

**WASTE AVOIDANCE AND RESOURCE RECOVERY
AMENDMENT (CONTAINER DEPOSIT) BILL 2018**

Committee

The Deputy Chair of Committees (Hon Matthew Swinbourn) in the chair; Hon Stephen Dawson (Minister for Environment) in charge of the bill.

Clause 1: Short title —

Hon STEPHEN DAWSON: I want to go further into the issue of growlers and squealers; Hon Simon O'Brien had an interest in those two. A growler is typically a 1.9-litre receptacle and a squealer is a 950-millilitre jug. That is the growlers and squealers some of the small craft brewers use. They are brought back, liquid is put in them again and brought home by people.

Hon Dr Steve Thomas: Should we ask how quickly they get drunk?

Hon STEPHEN DAWSON: Probably very quickly in some households. I just wanted to cover off that issue to make sure the member is aware of that.

Hon Dr STEVE THOMAS: If I could start, minister, with probably the most obvious question; that is, the time frames on regulations. When can we expect to see regulations formed up, in what form will they be presented, how will we get to see them, how soon will we get to see them and what sort of time frame is the minister looking at between the tabling of the regulations and the implementation of the scheme? When will we expect to see the regulations and how long will we have to look at them before we expect the scheme to be up and running? That will be pretty critical for a scheme in which the legislation is the skeleton but the regulations flesh out the process, which will be critical for the functioning of the scheme.

Hon STEPHEN DAWSON: I am advised that the regulations around the scheme coordinator and things like civil penalties will be ready fairly soon after the passage of the legislation, bearing in mind that we need to have the legislation first before we make the boundaries. It will probably take until about September for the other regulations to be finalised. I am happy to give a commitment that there will be an opportunity for members in this place to be consulted on the regulations.

Hon Dr Steve Thomas: So it will be in September for an introduction three months later?

Hon STEPHEN DAWSON: Yes.

Hon ROBIN CHAPPLE: Regarding, say, a Coke, which costs on average \$2.85 for a normal bottle, it will go up to \$2.95 or thereabouts with the 10¢ mark-up. When a Coke is provided, for example, in a hotel environment and the bottle is retained by the hotel, how is the person who receives that drink enabled to understand that they are not being charged the 10¢ and that the 10¢ is going to be returned to the hotel proprietor? I am trying to work out whether there will be any double dipping in this process and how it will be managed.

Hon STEPHEN DAWSON: I am advised that if a person buys the bottle in a restaurant or at a hotel, it is absolutely their right to take it away with them. Certainly, there will be no double dipping. There will be only one refund per container. The option is there for a person at a restaurant or hotel who purchases a drink to take the bottle away with them and get back the 10¢.

Hon Martin Aldridge: Will they give you a plastic bag to take it with you?

Hon STEPHEN DAWSON: No! The honourable member knows that will not happen.

Hon ROBIN CHAPPLE: If I go to a restaurant and I have my Coca-Cola, because I do not drink a lot of alcohol, at the end of the evening, can I ask the restaurant to provide me with the bottle so I can take it and get my 10¢ back on the bottle or, do I get the drink at 10¢ lower than the recommended retail price with the 10¢ extra and the hotel keeps the bottle?

Hon STEPHEN DAWSON: That is a matter for the restaurant at the end of the day. We are not legislating for restaurants.

Hon Robin Chapple: Do you understand what I'm talking about?

Hon STEPHEN DAWSON: I do understand what the member is talking about. It could potentially happen, but the 10¢ refund is payable only once.

Hon Robin Chapple: What processes will you put in place?

Hon STEPHEN DAWSON: We are not putting anything in place. The small business owner, the hotel or the restaurant could decide to charge the customer the extra 10¢ or they might decide not to because the customer may or may not be getting it.

Hon ROBIN CHAPPLE: One would assume, minister, that when the person sees the price of a Coca-Cola listed in the schedule of drinks they can buy in the hotel or at a restaurant, it will have on there "plus 10¢" or "not plus 10¢". If

not, how is the patron going to be assured that either they are paying the 10¢ or not paying the 10¢ and when is the right time for them to ask to get the bottle back if they have been charged the 10¢? Some transparency is needed around that.

Hon STEPHEN DAWSON: The price is the price and the patron makes the decision on the price point. There will be no requirements to have a price and then another box next to it that says “plus 10¢” for this scheme. That is not what the scheme requires. The person who purchases the bottle in the first place will pay the 10¢ and they can recoup the 10¢ at the end of the day when they bring back the bottle. It may well be in a restaurant. I cannot see this being a big issue, honourable member.

Hon COLIN HOLT: Perhaps I can have a crack at clarification. When a restaurant buys a bottle of Coke from the distributor, the distributor will charge it the extra 10¢ for the bottle. The restaurant then makes a decision: if the Coke is bought for \$2.85, the restaurant may well sell it for \$3.50 with a mark-up. At that point, if the customer buys a bottle of Coke, it is their bottle and they can take it home with them. It is not the restaurant’s responsibility to talk about the 10¢ because it has already been charged by the distributor. I do not think there is any real issue with that. When a person gets to a restaurant, they pay what they pay but it is their bottle.

The DEPUTY CHAIR: Hon Dr Steve Thomas.

Hon Dr STEVE THOMAS: After that interesting side journey, I will take members back to the regulations. If the expectation is that the regulations for the major part—I assume Hon Colin Holt answered —

Hon Colin Holt: You got the call but I wasn’t sure whether the minister was going to respond.

Hon Dr STEVE THOMAS: I assumed he was not, so I was not going to let it go without somebody standing up. I will make this short so Hon Colin Holt can get another crack. I thought he was looking for a job at the big table.

Hon Stephen Dawson: I thought you were explaining it and you did explain it properly.

The DEPUTY CHAIR: I think Hon Dr Steve Thomas has the call.

Hon Dr STEVE THOMAS: Thank you. I will just go back to the regulations. That is a really short time frame from the dropping of the regulations to potentially the implementation of the scheme, which will be an issue if this house decides that the regulations are not up to scratch. A disallowance motion would then eventually, perhaps, be debated midway as the scheme is operating, which will be a little problematic from the government’s perspective. The minister said in his second reading speech that he would look at some financial modelling as he got to the regulation stage of the scheme. It was part of his response to the second reading. Does the minister expect to have additional economic modelling that comes through as a part of the process of developing regulations; and, if so, is that modelling likely to be available during an examination of the regulations that might happen in September and October, towards the end of this year?

Hon STEPHEN DAWSON: We are not proposing to do any further modelling, but we are looking at engaging a third party—potentially a state government agency—to look at the cost and what is being charged by the scheme coordinator as part of the container deposit scheme. That work will not happen until the scheme is in operation.

The member’s earlier comment about the regulations was absolutely right. There will be an opportunity or potential for the regulations to be disallowed very late in the piece. That is why we are designing the regulations in conjunction with advisory groups and technical working groups to ensure that the regulations will be supported by the various arms of industry. Hopefully, that will negate the need for a disallowance motion here. Normally with disallowances, an interest group will reach out to a member of Parliament and say that it is not happy with the regulations for this or that reason. We hope that that does not happen in this case because we are drafting those regs with the people at the table in the first place to make sure that they are happy with what is in them.

Hon ROBIN CHAPPLE: One can assume that the proverbial bottle of Coke will be advertised at \$2.95 on the shelf with 10¢ added on top of that.

Hon STEPHEN DAWSON: The proverbial bottle of Coke can be advertised at whatever the person selling it wants to sell it at, but the product price will have 10¢ within it. We are not legislating or dictating what amount it will be. That amount is inclusive. Whatever a person pays at the shop, they will pay that 10¢ as part of the price.

Hon ROBIN CHAPPLE: What I am trying to get at is that that 10¢ will be included in whatever the sale price is—correct?

Hon Stephen Dawson: That is correct.

Hon ROBIN CHAPPLE: If I go into a deli or something like that and want to buy a Coca-Cola, as one does in Thailand or Indonesia, and it is provided to me in a plastic bag, which is the way it is done over there because the bottle is more valuable than the drink, what price would I be paying for that Coca-Cola?

Hon STEPHEN DAWSON: I have absolutely no idea what the member is asking me. I am not being rude or unhelpful or anything. We are not selling anything in China or Thailand. This scheme is purely about

Western Australia. If a person buys a container that falls within part of the scheme, they will likely pay 10¢ and that 10¢ will be refunded to them when that bottle is sent back. In terms of plastic bags or anything else, I do not know what the point is there other than we have banned single-use plastic bags in the state. Hopefully, nothing is getting handed out in a plastic bag, but even if it is, the plastic bag will not be captured by this scheme.

Hon ROBIN CHAPPLE: If I go into my deli with my keep cup and I get Coca-Cola in my keep cup —

Hon Stephen Dawson: You can't.

Hon ROBIN CHAPPLE: Yes, you can.

Hon Stephen Dawson: How do you get your Coca-Cola in a keep cup?

Hon ROBIN CHAPPLE: They take the top off, pour the Coke into your keep cup and they keep the Coke bottle.

Hon Stephen Dawson: You still wouldn't pay for it.

Hon Dr STEVE THOMAS: Before I hand over to Hon Colin Holt, when talking about the proverbial regulations, can the minister give a commitment that there will be adequate briefings? He has offered briefings on this legislation, but the reality is that this is skeletal legislation. It will be far more useful for members to be briefed on the regulations as they come through. I hope that the minister will commit to significant briefings on the regulations, including whatever modelling et cetera he arrives at when he starts to flesh these things out.

Hon STEPHEN DAWSON: I am very happy to give an undertaking to the chamber that there will be an opportunity for members to be briefed on regulations prior to them being gazetted. As the honourable member knows, from the outset, we have been very happy to brief any member on the scheme and the bill as it has progressed. I will certainly continue to do that. As I said, it is important that the regulations are passed and that they are not disallowed. For that reason, it would be very prudent of me to ensure that members are briefed before gazettal.

Hon COLIN HOLT: We have been jumping all over the place, so I wanted to make sure that Hon Dr Steve Thomas had finished his line of inquiry before I moved onto something else. If he has, I will ask a couple of other questions. The minister's reply to the second reading was very good and I thank him for taking the time to do that. However, at one point he said that in other jurisdictions the average price increase per container was 7.5¢. That indicates straightaway that there is some slippage or loss from the system, otherwise it would have been at least 10¢ and probably more to ensure that it included all the administration, transport and employment costs. What sort of recycling rate is that 7.5¢ increase based on?

Hon STEPHEN DAWSON: I am advised it is about 60 per cent. Those figures relate to New South Wales.

Hon COLIN HOLT: That is a good ballpark figure, but I assume that the government would like to see an increase above 60 per cent through this scheme, so let us aim for 80 or 90 per cent.

Hon Stephen Dawson: In my earlier contribution that is what I said we were aiming towards. The regulations will say that.

Hon COLIN HOLT: We can expect then that that 7.5¢ across-the-board increase for the resale of a container is going to increase; have I got that correct?

Hon STEPHEN DAWSON: My earlier point was that the overall average price increase due to the CDS was 7.5¢ per container. That is the price people paid, but they still got back 10¢. What was your question?

Hon COLIN HOLT: Hon Aaron Stonehouse pointed out in his contribution that the more that gets recycled, the greater the cost to the scheme because there is an increase in refunds and transport, administration and employment costs. The greater the participation rate, the greater the cost. For 60 per cent, there will be a 7.5¢ increase in the cost of a container. If we aim for 80 per cent or 90 per cent, what sort of cost can we expect the price of the container to go up to? Does the minister have any idea?

Hon STEPHEN DAWSON: It is entirely up to the beverage industry what costs they will pass on. In other states and territories, it has been a 10¢ increase only. Anecdotally, they have not increased the amount any more than that. That commercial decision has been taken by them. Earlier, an honourable member talked about a 70¢ bottle of water. They found after doing a search of the Coles website in New South Wales that the price of that bottle of water had increased to 80¢ in that state. I am also aware that some beverage suppliers have not increased prices; they have made a commercial decision not to do that. The container deposit amount is 10¢. I did not mention earlier that we are looking at using another organisation to monitor prices to make sure that there is no profiteering from the scheme.

Hon COLIN HOLT: It is important to point out that the greater the participation in the container deposit scheme the greater the increase in the cost of the scheme, simply because more containers will be recycled. There will be inherent costs there. It is important to mention that for a couple of reasons, and I might get to them later on. I imagine that a beverage company may keep the cost as low as possible. They may not pursue activities that they

could pursue to promote recycling of that material. I was going to raise my next point in clause 6, which is about barcodes. I could leave it until then, but it is probably pertinent right now. Where will companies have to print a barcode? Will it be on the label, the bottle or the can? What if it is on the label but the label comes off? It seems that the bottle will be lost to the system, which might not be a bad idea for a beverage company. What if the barcode is damaged and cannot be read because it has been rattling around in a car, crate or box? What will happen then? Will that be lost to the system? I can imagine but those may be areas of slippage. Heaven forbid, but if a beverage company ever decided that it would be sneaky enough to do that sort of stuff, there is a potential for containers to be lost to the system if a barcode is damaged because the scheme will not know which company to charge it back to. If the barcode has been printed only on the label and the container has been in an esky so the label has come off, if the bottle is taken back, will the purchaser be told, “Sorry, mate. I can’t take your bottle because the barcode is missing”? I was going to leave this question until clause 6, but the minister can have a crack at it now if he likes.

Hon STEPHEN DAWSON: In terms of recycling, the legislation before us states that companies have to recycle material. The scheme coordinator will need to make sure that the scheme is advertised and that people know about it. We will try to reach the highest recycling rate possible. As I alluded to earlier, in this state we are aiming for a rate of 80 per cent to 85 per cent, based on South Australia’s previous rate. That rate will come out in the regulations. The 10¢ mark will be printed on the label. Obviously, cans do not have labels. If members look at cans and bottles that are for sale now in Western Australia, they will see that they have labels that state “10¢ refund in SA/NT”. The label will likely change, so it will be a nationally consistent label in the next little while.

If the label comes off, the container may well still be eligible for a refund. Although a label-less bottle will not be able to be put in a reverse vending machine, it could potentially be brought to an over-the-counter or other facility to get the 10¢ back. The scheme requires that material that is brought back have the mark on it, but in the early stages in other states we saw that the beverage industry essentially accepted material that was given back to it, whether or not it had a mark on it. The cost for each beverage container will not be charged specifically back to each supplier. A methodology will be used to calculate the supply amount for each supplier based on the market share and overall return ratio.

Hon RICK MAZZA: My question follows on from a question that Hon Colin Holt asked earlier about return rates. I think the minister suggested that in New South Wales a bit over 60 per cent of containers are returned. What is the estimated percentage of containers that are collected through the current recycling system?

Hon STEPHEN DAWSON: The member was probably out of the chamber on urgent parliamentary business when I addressed this earlier in response to Hon Simon O’Brien’s questions. We do not have that information at the moment. The data has not been collected and is not there. The scheme will allow us to know exactly what is being recycled—what has been sold, first of all, and what has been recycled. Moving forward, we will have that data. At the moment we know that 1.3 billion containers a year are sold in Western Australia, but we do not know how much of that is recycled. We have some tonnage amounts for glass and cans, which I alluded to earlier. Glass is in the order of 46 000 tonnes a year and cans are 16 100 tonnes a year or thereabouts. That is all we have at the moment. We do not have the data on what is recycled and what is not recycled, purely because it has not been collected up to this date. Once the scheme is in operation, it will be collected and can be measured.

Hon RICK MAZZA: I was outside the chamber when the minister covered off that issue, so I apologise for that. Just to be clear, the estimated return is going to be 60 per cent or thereabouts—let us hope it is higher—and we do not know at the moment what is being collected in the current recycling system. If the current recycling system is collecting 20, 30 or 40 per cent, the entire scheme we are putting in place is not really about the recovery of 60 per cent or thereabouts; it is actually a much lower amount, because we are already collecting a percentage, whatever that may be.

Hon Colin Holt interjected.

Hon RICK MAZZA: We can aim for 80 or 90 per cent, but I suggest that in New South Wales it is a bit over 60 per cent. This scheme will not recover 60-plus per cent because we do not know at the moment what we are collecting in the current recycling system anyway.

Hon STEPHEN DAWSON: The member has made his point. Recycling rates in Western Australia are not particularly high in comparison with the other states. Aluminium cans are valuable at the moment, so a significant number of those are recycled, but glass and other things are not. Although the recycling rate is 60-odd per cent in New South Wales, it is our intention to aim for 80 to 85 per cent, and we will stagger that over a number of years. Even anecdotally, the member just needs to go to regional Western Australia, particularly to some of our communities, to see the amount of cans and bottles littered, which is a significant resource that will be part of the scheme and collected. We have seen significant benefits in the states that have brought schemes into place, but we are at a disadvantage because we do not have proper data at this stage. As I said, the scheme will allow for collection to happen and for us to be able to measure it as we move forward.

Hon ROBIN CHAPPLE: The Department of Health supplies thousands of bottles of water to a number of communities in the regions and one assumes that the Department of Health will be paying the 10¢. Will the health department be arranging to collect the bottles to recoup that 10¢ or will the bottles become the property of the people who are given the bottles, and will they be able to reclaim the 10¢?

Hon STEPHEN DAWSON: The short answer is that I have no idea, member. It will be up to the Department of Health. This legislation will not mandate the health department to do anything. If the health department is supplying water to some of these communities, I suspect it will give the water to the communities and it will be an opportunity for the communities. Again, this is an issue for the health department that is not captured by this legislation, other than when the container is bought in the first place, 10¢ will be captured. I suspect somebody will end up collecting the money, but I cannot say whether it will be the health department or members of a regional or remote community.

Hon Robin Chapple: We're talking about thousands and thousands of bottles of water.

Hon STEPHEN DAWSON: Maybe I can raise with the Minister for Health the member's suggestion that he might want to collect back those bottles and potentially offset some of the health department's expense in delivering services to those communities. If the member would like, I can bring that to the minister's attention. But certainly that will not be mandated by this legislation before us.

Hon Dr STEVE THOMAS: I wish to continue with a matter raised by Hon Colin Holt, particularly in relation to glass. He talked about cans et cetera rattling around in a car. If there is a requirement to process a recyclable beverage container made out of glass, how does the government propose to deal with parts of broken bottles, particularly those that might go through a larger recycling unit? Most glass is picked up as a bulk commodity. As I said during my speech on the second reading, I have seen that process occurring, and bucketloads of glass bottles are tipped into a receptacle. That will obviously not work in any kind of reverse vending situation, but the measurement of that product will be interesting. Can the minister tell us how that might be processed and treated or is there an issue with broken bottles being somehow excluded from the system?

Hon STEPHEN DAWSON: I am told that there will be protocols for estimation at the materials recovery facilities. That will happen. It is challenging because wine bottles can be smashed up and be part of a pile of glass, and obviously they are not captured by the scheme. I am told that work is happening at the moment for those protocols of estimation at those MRFs.

Hon Dr Steve Thomas: That might be potentially by weight. You will have to be cautious that other glass is not coming in as part of the process. There is obviously some work to be done in that sphere.

Hon STEPHEN DAWSON: Work has started on that. That is how it is done in New South Wales and Queensland at the moment. The likelihood is that we would do the same here because at least a couple of the materials recovery facilities in operation here are in operation in those states. We are learning from what is going on over there. It is a challenging space.

Hon COLIN HOLT: I seek clarification. The barcode is only about getting a refund; it is not about tracing it back to who supplied the bottle because the charge back to the beverage company is based on market share of sale. Is that correct? Is that what the minister said?

Hon Stephen Dawson: That is right.

Hon COLIN HOLT: How is that determined and on what sort of time frame is that determined? Little Creatures is an example. It just got a big contract for Optus Stadium. I assume that its sales have increased in the state and maybe it has a greater market share because of that opportunity. How will the change in market share be monitored? Will it be monitored through sales figures from their distributors or at the point of sale? How will the government get those figures to charge them back?

Hon STEPHEN DAWSON: It will be the responsibility of the scheme coordinator to work out how it will happen. Further advice is on the way, so I ask the member to stay tuned.

Progress reported and leave granted to sit again, pursuant to standing orders.