spike occurred as many consumers collected their redemptions in this quarter as they thought that the scheme would not continue to operate.

Table 1: Annual returns by material type*

Container Material	Total Containers Sold	Number Returned	Return Rate (%)
Glass	39 779 215	15 375 427	39
Aluminium	63 372 091	34 798 199	55
PET	37 987 425	10 866 980	29
HDPE	3 619 020	503 929	14
LPB	9 524 009	2 327 212	24
Other	10 496	79	
TOTAL	154 292 256	63 871 826	41

Figure 1 indicates that there has been a consistent increase in return rates during 2013/14. Each quarter has seen an increase in return rates on the previous quarter. Quarter 1 return rates were relatively low following the temporary closure of depots in Tennant Creek, Alice Springs and Elliot as arrangements were renegotiated with CDS Coordinators. Return rates continued to improve throughout the year, with Quarter 4 increasing by approximately 11% since Quarter 1.

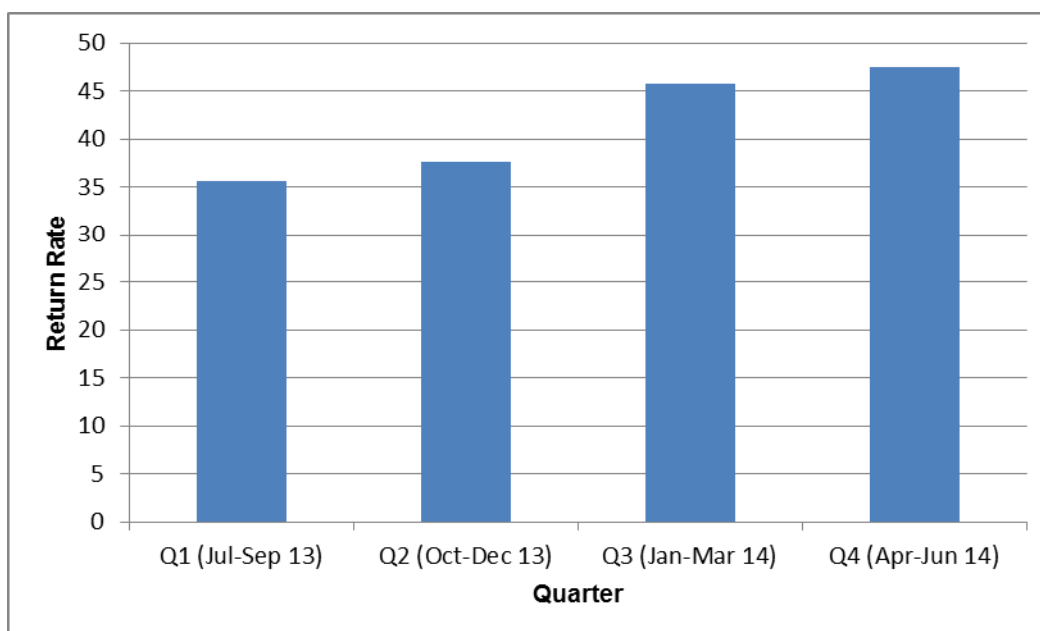


Figure 1: Container return rates by quarter.*

2.2 Collection Depots

An approved collection depot is the public face of the CDS, where the community can claim their 10 cent redemption for approved containers. The operator of an approved collection depot pays the refund amount to the consumer for an empty approved container. The collection depot then delivers the containers to CDS Coordinators' who pay the refund amount and a handling fee relating to the sorting, cleaning, packing and processing of the container to ensure that it can be reused, recycled, or otherwise appropriately disposed of.

2.2.1 Approvals

During 2013/14 three new collection approvals were issued. Envirobank NT Pty Ltd opened a collection depot in Alice Springs in October 2013. Darrin's Rubbish Removal opened a collection depot in Tennant Creek in November 2013.

The following collection depots were operating at locations across the NT during the 2013/14 year:

- Bagnall Agencies – Elliot;
- Barkley Metal Traders – Tennant Creek;
- Darrin's Rubbish Removal – Tennant Creek;
- Envirobank NT Pty Ltd – Alice Springs;
- Envirobank NT Pty Ltd – Pinelands;
- MT Bins – Katherine;
- NT Recycling Solutions – Berrimah;
- Territory Can Man – Winnellie;
- Veolia Environmental Services – Berrimah;
- Veolia Environmental Service – Alice Springs.

The following Reverse Vending Machines were in operation:

- Envirobank NT Pty Ltd – Charles Darwin University;
- Envirobank NT Pty Ltd – Millingimbi;
- Envirobank NT Pty Ltd – Mobile RVM, Wagit Beach;
- Envirobank NT Pty Ltd – Parap;
- Revive Recycling – Nightcliff.

During the 2013/14 financial year, the following collection depots were not accepting containers from the public:

- Barkley Metal Traders - Tennant Creek;
- Veolia Environmental Services - Berrimah;
- Veolia Environmental Services - Alice Springs;
- NT Recycling Solutions – Berrimah.

The following RVM's closed with plans to relocate in 2014/15:

- Revive Recycling Nightcliff RVM;
- Envirobank NT Pty Ltd Parap RVM.

2.2.2 Annual Redemptions

Collection Depots are required to report annually on the number of approved containers that they have accepted and paid a deposit on.

Over 66 million containers were redeemed at collection depots from 1 July 2013 to 30 June 2014. That is approximately \$6 600 000 in deposits that were paid out to Territorians. Approximately three million more containers were redeemed in 2012/13, representing a 4% drop. This may be attributed to Alice Springs, Tennant Creek and Elliot having limited access to the CDS at the beginning of 2013/14, following the NT Governments funding of the CDS. It may also be accounted to the usually high number of containers redeemed in Quarter 3 of 2012/13 as consumers were concerned that the scheme may not continue.

As Figure 2 indicates, there has been positive growth in the number of containers redeemed at collection depots since the beginning of the year.

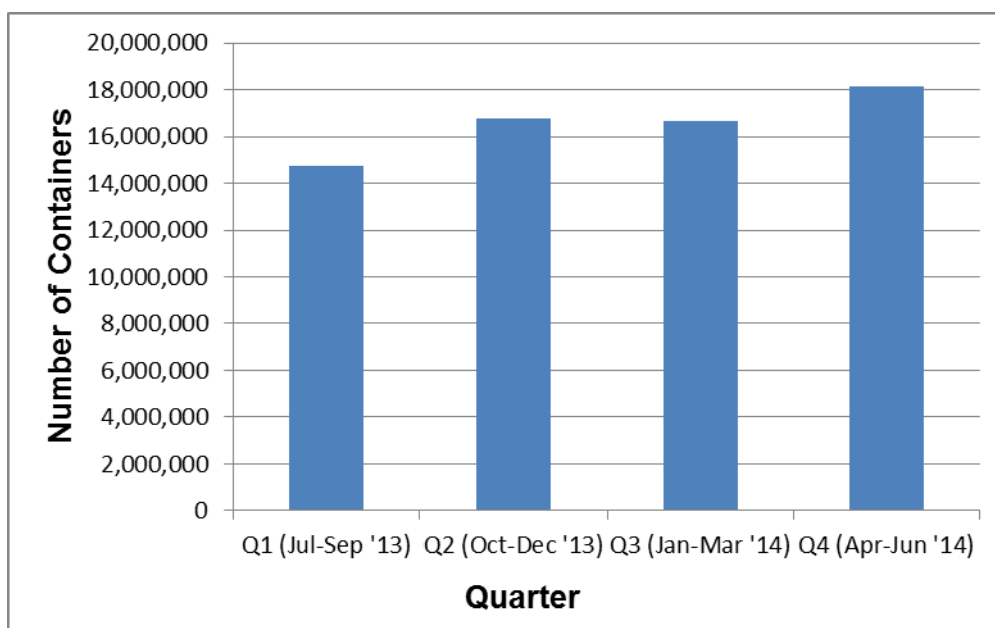


Figure 2: Number of containers redeemed at collection depots by quarter*

* Some CDS participants have made adjustments to their data in the annual report and as a result there may be some slight inconsistencies with the quarterly reports that have already been publicly released.

2.3 Suppliers

345 beverage manufactures/suppliers are registered on the Northern Territory Supply Approval Registry. During the 2013/14, DLPE issued 389 supply approvals. 154 292 256 approved containers were sold into the Northern Territory over the 2013/14 period.

2.3.1 Approved refund marking

All containers regulated under the CDS must bear the approved refund marking. The approved refund marking provides information regarding the refund amount. Effective 30 June 2014, all regulated containers must display the following:

10c refund at SA/NT collection depots in State/Territory of purchase; or

10c refund at collection depots when sold in NT.

2.4 Review of containers regulated under the Container Deposit Scheme

Section 50 of the Act requires that within two years of the start of the CDS, the Minister must review the kinds of containers to which the CDS applies. Waste management consultants Rawtec were appointed in December 2013 to conduct a review on the kinds of containers to which the CDS applies.

The key findings of the review were as follows:

- the CDS's return rates are steadily increasing, rising from 20% in the first year to up to 60% in its second year;
- the scheme has effective coverage of containers causing litter problems as it regulates 90% of beverage containers in the litter stream as identified by the KAB Litter Index survey;

- to date it is too early to say whether the CDS has appreciably reduced litter rates in the NT any more than would have occurred otherwise;
- the current regulated containers align with those of the South Australia Container Deposit Legislation, as required under the Intergovernmental Agreement. Removing or exemption containers would lead to discrepancies or anomalies between the jurisdictions. It is recommended that to maintain consistency, no change to the kinds of containers regulated under the NT CDS be considered at this time;
- if additions to the CDS were to be considered, it was recommended that glass wine, glass sprit and larger juice and flavoured milk containers be considered initially. These containers represent the greatest potential contribution to resource recovery.

3 CDS Infrastructure Grants

During 2013/14 seven infrastructure grants were awarded. The grants provide one off funding for businesses and organisation to purchase equipment or infrastructure for establishing CDS collection depots or collection points throughout the Northern Territory.

\$266 136 in grants was awarded to assist in improving CDS infrastructure. Projects included establishing collection points, infrastructure for bulk processing and improving existing collection depots. Table 2 details the grants that were awarded.

Table 2: CDS Infrastructure Grants Awarded in 2013/14

Organisation	Project Summary
MT Bins	Purchase of a conveyor and bulk handling bins
Darrins Rubbish Removal	Purchase of a mechanical glass crusher
Darrins Rubbish Removal	Purchase of a baler
Revive Recycle	Establishment of a collection depot
Murlran Pty Ltd	Purchase of a baling press and paving for work area
Qantas	Purchase of collection bins, a caged trailer bale stand and trestle tables. All funds raised will be donated to charitable organisations within the NT
Desert Inns International Pty Ltd	Purchase of bale bag holders, bins, a concrete slab and a trailer with winch

4 Plastic Bag Ban

The Northern Territory plastic bag ban has been in effect since 1 September 2011.

The Keep Australia Beautiful (KAB) Litter Index has indicated a relatively positive result in plastic bag litter levels since the introduction of the plastic bag ban. KAB National Litter Index counts are conducted in May and November every year. All litter items found over eight site types (such as beaches and carparks) are recorded.

As Table 3 indicates, there has been a decrease in the number of lightweight plastic bags in the litter stream recorded in May every year since the commencement of the

plastic bag ban. Whilst the number of heavy glossy plastic bags in the litter stream appears to have increased slightly, the small numbers are not indicative of a pattern.

Table 3: Keep Australia Beautiful Litter Index Tabulations – Plastic Bags

Bag Type	May 2011	May 2012	May 2013
Lightweight carry bag	21	18	16
Heavy, glossy bag	2	4	3
TOTAL	23	22	19

Table 3 shows that there has been a 24% reduction in the number of lightweight plastic bags in the litter stream since the commencement of the plastic bag ban. There has been an 17% reduction in all plastic bag litter, since May 2011.

4.1 Northern Territory Plastic Bag Review

Section 59 of the Act requires that a report must be prepared on the first two years of the Plastic Bag Ban in the NT. The report must state the extent to which the ban has been effective in restricting the supply of prohibited bags and the effect that the ban has had on the community.

In November 2013 waste management consultants, Rawtec were appointed to complete a review on the NT's Plastic Bag Ban.

The key findings of their report were:

- a high-level analysis conducted on overall plastic bag use suggested that a reduction of approximately 10.3 million plastic bags has occurred as a result of the ban;
- an average level of support of 7.3 out of 10 was reported by respondents;
- respondents were generally not inconvenienced by the plastic bag ban, rating it only 2.2 out of 10 on average for inconvenience;
- the analysis of the Keep Australia Beautiful Litter Index Survey indicated a decrease in the overall shopping bags in the litter stream;
- shoppers are bringing their own bags more often since the introduction of the ban, while purchasing more liners and kitchen tidy bags;
- overall shoppers were found to be supportive of the ban and stated that it was good for the environment, not that inconvenient and helped to reduce the litter.

This report did not provide an indication of whether there had been a reduction to landfill as a result of the plastic bag ban. A more in depth analysis would be required to determine this. It was advised that before an expansion of the plastic bag ban is considered, further education of shoppers should be undertaken to encourage greater reuse of shopping bags.

Appendix 1: Key definitions

Containers returned: the number of containers that have been aggregated and returned to Coordinators from Collection Depots.

Return rates: the total percentage of container numbers that have been returned to Coordinators in relation to the total number of containers sold in the Territory.

Containers redeemed: the number of approved containers that have been accepted by Collection Depots to give a 10 cent refund to the community.

PET (polyethylene terephthalate): the product plastic beverage containers are made from (for example, water bottles).

HDPE (high-density polyethylene): materials that some juice containers are made from.

LPB (liquid paper board): material utilised in the packaging of beverages such as popper juices. LPB also includes ASEPTIC which is the packaging of beverages in a sterile container, used for example in long life UHT beverages.

Other containers: steel, foil sachets and other plastics including biodegradable, photo-sensitive and plant-based plastics. Also includes resin types established since 1988 and those marked with the number 7.