



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

BILLS

**Environment Protection (Beverage Container
Deposit and Recovery Scheme) Bill 2010**

Second Reading

SPEECH

Thursday, 13 September 2012

BY AUTHORITY OF THE SENATE

SPEECH

Date Thursday, 13 September 2012
Page 6836
Questioner
Speaker Xenophon, Sen Nick

Source Senate
Proof No
Responder
Question No.

Senator XENOPHON (South Australia) (10:46): I will address Senator Thistlethwaite's considered contribution in relation to the constitutionality of this. I do not necessarily accept the point that is being made by Senator Thistlethwaite but I think that, even if that did have validity, the government could still indicate whether it supports the intent of this bill and supports a national container deposit scheme. So I think that is a separate issue. Let us not use that as an excuse not to do something—and I am not suggesting that the good Senator was doing that. We need to make a decision in this place on this question: is this a piece of policy that we support or not? I believe this bill, the Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2010, is a piece of legislation that we ought to support.

The benefits of container deposit schemes are impressive, and the facts and figures suggest that they actually work. The South Australian scheme, which has been operating for over 30 years, achieves a recycling rate of more than 80 per cent—which is nearly double that of the rest of the country. When the scheme was originally introduced, the Australian Food and Grocery Council decried it as a 'tax on drinks'. Today, more than 98 per cent of the South Australian community supports it. I should say parenthetically of the Australian Food and Grocery Council that they are the same mob that have been fighting tooth and nail any sensible reforms as to country of origin food labelling laws, which the overwhelming majority of Australians support. There are some issues on which I am very happy to work with the Australian Food and Grocery Council in terms of private labels and the dominance of Coles and Woolworths, but when it comes to these issues, which I think are very much in the community and public interest, they are on the wrong side of history.

There has been 98 per cent support in South Australia for the container deposit scheme. I am sure governments around the world dream of the day when a new tax is supported by 98 per cent of its constituents. While it is early days for the Northern Territory, the container deposit scheme there has already increased recycling rates by more than 100 per cent. And that is not just beverage containers; it is recycling overall.

The evidence is mounting up that container deposits are a valuable piece of environmental policy—and cost effective at that. A national container deposit scheme would make a significant difference. Despite our best efforts to lift our recycling rates, our consumption continues to grow and we now landfill more than 21 million tonnes of waste every year. According to the Boomerang Alliance, a group of environmental organisations which has been studying container deposit schemes across the world for more than 10 years, a national deposit scheme would reduce the amount of rubbish in our parks, beaches and roadsides by as much as 15 per cent. Mr Acting Deputy President Bishop, I do not know whether you have ever done the trip across the Nullarbor into South Australia, but I know that those who travel across the border into Victoria, for instance, actually notice a difference in terms of roadside rubbish. I believe that is principally because of our container deposit scheme. You actually see a difference while on the roads in terms of the amount of rubbish that is left by the roadside.

A national container deposit scheme would increase Australia's recycling by more than 600,000 tonnes each year. That is more than 600,000 tonnes of rubbish not going into landfill. It would also reduce greenhouse gas emissions by more than 1.3 million tonnes every year, the equivalent of taking 140,000 cars off the road in terms of air quality improvement. That is a much more efficient way of doing things than the aborted cash for clunkers scheme. It would also create jobs—about 4,000—mostly in rural and regional Australia, according to the Boomerang Alliance, and I think that has been robustly looked at by them.

But there is a possible downside that is completely avoidable with appropriate safeguards. Research conducted by the Boomerang Alliance and released publicly in August indicates that Coca-Cola, Lion Nathan and Schweppes could be charging prices that are not reflective of the cost of the container deposit schemes in South Australia and the Northern Territory. The container deposit schemes in South Australia and the Northern Territory see customers refunded 10c per eligible can or bottle when they are recycled. The majority of beverage companies do the right thing by only passing on the net cost of about 10c to customers. Unfortunately, there are a few who may not. For example, as published in the Boomerang Alliance's report, catalogues for Coles supermarkets for

the month of July of this year showed price differences between states for the same products. Three bottles of Coca-Cola brand soft drink varieties were advertised for \$7 in Sydney and Perth, where there are no container deposit schemes. In Adelaide and Darwin, where schemes are in place, the same three bottles were advertised for \$8. I quote from the report:

Coca Cola Amatil brands like Coke, Coke Zero, Diet Coke, Sprite, Lift, Mt Franklin and Mother Energy drinks prices in Adelaide and Darwin are on average 22 cents more than those in other major cities ...

On average, as the Boomerang Alliance found, Schweppes brands were 16.5c more. This is not a price difference reflected across the board on beverages between states. According to the Boomerang Alliance, other drinks averaged just 1.4c more per item in Adelaide and Darwin compared with other major cities. While a few extra cents or so per bottle may not seem an amount worth worrying about, let me put it in these terms: every year it equates to an extra \$31.9 million that customers are paying for these products in South Australia and the Northern Territory. According to the Boomerang Alliance these are avoidable costs. That is why I have done some work on this with the Boomerang Alliance. In August of this year, I wrote to Mr Rod Sims, Chairman of the Australian Competition and Consumer Commission, and pointed this out and made a formal complaint in regard to these issues. I hope that the ACCC will find it within its remit to thoroughly investigate this issue to determine whether there is any profiteering, because the Australian Food and Grocery Council assert in their media release of 25 June 2012 that price rises have been as a result of the container deposit scheme. That seems to be something worth investigation by the ACCC. If price gouging is going on, if consumers are being charged more, then that should be looked at—in the same way that the ACCC quite rightly should pick up on and prosecute and enforce the law against any companies making false assertions in relation to the impact of a carbon tax. If people are price gouging as a result of the carbon tax, they ought to be prosecuted. Similarly, if they are price gouging or purporting that there will be unfair impacts on consumers because of the container deposit scheme, that should be looked at.

Within a free market, I am comfortable with companies passing on the net cost of the container deposit scheme to customers, but this seems to go much further. The evidence suggests that companies are manipulating their prices and ignoring the value of unredeemed and scrap sales which offset most of their cost. That is why I wrote to the ACCC asking them to investigate the pricing practices of Coca-Cola, Schweppes and Lion Nathan, particularly given the ACCC's recent crackdown on profiteering as a result of the carbon tax. I have also called on the South Australian government to investigate the beverage companies and their pricing in relation to the container deposit scheme. But, most of all, I am calling on Coca-Cola, Lion Nathan and Schweppes to stop any practice which could be seen as price gouging from consumers. If this is how customers are being treated then that is something that ought to stop.

Container deposit schemes are a public good. They increase recycling rates and reduce landfill. They are supported by communities and, at least in my home state, they give kids the chance to earn some extra pocket money. If these schemes are being rorted to increase profits, that goes against their underlying premise, and a little bit in return can stimulate a lot of public good. I strongly encourage the government to request that the ACCC monitor this scheme should the legislation pass. But, in any event, it ought to. It has been a successful scheme for over 30 years in South Australia and the time has come for its national adoption. We cannot allow companies to take advantage of community and political goodwill. It has received 98 per cent support in my home state. This is a very modest cost impost on consumers, which will lead to a lot of public good and that is why I support this bill.