

Arid Lands Environment Centre, Inc.



Office Lindsay Ave, cnr Warburton Street
Mail PO Box 2796 Alice Springs
NT 0871 Australia
Phone +61 (08) 8952 2497
Fax +61 (08) 8953 2988
E-mail info@alec.org.au
ABN 50 100 640 918

Senate Standing Committees on Environment and Communications
Parliament House
Canberra ACT 2600

October 26 2012

RE: Submission to the Inquiry into Container Deposit Schemes

To the Committee Secretary,

Thank you for the invitation to make a submission to this inquiry. I am writing to you as the Coordinator of the Arid Lands Environment Centre (ALEC). ALEC is an incorporated, not-for-profit environmental organisation based in Alice Springs, Northern Territory. ALEC is a member of the Boomerang Alliance and has worked locally for more than two decades towards the implementation of a container deposit system.

In Alice Springs, a local container deposit scheme (CDS) was initiated by the Alice Springs Town Council in 2010. The scheme offered 5c per container and was made possible by support from the NT Government. It continued until the NT CDS was introduced on January 3, 2012 offering 10c per container across the Northern Territory. In the lead up to the introduction of the NT Government's CDS, an advertising campaign organised by the Food and Grocery Council, suggested that drink prices would rise 20c per container and sought to undermine the NT Government's scheme. Coca Cola Amatil threatened to sue the NT Government for breaking the *Mutual Recognition Act* yet the NT Government stared down opposition and introduced the CDS.

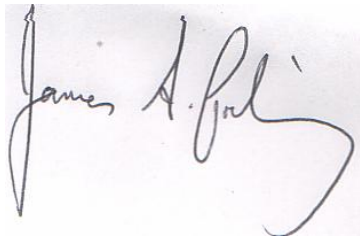
It is ALEC's strong belief that the NT CDS is being undermined by the large drink manufacturers, namely Coca Cola Amatil, Lion Nathan and Schweppes. This view has been strengthened through conversation with local businesses directly involved in the NT CDS. The scheme in the Northern Territory is hindered by the number of CDS Coordinators (5) as compared to the South Australian scheme (2). The higher number of CDS Coordinators in the Northern Territory means that smaller collection depots are forced to complete up to 24 separations of containers as opposed to a maximum of 8 in SA. This added labour cost is borne by the smaller operators rather than paid for by the beverage industry. The added pressure of having 30 day payment periods for collection depots as compared to 7 day terms in South Australia places unnecessary financial burden on the depots in favour of the CDS Coordinators.

The quarterly reports from the NT Government (<http://www.nretas.nt.gov.au/environment-protection/containerdeposit/quarterly-reports>) reveal that in the first 6 months of operation more than 70 million containers were sold in the NT, with 21.9% returned in the first quarter and 31.31% returned between April and June 2012. Given that the prices were increased by approximately 20c per container in December 2011 (<http://www.abc.net.au/news/2012-02-29/nt-cash-for-cans-pushes-prices-up/3861138/?site=darwin>) and the companies are paying less than 5c handling fees to the collection depots, the beverage industry made approximately \$11 million profit from the scheme in the first 6 months. This clearly amounts to profiteering while the companies involved also undermine the recycling industry by crowding out competitors, paying uneconomic collection fees, stalling on payments to collection depots while taking advantage of a poorly designed dispute resolution process.

I do not claim to be an expert in this field and am only responding to the specific request by Committee Secretary to make a submission, which prompted me to investigate local impacts of the CDS. My only hope is that the lessons learned from the Northern Territory Government's brave move to introduce a CDS in the face of such fierce resistance from the beverage industry, Packaging Stewardship Forum and Food and Grocery Council can assist the Federal Government implement a better Container Deposit Scheme nationally.

Thank you.

Kind regards,

A handwritten signature in black ink, appearing to read "Jimmy A. Cocking". The signature is written in a cursive style with a large, sweeping flourish at the end.

Jimmy Cocking
Coordinator