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THE SENATE

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

Second Reading

SPEECH

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Speaker Ludlam, Sen Scott

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Senator LUDLAM (Western Australia) (11:06): I rise to close the debate on the Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2010 but it is with no great pleasure that I do so. This bill is, from memory, the first one that I introduced when I arrived here in 2008. Today on the basis of the rather lacklustre contributions from the other parties, with the honourable exception of Senator Xenophon, I have no expectation that the bill will be carried. Of course that is not the end of the story. This is a very popular scheme. It is nice to have Senator Crossin chairing us because, if she had been able to take part in the debate, she would be able say that the NT government had dug its heels in, stuck to its guns and introduced a scheme for container deposits—the second jurisdiction in the country to do so against a fierce attack by the beverage industry. I will talk a little bit more this morning about how that is playing out on the national stage.

To his great credit, Chief Minister Henderson issued one of the most sharply worded press statements I have ever seen from any minister's office anywhere telling Coca-Cola Amatil by name to back away from the kind of bullying countercampaign that they have run. I will describe in a little detail this morning exactly how audacious the beverage industry has become, or I should say to be accurate: some sections of the beverage industry. There are a couple of companies—in fact half the industry, you could say—that has stayed out of the grubby attack on this extremely popular scheme.

This is a bit reminiscent of the way the debate around a national feed-in tariff has played out: an extraordinarily popular initiative that has been proven to work in jurisdictions elsewhere that has been attacked by some sections of industry and now we are getting a patchwork of schemes getting set up all over the place. In the case of a feed-in tariff, the Australian Greens have a bill that would provide for a nationally consistent scheme, which is what some sections of industry, quite rightly, are asking for. In the case of a container deposit system, again we believe there is room—and a very strong case—for a nationally consistent scheme so that industry knows where it stands, as do the public. But instead my colleagues in state and territory parliaments around the country are getting consistent container deposit schemes. My colleague Robin Chapple has a bill in the Western Australian parliament that would provide for it in WA if Canberra cannot be bothered to pick up the campaign. So we are likely to end up with a patchwork of schemes. We believe a nationally consistent approach is the right one.

Sections of the beverage industry led by Coca-Cola Amatil have a fourfold strategy of undermining the case for container deposit schemes. One of the Labor senators said before: 'This is not what people want.' Actually, they do. Consistent polls show 80, 90 per cent or even into the high 90s support for a container deposit system, partly because we have seen it working in South Australia since the 1970s; we know that it works.

The fourfold strategy is to delay, confuse, attack and then rort—and we are seeing this played out absolutely beautifully at the moment by the beverage industry. The delaying strategy is very well known, and I have spoken of it extensively before. We saw government senators struggling to stay awake as they described the RIS process, which Senator Farrell, who has just joined us, is intimately familiar with. People just roll their eyes when they realise what the scheme has had to go through. It is the regulatory equivalent of holding a pillow over somebody's head. They have decided to try and smother the scheme in various forms of regulatory impact statements in order to delay it for as long as possible. Delay, delay, delay—tie it up in the kind of brown tape that we have seen industry use in order to delay, for example, the rollout of successful renewable energy incentive schemes.

Delay has been reasonably successful but, as some government senators have pointed out, we are seeing some slow progress through COAG—achingly slow, but it is occurring. So industry has moved to stage 2, which is to try and confuse the debate and introduce data into the process to try and poison the economic models that are used to assess in a regulatory impact statement which scheme is better, which is better value for money, which is likely to be more successful. For example, you could see—if you want to read it in this way—the RIS claiming that a CDS would cost \$1.4 billion. That sounds like a lot of money—of course it is a lot of money; anything is with a 'b' in front of it. However, that is over 20 years, so it averages out, even if you believe that cost, at about \$70 million a year. Here is where it gets interesting: the industry has been very happy to make sure that these

figures include participation costs or inconvenience costs, which is an imaginary number. It is a made-up number to try and quantify the inconvenience of walking out to the kerb and sticking the can in a bin. That has amounted to \$22 million a year—that is unbelievably misleading and deceptive to introduce an imaginary number to try and tip the financial scales in these spreadsheets against a container deposit scheme.

It is reasonably well understood, because we have got these schemes on their feet around the country in a couple of places and elsewhere around the world—in places like Canada—that the actual financial flows and costs of running a scheme are no more than about half a cent, if that, per container. That is the transaction cost of making sure a scheme like this works, and that should be accounted for separately to the 10c deposit that is then refunded when you do the right thing. So the whole idea of introducing an imaginary inconvenience cost to the financial models is for no other reason than to make it look appallingly expensive so that opponents of the scheme can then be marching around the landscape waving a piece of paper that says it is going to cost more than a billion dollars. It is a total fabrication. In fact the scheme that is represented in the bill before us—just in case there is a possibility of changing the minds of a few senators—is revenue positive because of the small number of unredeemed deposits.

We know from long experience in South Australia that no scheme is perfect—recycling rates there are up above 80 per cent, much higher than the rest of the country. That other 20 per cent are things that have still gone to landfill. They have gone out with the regular kerbside. They have ended up in the ocean, as Senator Whish-Wilson has so eloquently reminded us. Those deposits are never redeemed, and that is how the scheme pays for itself. That is how the network of collection centres are rolled out and that is how in a mature model you would find, I think, a revenue source that would enable you to do things like beach clean-ups, get some of the plastics out of the ocean or support alternate production methods. We can now get plastics made from cellulose that simply disintegrate if they are not recycled and genuinely biodegrade in ways that plastics simply do not.

When the strategy of delaying and confusing fails, the industry goes on the attack—and I could pin a crushed beer can on the chests of those who thought up this campaign as some kind of medal for the most brazenly offensive bit of rent-seeking that has ever been devised by way of an advertising campaign. People would have been well aware. A *Current Affair* ran a piece on this not so long ago, but you probably would have seen the full-page ads in most of the national daily newspapers with the headline: 'Unlike some politicians we think you have already paid your fair share of tax'. And there is a picture of a bunch of empty beverage containers with the word 'extra' plastered over them, as though the evil government and the evil Greens have come up with some scheme to make you pay even more for beverage containers. Those ads were run by the Australian Food and Grocery Council, and I will have a little more to say about them in a moment. The banner, of course, is 'No drink container tax'. So it is ripping off this fictional campaign that Mr Abbott has been running that the carbon price instrument and the clean energy package represent offensive taxes on Australians.

But this is something other. The industry has then gone ahead and produced modelling as to what would happen if a container deposit scheme along the lines of the one that is operating in the Northern Territory now were to run nationally, with the industry in control of how much it costs. It will cost hundreds of dollars a year, and that, I think, is the gift of whoever thought this up. The scheme has become more expensive than it needed to in the Northern Territory, and the reason it is so expensive is that the industry is profiteering. They have just added holding costs; they have added carriage costs to the containers and are basically rorting the scheme. They are profiteering; they have just added a margin on top when the scheme, in fact, would quite handily have paid for itself out of the unredeemed deposits. No, instead they have just added a holding cost, and that is why the scheme is more expensive in the Northern Territory than it needs to be.

What an act of brazen genius to then commission somebody to run a series of full-page ads saying, 'If the beverage industry is allowed to run this scheme nationally it will cost you hundreds of dollars a year, so make sure that you vote against the container deposit scheme.' I hope that nobody on the government benches has been sucked in by this thing. And I also note in Senator Macdonald's contribution—and he is normally not short of a certain amount of venom and anti-Greens polemic—that even he did not bother to use these fabrications that are being produced by sections of the beverage industry. I do not think that even Senator Macdonald was sucked in by this.

So I hope that our environment minister has not been. When the industry tried it on in the Northern Territory, Chief Minister Henderson pushed back and told Coca-Cola Amatil to get stuffed—to his great credit. With my Western Australian colleagues in 2008, unfortunately, the story was different. The beverage industry went on the attack against a state container deposit scheme in WA. They ran a marginal seat campaign running the same

kind of highly deceptive advertising that they are running now, and the Carpenter government backed down. So we do not have a state container deposit scheme. The state ALP is still talking about it and, as I said, my Greens colleague Robyn Chappell has a bill; but we do not have a scheme operating in WA because of the same deceptive and misleading campaign that the industry is trying to run now.

I must admit that this is something other; there is a part of me that actually admires just how brazenly offensive this is. I have never seen anything quite like it. As Senator Xenophon has intimated, we will be writing to the ACCC to investigate whether an industry that runs ads saying that if this scheme is introduced the government will be taxing you and making your life more expensive as a result of charges that they themselves have added to make the scheme much more expensive than it needs to be is in fact being deceptive and misleading. I will be very, very interested to see what the ACCC thinks of that kind of conduct.

I will also indicate now for the benefit of any of the minister's advisers who are listening, or the minister himself, that we will be going into negotiations with the government to seek a short Senate inquiry into whether the industry has basically ripped off and undermined the scheme in the Northern Territory. The Boomerang Alliance paper that Senator Xenophon was speaking briefly to before contains some very interesting financial data about if beverages are more expensive in South Australia and the Territory when you net out the increased costs, the transport costs of shipping materials to the Northern Territory. The figures break out very interestingly. For Coca-Cola Amatil, Lion Nathan National Foods and Schweppes, who happen to be members and financial supporters of the Australian Food and Grocery Council, yes, there does appear to be a margin there. This smells enough for the ACCC, and I believe a Senate inquiry, to want to take a look at it.

When you look at Fosters, Diageo and Coopers on the other hand, there is no imprint; there is no additional price being levied by them. It appears that the part of the industry that is running this deceptive campaign under the rubric of the Australian Food and Grocery Council is actually ripping us off. Then they have the nerve to run a national ad campaign saying, 'Careful, you don't want to let us rip you off nationally. It'll cost you hundreds of dollars a year.' Breathtaking. I think this is, in fact, a very clear-cut example of profiteering. There is your fourfold strategy: delay, confuse, attack and, when you lose, just gouge. Turn it to your advantage. Brilliant—absolutely brilliant! It has to stop.

We will get a national container deposit scheme, I believe. The Australian Greens will come back with a bill. We will take advice from the industry and we will take the benefit of the work that has been done in the regulatory impact assessment process to see if the bill needs to be changed at all. We have always been open to negotiation and counterproposals on this one. But instead, we have seen a rather feeble response from government senators coming in here and reading from their talking points. Check the *Hansard*: there are a whole slabs of the contributions that are basically word for word. Please come in here, at least, with an original thought in your head. At least Senator Thistlethwaite, although completely off target, had a go at an original angle attacking the scheme.

What bugs me the most, I guess, is when we come in here with a concept that is proven, that is extremely popular and that is something that even Commonwealth environment minister, Tony Burke, has said that he supports, we are told, 'Yes, we support you in principle but we are going to vote against your bill because what we would rather do is spend another couple of decades crawling through a regulatory impact assessment process while we are undermined, white-anted and sandbagged by these parts of the beverage industry every step of the way.' We do not have decades. For any senators who were not in the chamber yesterday, Senator Whish-Wilson spoke so eloquently of the garbage patches that are arising in the middle of the world's great oceans and the trash washed up on beaches and inside marine creatures—the garbage that is left and ends up washing into rivers. Materials that we could use end up getting turfed into landfill; dumped and rotting, giving off greenhouse gas emissions or just being lost to industrial recycling processes forever. It is heartbreaking. It is absolutely time that we took action.

So we indicate for the benefit of senators now that we will call a division on this bill. We believe very strongly that its time is not too far away. We encourage the environment minister to work with us to introduce a brief Senate inquiry into whether the industry is basically white-anted and is now profiteering off the schemes in the NT, and arguably in South Australia as well. We will be back with another bill; this story is not yet concluded, and it will not be until we have what the vast majority of Australians want—a national container deposit scheme.

The ACTING DEPUTY PRESIDENT (Senator Crossin): The question is that the Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2010 be read a second time.