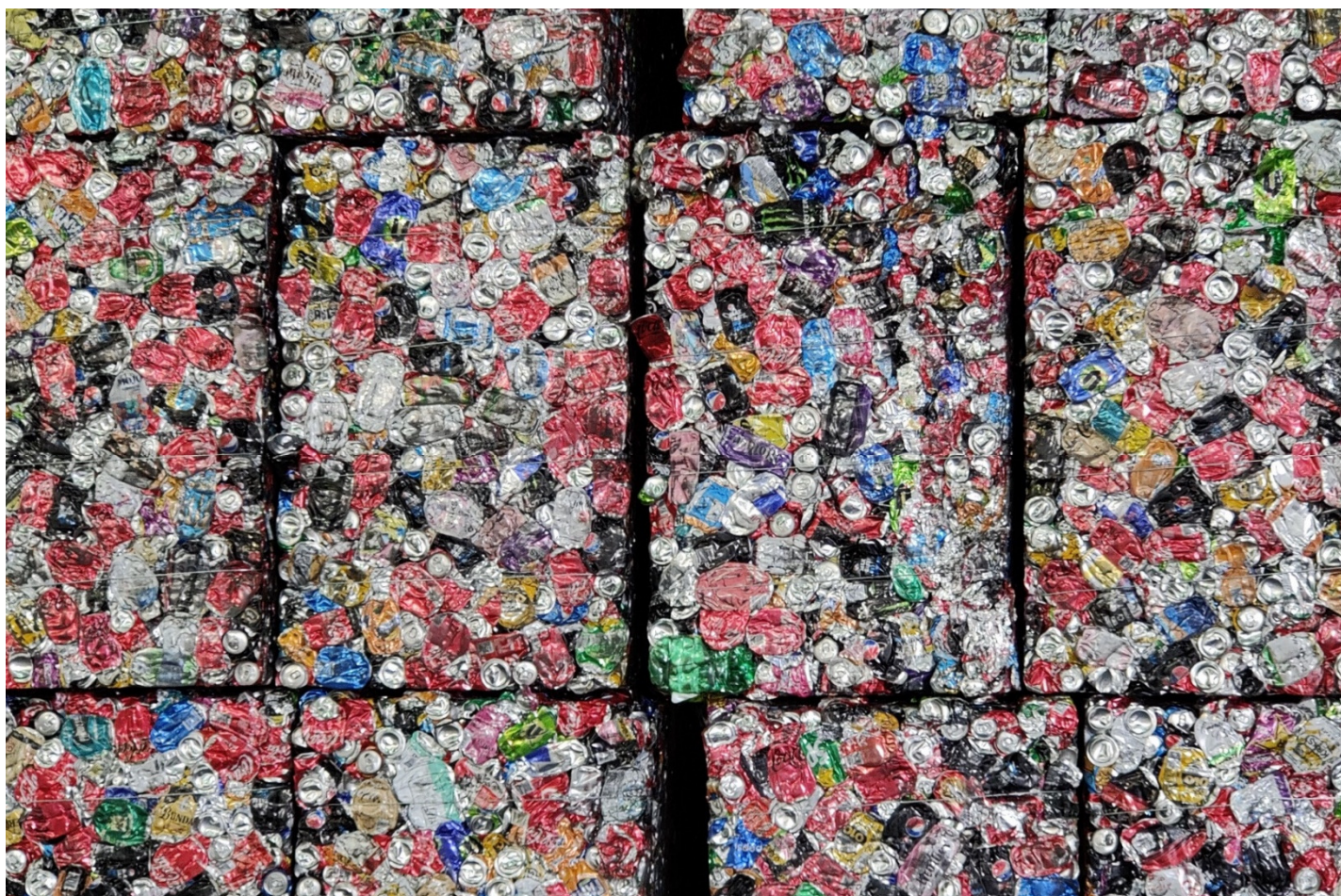


# Improving the Container Deposit Scheme

*Implementing Ministerial targets for recovery and recycling of permitted containers*

**A Policy Roadmap & Implementation Plan for CDS  
Participants and Territorians**



## Acknowledgement of country

The Northern Territory Government respectfully acknowledges the First Nations people of this country and recognises their continuing connection to their lands, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures, and to their leaders past, present and emerging.

## Purpose

This document sets out the policy intent and implementation approach for establishing Ministerial targets to increase the recovery, reuse and recycling of permitted containers in the Container Deposit Scheme (CDS), and maximise the return of refunds to Territorians.

The document is intended to provide transparency on how targets will be implemented, monitored and evaluated so that CDS participants know what is expected of them, and Territorians can be confident the scheme is achieving its objectives.

The policy and implementation approach is based on research, submissions and survey responses to public consultation on the *'Improving the Container Deposit Scheme Discussion Paper'* dated March 2023, targeted stakeholder engagement and coordination with other states and territories.

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## The Problem

The *Environment Protection (Beverage Containers and Plastic Bags) Act 2011* (the Act) establishes the Northern Territory's container deposit scheme (scheme). It is the Territory's only product stewardship scheme where manufacturers and suppliers of ready-to-drink beverages have taken responsibility for their products, and the benefits are seen in the economy and environment.

The objectives of the scheme<sup>1</sup> are to minimise environmental pollution by:

- *Reduc[ing] 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*
- *Increas[ing] resource recovery, reuse and recycling.*

Every year, 20-30% of permitted containers sold in the Territory are not recovered and recycled. If containers are not returned by consumers, refunds are retained by the CDS Suppliers (container manufacturers, distributors and beverage retailers). Since the start of the scheme in 2012, over \$60 million in refunds have not been claimed by consumers.

In 2018-19, the Scheme experienced a peak return rate of 84%. Since then, return rates have declined, meaning the proportion of beverage containers that are sold and not returned by consumers has trended up and recycling rates have trended down. In 2021-22 almost 35 million containers were not returned, compared with around 20 million in 2018-19. This results almost \$3.5 million worth of refunds remaining unclaimed by Territorians.

The scheme has been very effective in recovering aluminium and glass containers. However permitted containers made of other materials such as HDPE plastic and liquid paperboard (LPB) cartons are consistently returned at lower rates and the downward trend is increasing. The return rate for PET plastic bottles had reached 84% in 2019-20 but since then the return rate has been declining.

Permitted containers that are not recovered and recycled end up in landfill and litter. This is a lost economic opportunity and a cost to the environment in the form of pollution.

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<sup>1</sup> Section 3(a) of the *Environment Protection (Beverage Containers and Plastic Bags) Act 2011*

## The Road to Here

The scheme commenced in 2012. A 2018 independent review of the scheme by Ernst and Young<sup>2</sup> made 21 recommendations for improvement. In 2019, the NT Government approved an action plan to implement the recommendations in a phased approach. Two of the three phases have been implemented.

In March-April 2023, the *'Improving the Container Deposit Scheme Discussion Paper'* was released for public consultation on the Have Your Say website. The Discussion Paper canvassed three reform areas to deliver on commitments to improve the scheme and implement the final phase of the 2018 review action plan. One of the reform areas was setting Ministerial targets for scheme participants (CDS coordinators, CDS suppliers and collection depot operators) to improve recovery and recycling of poor performing material types, and improve recovery in remote and regional areas.

33 submissions and 162 survey responses were received. Targeted discussions with industry and other key stakeholders was also undertaken to help inform how the changes would be implemented.

There was broad agreement across stakeholders on the need to improve container recovery rates and recycling. However opinions varied on whether using existing powers in the Act<sup>3</sup> to establish Ministerial targets is the best approach, whether other measures should be implemented, and who should be responsible for achieving the targets. There was a clear expectation among Territorians that industry needs to do more to increase container recovery, particularly in regional and remote areas. There was also clear demand from Territorians to maximise container refunds opportunities.

Feedback identified a need for Ministerial targets to be supported by complementary measures such as education and awareness to help increase participation and container return rates. Some stakeholders questioned whether the existing enforcement powers for mandatory scheme targets (cancellation or suspension of scheme approval or registration) are realistic and some suggested other penalties may be more effective.

In July 2023, the NT Government committed to implement the final stage of reforms to improve the scheme as defined in the Discussion Paper. This included implementing Ministerial targets in a staged approach with aspirational (voluntary) targets as the first step to incentivise industry to improve container returns. Scheme participants would be monitored and evaluated against targets with a review to be completed after 24 months. This would inform the Minister on whether further measures, such as mandatory targets, are required in subsequent stages to achieve the objectives of the targets.

The NT Government response to the public consultation and summary of feedback is available on the Have Your Say website.

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<sup>2</sup> <https://depws.nt.gov.au/environment-information/container-deposit-scheme/container-deposit-scheme-review>

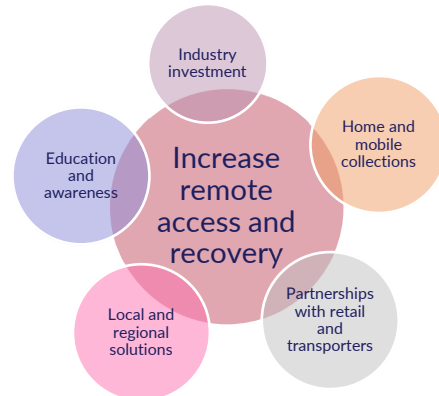
<sup>3</sup> Section 49 of the *Environment Protection (Beverage Containers and Plastic Bags) Act 2011* gives the Minister the power to establish targets for the reuse, recycling or other authorised disposal of permitted containers.

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## Policy and Objectives

The NT Government is committed to reducing waste, keeping valuable materials out of landfill and keeping them in the economy<sup>4</sup>.

Increasing container recovery rates and recycling by setting Ministerial targets for scheme participants (CDS coordinators, CDS suppliers and collection depot operators) in a staged approach is considered consistent with the NT Government’s commitment, as well as the objectives of the Act.



## Staged approach to targets

Setting scheme participant targets in a staged approach conveys a clear message that the NT Government and Territorians expect an improvement in beverage container recovery and recycling. Particularly for permitted containers with persistently low or declining recovery rates, and recovery in regional and remote areas. The outcome of targets is an increase in recycling of highly valuable materials and maximising the payment of refund amounts to Territorians.

A staged approach will allow time for all stakeholders to respond to the intended objectives and outcomes, without creating unintended consequences. It will also allow the NT Government to work with the South Australian Government as the schemes are linked through joint coordinators.

Aspirational targets aim to motivate scheme participants to improve on existing recovery rates, increase the volume of material for recycling and maximise the flow refunds back into the Territory economy.

Future targets will build on the success of previous targets, and respond to feedback from scheme participants, stakeholder feedback and other contributing but relevant factors.

Public consultation will be carried out throughout all stages of target implementation and evaluation.

## Legislation

The Minister has the power to establish scheme targets for reuse, recycling and disposal of permitted containers<sup>5</sup>. Targets can apply to all scheme participants, particular classes of scheme participants, or holders of approvals or classes of scheme suppliers<sup>6</sup>. Targets may be voluntary or mandatory. If mandatory targets are set and not met, a CDS approval or the supplier’s registration may be suspended or cancelled<sup>7</sup>.

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<sup>4</sup> Northern Territory Circular Economy Strategy 2022 - 2027

<sup>5</sup> Section 49(1)(a) of the *Environment Protection (Beverage Containers and Plastic Bags) Act 2011*

<sup>6</sup> Section 49(2) of the *Environment Protection (Beverage Containers and Plastic Bags) Act 2011*

<sup>7</sup> Section 49(3)(c) of the *Environment Protection (Beverage Containers and Plastic Bags) Act 2011*

## Education & Awareness

Supporting industry to achieve the targets will be improved through consumer awareness and education. A government-funded community awareness program will be rolled out.

The *RETURN IT and REDEEM IT* community awareness program aims to increase general awareness of the scheme, and educate consumers on how every container recovered is recycled. It encourages Territorians to *RETURN* their containers to *REDEEM* their refunds.

The *RETURN IT and REDEEM IT* community awareness program also educates Territorians about the types of containers they can return, including containers with persistently low return rates like HDPE plastic juice or flavoured bottles and liquid paperboard (LPB) cartons.

## Industry support

Scheme participants may need to make changes to achieve the targets.

Improving access to collection services could mean providing more accessible or longer opening hours, establishing mobile collections, or entering into partnerships with regional councils, businesses, community organisations and logistics operators to improve recovery in remote and regional areas. Some scheme participants may also need to increase sorting, processing or storage capacity to facilitate the collection, processing and transport of additional permitted containers to recycling markets.

The NT Government has a range of business and workforce support services, as well as grant programs to assist existing scheme participants and other stakeholders seeking to improve recovery and recycling of permitted containers.

During stage 1 of Ministerial target implementation, scheme participants' feedback will be used to evaluate industry support measures.

More information about the NT Government's industry and business support is available here: <https://nt.gov.au/industry>.

# Implementation Plan

## Targets approach

Ministerial targets will be set in a staged approach, commencing with Stage 1 'aspirational' or 'voluntary' targets. Each stage will be implemented for a period of two years.

Data will be tracked and monitored against the targets during the two year period. Data and feedback from all stakeholders will be used to evaluate progress against the targets, and inform decision making on performance and next steps.

Targets are ambitions but achievable.

## Stage 1 Targets: 2024 - 2026

'Aspirational' or 'voluntary' targets proposed in the Discussion Paper will be established by the Minister in stage 1. It is a message to CDS participants to improve recovery and recycling rates for poor performing and failing permitted container types.

The intended outcome of stage 1 is to improve container return rates for identified permitted containers that have been persistently low and declining. This will ensure reuse and recycling rates improve, satisfying the objectives of the Act. In particular, the objective to minimise environmental pollution by establishing a container deposit scheme to increase resource recovery, reuse and recycling.

The Minister has the power to establish targets for the reuse and recycling of permitted containers.

The Ministerial targets for reuse and recycling of permitted containers will be:

- 60% recycling rate target for HDPE permitted containers,
- 70% recycling rate target for LPB permitted containers,
- 75% recycling rate target for PET permitted containers,
- 90% recycling rate target for aluminium permitted containers, and
- 95% recycling rate target for glass permitted containers.

The Stage 1 targets will apply generally to all CDS registration and approval holders, including CDS suppliers, CDS coordinators and CDS depot operators. The targets will be published the NTEPA website.

There are no penalties or offences for CDS participants failing to meet stage 1 targets. Accordingly, they are referred to as 'voluntary' targets or 'aspirational' targets.

Performance against the targets will be monitored by the Department through the annual return in the approved form.

Evaluation of performance against targets by CDS participants will be measured by the return rate of the total number of permitted containers returned (meaning accepted by a CDS Coordinator from a collection depot) as a % of the total permitted containers sold in the Northern Territory in the same reporting period. An evaluation will be conducted to inform decision making on stage 2 targets, should voluntary targets fail to be achieved without reasonable explanation.

The stage 1 targets will apply for two years commencing 1 July 2024.



Stage 1 targets take into consideration current and past container material recovery rates. Table 1 compares the stage 1 targets with return rates that have been achieved in the Territory and South Australia (SA). This demonstrates that scheme participants have achieved these recovery and recycling levels in the past, or have come close to being achieved in the Territory and/ or the SA scheme. That is why they are considered ambitious, but achievable.

In addition, during the 2022-23 reporting period, recovery rates for Aluminium, PET and glass increased in the Territory; but decreased for HDPE and LPB. The recovery rate for HDPE increased in SA.

Recovery rates for HDPE are persistently below 40% in the Territory. However in SA, the recovery rate has remained close to or above 60% since 2009-10 (except 2016-17 when it fell to 53.5%, but remained well above the peak rate of 38% in the Territory).

Table 1 Stage 1 Scheme Targets Compared to Existing Container Material Type Return Rates

Material	Target (% <sup>8</sup> )	Rates achieved in NT (% <sup>8</sup> )			Rates achieved in SA (% <sup>8</sup> )		
	Stage 1	2022-23	Max	Year	2022-23	Max	Year
Aluminium	90	87	88	2018-19	80.9	89	2010-11 2016-17
PET	75	58	84	2019-20	66.9	78	2011-12
HDPE	60	25	38	2018-19	63.3	64.7	2020-21
Glass	95	101	101	2022-23	85.6	87.8	2019-20
LPB	70	41	61	2018-19	50.5	67.4	2016-17
Total		78	84	2018-19	76	81.4	2011-12

### Monitoring and data quality improvements

The Department will monitor progress and performance against the targets through annual return rates and other compliance and enforcement mechanisms in the Act.

The data collected over the two years will be used evaluate the success of the targets in achieving objectives.

An evaluation of Stage 1 targets will be undertaken following receipt of annual returns for the year ending June 2026. The evaluation will focus on data trends, feedback from scheme participants and stakeholders, and will be carried out in accordance with the Northern Territory Government’s Program Evaluation Framework.

The evaluation will inform recommendations to the Minister on stage 2.

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<sup>8</sup> Number of containers returned to the scheme for recycling in one year as a proportion of the containers sold

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## Stage 2 Targets: 2026-2028

Stage 2 targets are expected to include a revision of stage 1 'voluntary' targets and/or mandatory targets if CDS participants have not met voluntary targets without reasonable justification. They may also include other interventions to achieve policy objectives that have not been achieved through the stage 1 approach. In particular, if access to the scheme in regional and remote areas and persistently low or declining material type recovery rates have not improved.

Should the voluntary targets in stage 1 be achieved, more ambitious voluntary targets may be considered to further incentivise higher container return rates.

Similar to Stage 1 targets, Stage 2 targets will be implemented and monitored for a two year period, and will be subject to an evaluation of data in accordance with the Northern Territory Government's Program Evaluation Framework.

Public consultation on stage 2 recommendations will occur.

## Further stages

Further stages will be implemented on two year cycles.