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LEGISLATIVE SCRUTINY COMMITTEE

Public Briefing Transcript

Inquiry into the Environment Protection (Beverage Containers and Plastic Bags) Legislation Amendment (Expansion of CDS and Other Matters) Bill 2025

3.00 pm – 4.00 pm, Tuesday 9 September 2025

Litchfield Room, Level 3, Parliament House

Members: Mrs Oly Carlson MLA, Chair, Member for Wanguri
Mr Andrew Mackay MLA, Deputy Chair, Member for Goyder
Justine Davis MLA, Member for Johnston
Mr Clinton Howe MLA, Member for Drysdale

Witnesses: *Department of Lands, Planning and Environment*
Mr Paul Purdon: Executive Director, Environment and Heritage
Mr Kevin Phang: Director, Circular Economy

**INQUIRY INTO ENVIRONMENT PROTECTION (BEVERAGE CONTAINERS AND PLASTIC BAGS)
LEGISLATION AMENDMENT (EXPANSION OF CDS AND OTHER MATTERS) BILL 2025
Department of Lands, Planning and Environment**

Madam CHAIR: On behalf of the committee I welcome everyone to this public briefing into the Environment Protection (Beverage Containers and Plastic Bags) Legislation Amendment (Expansion of CDS and Other Matters) Bill 2025.

I welcome to the table to give evidence to the committee Paul Purdon, Executive Director, Environment and Heritage; and Kevin Phang, Director, Circular Economy. Thank you for coming before the committee. We appreciate you taking the time to speak to the committee and look forward to hearing from you today.

This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee apply. This is a public briefing that is being webcast through the Assembly's website. A transcript will be made for the use of the committee and may be put on the committee's website. If at any time during the hearing you are concerned that what you will say should not be made public, you may ask the committee to go into closed session and take your evidence in private.

Could you please each state your name and the capacity in which you are appearing.

Mr PURDON: My name is Paul Purdon, Executive Director, Environment and Heritage in the Department of Lands, Planning and Environment.

Mr PHANG: My name is Kevin Phang, Director of Circular Economy in the Department of Lands, Planning and Environment.

Madam CHAIR: My name is Oly Carlson, I am the Member for Wanguri and the Chair. I have here Andrew Mackay, the Deputy Chair, Member for Goyder; and the Member for Drysdale, Clinton Howe MLA. Online we have Justine Davis, Independent Member for Johnston.

Mr Purdon, would you like to make an opening statement?

Mr PURDON: Yes, thank you. I thank the committee for the opportunity to appear before this committee this afternoon to understand the purpose and operation of the Bill and to assist in its inquiry and report.

The Bill amends the *Environment Protection (Beverage Containers and Plastic Bags) Act 2011* and the regulations. The main purpose of the Bill is to simplify the Northern Territory's Container Deposit Scheme, otherwise known as the CDS, by reducing its complexity and removing inconsistencies. This will increase recycling across the Northern Territory.

The Northern Territory's CDS commenced in 2012. The Northern Territory was the second state or territory to establish such a scheme after South Australia. Since then, container deposit schemes have been established in every Australian state and territory.

CDS is the most successful recycling program in Australia's history and has proven very effective and popular in the Northern Territory. In the NT over 100 million containers are being returned to collection depots every year, with \$10m in deposits redeemed. This represents a return rate of over 80% of containers covered by the scheme each year.

One hundred million beverage containers collected equates to about 400 containers per Territorian each year, outperforming other interstate schemes. One hundred million containers also equates to almost 800 tonnes of aluminium, 800 tonnes of plastic and 3,500 tonnes of glass that is recovered each year.

Returned containers are recycled rather than being littered or ending up in landfill. This is the object of the Act: to minimise environmental pollution by reducing beverage container waste and increasing resource recovery and recycling.

The key measures in this Bill will strengthen the Container Deposit Scheme by making a range of administrative reforms to improve the functioning of the scheme and broadening the scope of containers in the scheme to beverage containers of three litres or less in volume. As a result, wine and spirit bottles, plain milk containers and larger size juice and flavoured milk containers of one litre or more will be included within the Northern Territory scheme.

The amendments in the Bill build on the success of the existing scheme and take advantage of a network of collection depots, mobile collection services and other pathways across the Territory where empty containers can be exchanged for 10c each. The network extends from Darwin and Palmerston to Katherine, Mataranka, Tennant Creek, Alice Springs and Yulara. There are also collection depots in Nhulunbuy and in the East Arnhem region. Importantly, this network is broader than kerbside recycling that is only limited to Darwin and Palmerston. Also, as widely recognised by the recycling industry, the Container Deposit Scheme provides a much cleaner stream of pre-sorted glass with a higher commercial value compared with kerbside recycling.

The broadened scope of containers will join a large range of beverage containers already in the scheme, including water, fruit and vegetable juices, soft drinks, sport and vitamin drinks, flavoured milk, beer, pre-mix alcohol spirit drinks and non-glass wine containers.

Broadening the Container Deposit Scheme to beverage containers up to three litres is provided for in clause 33 of the Bill, which repeals and replaces Regulation 2F of the regulations. As a result, the scheme will be simpler and Territorians will no longer have to sort beverage containers based on the type of beverage that was in the container. Instead, the focus will be simply on the recyclability of the container—for example, aluminium, plastic or glass. The broader the coverage of the scheme, the greater the recovery of material for recycling.

The Bill follows extensive consultation. Strong support has been evident throughout public consultation, beginning in 2023 with the release of a discussion paper. This strong support continued in mid-2024 with the release of draft legislation for feedback.

The beverage, packaging, waste and recycling industries and retailers, grocery and dairy organisations are supportive of an expanded scheme. The list of stakeholders consulted includes: the Container Deposit Scheme coordinators; collection depot operators; the Australian Beverages Council; the Australian Food & Grocery Council; wine and spirit industry groups; local distilleries; the National Retail Association; Coles and Woolworths; local government councils; and Waste and Recycling Industry (Northern Territory).

The Bill includes a range of transitional provisions that will minimise the impact of scheme expansion on the beverage industry. These provisions were informed by stakeholder feedback. The main transitional provision to highlight is clause 35 of the Bill which provides a transitional relief period of two years for wine and spirit bottles to not bear the approved 10c refund marking and the transitional period of one year for other containers new to the CDS, noting these other beverages typically have a shorter shelf life.

Wine and spirit bottles have been in the Queensland scheme since November 2023. Most states have consulted on expanding their own schemes to also include wine and spirit bottles and a range of other containers. It is only a matter of time before other states follow the lead of Queensland and the Northern Territory in expanding their schemes.

Coincidentally, on the same day of the minister's speech in the Assembly last week, New South Wales and South Australia publicly announced they will be expanding their schemes to accept wine and spirit bottles and larger drink containers.

There are also several administrative efficiency measures in this Bill and proposed amendments to update the legislation consistent with modern drafting principles and standards set by the Office of the Parliamentary Counsel.

The expanded scope of containers will not apply immediately. The amendments to broaden the scope of the scheme will commence by gazette notice. Sufficient time of at least six months will be provided to our businesses and industry to establish the necessary arrangements and adjustments to ensure Territorians continue to have a positive experience at collection depots.

The other amendments in the Bill will commence on the day after the Administrator's assent is declared.

Madam Chair, we will be happy to take questions on the Bill.

Madam CHAIR: Thank you, Mr Purdon.

Mr HOWE: Thank you, gentlemen. My first round of questions is to understand the economics of how the scheme works, if you could break it down simply for me. I purchased this Coke can in the NT. Can you please talk me through when it is deposited who then owns that aluminium can, the money that comes back, what happens to that can and the economics behind it as well?

Mr PHANG: Put simply, there is an arrangement between one of four scheme coordinators and the collection depot. When a Territorian takes their, let us say, Coke can to the depot they get a refund of 10c. The supplier of the beverage has the arrangement with the coordinator and a commercial fee is set. They negotiate that fee. It may be 10c or more than 10c—15c—depending on the economics.

The aluminium transfers ownership and then it belongs to the coordinator. The coordinator is free to sell that aluminium into the market. Aluminium at the moment has a good price. I think it has to do with the US tariff situation, so it commands a good price. While previously there were trading arrangements, one coordinator advised us recently that they have set longer-term arrangements with a South Korean business.

Mr HOWE: At the point of where I get my 10c, the coordinator then gets a reimbursement from the original supplier or manufacturer. Where do they get their payment, or is it they purely get money from the free market in onselling that; is that right?

Mr PHANG: It is a payment from the beverage company or supplier. The for-profit coordinators are not out of pocket. It requires invoicing to occur between the beverage company or supplier or manufacturer and the scheme coordinators.

Mr HOWE: The 80% return rate is great. I did not know it was that high, so that is fantastic. The incentive—who sets that 10c? How does the incentive come in? Who sets that?

Mr PHANG: The 10c is set in legislation, so the 10c amount has been set since the scheme first commenced in 2012. That is a nationally consistent amount.

Mr HOWE: Is that set nationally or at NT level?

Mr PHANG: It is in Northern Territory legislation, Member for Drysdale.

Mr HOWE: Given the economy has changed a lot since 2012 and the high price of aluminium, what would be the impact of increasing that to, potentially, 20c?

Mr PHANG: It was a submission from several stakeholders during consultation. We acknowledge that with inflation and over time the amount of 10c has reduced in value in real terms. Certainly, people have suggested 20c, but we have not done the work to examine the impacts. It has been discussed in a preliminary sense with our interjurisdictional colleagues, but the work was not done; it was not part of the consultation Bill, the amount of the deposit.

Mr HOWE: In the current legislation is it set that we will do it in coordination with other states or could we make the move—I know we could make our legislation however we want, but is there any deal with other states that says we will do it at the same level? If that deal does not exist, could the Territory make its own 20c deal?

Mr PURDON: You are right; it is set in Northern Territory legislation, so the Northern Territory can do what it chooses to. There is an agreement of Environment ministers around principles of harmonising container deposit schemes. Ideally, there is agreement across the country to increase a deposit amount. That is not to say the Northern Territory could not go alone. We are moving ahead of others in expanding the scheme, but there is some interest in harmonising key features of container deposit schemes across the country.

Mr HOWE: That is good. Is there any past evidence—if South Australia moved first on this, did they see an inflow of interstate cans for people who cashed in on that? Where I am leading with the question is if we moved first and stayed above other states, could we have economic benefit from that in gathering more aluminium for resale?

Mr PHANG: Certainly, aluminium and plastics are lighter, so the cost of transport would be lower than glass. I doubt the economics would be there, given the tyranny of distance, whether by rail or by road, that would outweigh the 10c or increasing the 10c to 20c.

Mr HOWE: I will shift and move to criteria for what meets the scheme. Currently—we will focus heavily on plastics—is there any rule set that plastics that are sold, especially single-use plastics, have to meet criteria within the scheme? Would there be scope to ensure that single-use plastics that are available in the marketplace have to meet the criteria of the scheme?

Mr PHANG: There is a broader Australian Packaging Covenant that sets out the common materials for beverage containers. For plastic containers they are almost invariably one or two types of plastics. There is the HDPE (high-density polyethylene) and then there is the PET—PE for polyethylene and T for a difficult to pronounce terephthalate. They are the two main plastics. We do not see many other plastics in the scheme other than rarely there is a container that has PVC, but that is pretty uncommon.

Mr HOWE: This will be my final one. In my electorate of Drysdale we have a large problem with rubbish, quite simply put. This could fall into the scheme in another sense, but has incentivising general waste been looked at? Yes, we have the recycling element, but has there ever been consideration to expanding landfill collection with a financial incentive as well in the Northern Territory? For instance, maybe a set bag of landfill collected in the street can receive a certain figure back.

Mr PURDON: The concept of incentivising the return or recovery of material is pretty effective with the Container Deposit Scheme. I am not aware of any similar thinking around how you could apply that incentive approach to waste more generally in the Northern Territory. It is something we could think about.

In Darwin and Palmerston there is kerbside recycling, so we know it exists and that is a reasonable system. It does not exist elsewhere in the Territory. Any measures or proposals to improve resource recovery and get litter off the ground in remote parts of the Territory, whether incentivised or not, are worth looking at.

The one of many issues that would need to be considered, as needs to be considered in relation to your earlier questions around container deposits, is what is the economics of it and who pays.

Mr HOWE: Would there be, at the moment, capacity for the department to look at some of these things? Is that something you currently would have capacity for?

Mr PURDON: It is not something on our priority list right now. Our priorities relate to this scheme and its expansion and implementation and making sure that it is a success. We can certainly keep it on our radar. If we get some capacity we can look at it.

Mr MACKAY: Thank you for appearing today. I have a couple of different questions all over the place.

With relation to clause 16 of the Bill—clause 15 does it too. Clause 16 changes the reviewable decisions and the body from the Local Court to the NTCAT. With what is covered as a reviewable decision under these changes, has there been a significant volume of work that has applied to the Local Court? Are there any examples of where, as we are moving it from—was it clogging up the Local Court? Is that why we are moving it across, or it has not just come across; we are just having a general transition? Is there any purpose here?

Mr PHANG: The short answer is no, it will not create additional work. It was more part of a wider program to shift jurisdiction away from courts to the NTCAT. There are about 35 administrative decisions, on average, per year made by the regulator. Most of those decisions are routine. They do not take a lot of time—maybe half-an-hour's work. They almost invariably tend to be in favour of the applicant or the person seeking approval or registration. We have not had reviews before the Local Court and we are not expecting resourcing burdens on NTCAT.

Mr MACKAY: In the Bill relating to one of the later clauses, the transition period for the new labelling to be applied to beverages, I note there is a different transition period for class 1 beverages, such as wine and spirit bottles, from class 2, which would be fruit juice and milk containers. Is there any reason why a different transition period would be applying to manufacturers of wine and spirit versus the new stuff?

Mr PHANG: We certainly recognise that wine and spirits can have a much longer shelf life compared to milk and juices. That is the reason for that. It is also acknowledging that Queensland moved, in late 2023, and has labelling requirements which will come into place before the Northern Territory's amendments commence. We already see compliant wine labels on the shelf, so we are expecting a relatively smooth transition in that regard.

Mr MACKAY: With regard to the large jugs of fruit juice and milk that are now being included, if we are the first jurisdiction to go down this route for the larger sized containers, will these containers now be labelled with a generic 10c in the state or territory you see on other products, or will it be specific to only the Northern Territory for that labelling? The cost of having to label the products into the Northern Territory will be different to elsewhere?

Mr PHANG: The legislation sets out alternatives in that respect. The most common one is the generic one of 10c, as you mentioned, Member for Goyder, in the participating state or territory of purchase.

Mr MACKAY: With regard to the actual Container Deposit Scheme, you mentioned in your opening statement about the 80% of containers sold under the current scheme are being returned to the facility. Has there been any understanding that by expanding the scheme what kind of volume is being pulled from our waste transfer facilities and our tips? If there is a similar amount of uptake to that 80% number, how much waste will be reduced from landfill once this scheme is active?

Mr PURDON: Yes, I have an indication of that. It is an estimation at this stage that by expanding the scheme we will increase recycling by a further 12 million containers per year.

Mr MACKAY: Do you have that figure in cubic metres, kilograms of waste or any other metric?

Mr PHANG: Sorry, not off the top of my head. As Paul indicated with the current recovery of 100 million containers per annum in the scheme, with the different breakup of materials is 800 tonnes of plastic approximately, 800 tonnes of aluminium and 3,500 tonnes of glass. The bulk of the 12 million containers will be a combination of plastics from milk and glass from wine and spirit bottles. My mathematics on the spot is probably not the best in that regard.

Mr MACKAY: Economically, in what the container scheme is being expanded to, does it make sense to recycle these new categories of glass from those larger bottles or the thinner plastic in the milk containers?

Mr PHANG: Absolutely. It is recognised that the Container Deposit Scheme provides a much cleaner stream of recyclables. The comparison is made to kerbside recycling, but industry has expressed a much stronger preference for CDS containers. That is the same narrative that is coming out of New South Wales and South Australia. The economics are there for glass and plastics and it is very strong for aluminium at the moment.

Mr MACKAY: How are the items that are now included chosen? Does that come from industry consultation? Given the Territory is now leading in this space and we presumably have not copied another jurisdiction, how has that list developed?

Mr PHANG: There currently is a range of exemptions in the legislation. The amendments simplify it to beverages generally—removing the exemptions for larger containers, for plain milk and for wine and spirits. One of the policy drivers is about simplicity and removing the complexity so that consumers, Territorians, do not have to decipher different types of beverages; they simply have to return their containers, be it aluminium, glass or plastic.

Mr MACKAY: You might have touched on it in your opening statement. What is the number of collection depots operating in the Northern Territory? You said some locations, but what is the actual number?

Mr PHANG: There are about 20 across the Northern Territory, as well as a number of mobile services and some informal collection points. You might be aware that in some government buildings the Down Syndrome Association has a light blue wheelie bin. We have not tallied up those collection points, so there is a range of formal and informal collection points. I think Gardens Oval has a large metal cage where empty beverage containers are deposited also, as an example.

Mr MACKAY: There are a couple of those blue wheelie bins downstairs in this building, I am pretty sure.

Finally, jumping quickly back to the labelling, this Bill and our current rules and what they will be, will enable the labelling on existing products to just say in your participating state and territory; it does not have to be that specific SA/NT which we have grown to see. For people who want to sell their beverages in the Northern Territory with eligibility for this scheme, they will need to now have a specific NT label again for those products because they are not in other schemes; is that correct?

Mr PHANG: No, I will read out the words, if I could, Member for Goyder. The words currently in the legislation—they will remain in the legislation unchanged—are:

10c refund at collection depots/points in participating State/Territory of purchase

Those are already on some wine bottles in bottle shops. Similarly, that is the wording that is acceptable for milk bottles into the future.

Mr MACKAY: No other state allows the three-litre milk container to be recycled under a container deposit scheme?

Mr PHANG: That is correct.

Mr MACKAY: For anyone who wants to sell milk in the Northern Territory, they will now have to have some version of that label, presumably only for the NT stock? They could have it in other states, but it might confuse.

Mr PURDON: I think they can have the label on all their product, but the label is a bit redundant in another jurisdiction where there is no scheme to return the bottles. The point is that the label does not have to be specific to the Northern Territory; it is a generic label.

Mr MACKAY: Does the department collect any data specifically around—what I am imagining in my head is where the containers are sold versus where they are recycled? I imagine in Darwin and Palmerston especially, with the rubbish collection for recycled goods, would have a quite high return of containers to be recycled. I wonder about further in remote towns and communities such as Barunga, Beswick or Wadeye. Is there any data around what percentage of containers sold out there are recycled?

Mr PHANG: The reporting mainly covers the northern region and the southern region. The northern region would be about 60% to 70% of containers in any given year, whereas the southern region would be about 30% to 40%. Recently a depot opened at Barunga as well, so they have access to the scheme.

Mr MACKAY: In the opening statement you said about 80% of containers. I just heard 70% and 30%. No matter how I add them together, I cannot make them say 80%. What numbers are you referring to, sorry?

Mr PHANG: I apologise. Those numbers were adding up to 100%. Of the Northern Territory, about 60% to 70% of our containers are attributed to the northern region and 30% to the southern region in terms of recycled containers.

Mr MACKAY: Thank you. That is all the questions from me, Madam Chair.

Madam CHAIR: Justine, any questions?

J DAVIS: No, all mine have been covered by the questions asked so far, thank you.

Madam CHAIR: I have one. Mr Phang, you mentioned the Down Syndrome Association earlier. I want to get some information. During the consultation period, were the Down Syndrome Association consulted to ensure their facility in Leanyer is not affected with the large volumes of the new deposit containers and the weight? There, obviously, will be larger containers like the wine bottles and things like that. Is there anything that we need to do to ensure that the running of their facility is not affected and that they have equity to the deposit scheme as well?

Mr PHANG: I cannot see the Down Syndrome Association on the list of stakeholders that were consulted. There is enough time between now in September and when the legislation will commence to consult with a number of stakeholders. We realise there is further engagement with a range of stakeholders and industry to continue with.

Mr PURDON: Madam Chair, I will add to that. I am getting some messages from behind you.

Apparently we had a submission from the Down Syndrome Association during one of our consultations, and they are generally supportive of expanding the scheme. We can commit to engaging with them as we continue to progress to implementation.

Mr HOWE: My final question goes back to the economic cycle. Do we melt down aluminium and produce—are we smelting aluminium in the Northern Territory?

Mr MACKAY: Recycling.

Mr HOWE: Recycling—are the cans going interstate or are they staying here to be reproduced again?

Mr PHANG: The cans are going interstate. They are crushed, obviously, to remove or reduce the volume. At the moment there is a market, so they are exported overseas. One market is South Korea.

Madam CHAIR: Any further questions? No further questions.

Mr Purdon, would you like to make any final statement?

Mr PURDON: I have an answer to one of your earlier questions, which was in the expanded scheme what would be the increased volume of materials recovered. We have an estimate from a report a number of years ago of approximately 2,000 tonnes per year.

In terms of a closing statement, Madam Chair, I would like to put on the record my thanks to all the stakeholders who provided valuable feedback during our consultations on this reform. I thank the Circular Economy team in the Department of Lands, Planning and Environment for all the work they have done in consultation and preparing the Bill with the Office of the Parliamentary Counsel.

Finally, I acknowledge the recycling industry and Territorians for their support since 2012 in making the Territory's Container Deposit Scheme such a success. Thank you.

Madam CHAIR: Thank you. That concludes our hearing today.

The committee concluded.
