

# CORRECTED VERSION

## STANDING COMMITTEE ON ENVIRONMENT AND PLANNING

### LEGISLATION COMMITTEE

#### Subcommittee

#### **Inquiry into Environment Protection Amendment (Beverage Container Deposit and Recovery Scheme) Bill 2011**

Melbourne — 17 November 2011

#### Members

Ms S. Pennicuik  
Mrs I. Peulich

Mr J. Scheffer  
Mr L. Tarlamis

Chair: Mrs I. Peulich

#### Staff

Secretary: Mr K. Delaney

#### Witness

Mr D. Evans.

**The CHAIR** — Welcome to the Legislative Council Environment And Planning Legislative Committee public hearing. Today's hearing is related to the matter on which you made a submission, the Environment Protection Amendment (Beverage Container Deposit Recovery Scheme) Bill 2011. I welcome you. You will have an opportunity to state your name, your address and whether you are representing an organisation or appearing in your own private capacity. Obviously you have seen that, given your past experience. For those who may not be aware, the Honourable David Evans departed Parliament back in 1996 after — how many years of service?

**Mr EVANS** — Twenty years.

**The CHAIR** — Twenty years of service!

**Mr EVANS** — Nineteen years and eight months, actually.

**The CHAIR** — A few years on most of us, although I must say by the end of this month I will be coming up to a full 15 years — it creeps up very quickly — with a small involuntary break in-between.

All evidence being taken is protected by parliamentary privilege, enshrined not only in the Constitution Act 1975 but also in Legislative Council standing orders. Clearly you would know that anything you say here is protected by parliamentary privilege, but once you get out on the doorstep, it is a different proposition. This is all being recorded by Hansard. You will receive a transcript within about three days, and you will have the opportunity of correcting any typographical errors. However, matters of substance you cannot change. I note you have a very succinct but very good submission. If you would like to talk to that for about 10 minutes, then the committee members will have an opportunity to ask questions.

**Mr EVANS** — Thank you very much, Madam Chair.

**The CHAIR** — Thank you for being here.

**Mr EVANS** — Pleasure. My name is David Evans. I was a member of Parliament for about 20 years, 1976 to 1996, and in fact was a member of the Environment and Natural Resources Committee at one stage and won the green tree frog award in 1995 for my contribution to committee morale, but I will not tell you how I won it, because it is a bit embarrassing.

**The CHAIR** — You will have to tell us when we are offline.

**Mr EVANS** — It almost led to the evacuation of Nauru House, my particular effort. I will go through the submission I have made and just try to pick out the major points from within it. The objectives of cleaning up litter and recycling to reduce waste are not in question, but I do not think that deposit legislation is the direction to go in meeting those objectives. I think the bill that has come before the house would be more correctly defined as a resource rent tax. Indeed Ms Hartland's speech clearly indicates a move in that direction, to take in all forms of litter, including, I note, e-waste, which I think is the new one. Whether she intends to develop and take in car tyres, fast food wrappers and e-waste et cetera is not clear.

I have also drawn, in making my submission, on considerable research that I did on behalf of the National Party in 1981 when we examined this issue. I was given the task as the Nats spokesman on environmental issues of putting a resolution before the Legislative Council calling for the introduction of deposit container legislation at that time. I did just that. As you will recall, we used to have private members business, and I did a number of different resolutions on a wide variety of subjects from extending the powers of the River Murray Commission in 1979 to one on Huntington's chorea, which is a genetic disease. There was a broad range, and I did take the opportunities. One of them was in regard to deposit legislation.

Initially I put in a submission, or a resolution, calling for its introduction in Victoria, and then I sat back and waited for the storm to break, which it did. We had numerous submissions from people like the beverage industry — Coca-Cola and Carlton and United — and container manufacturers, ACI and the aluminium industry. BHP came in. I even got an invitation to the boardroom, which was then in William Street. We held discussions with the Victorian Chamber of Manufactures, the Australian Conservation Foundation and at one stage Friends of the Earth.

I also travelled to South Australia to see what was happening over there. It was rather interesting, because they were almost Messianic in the way in which they dealt with it at that stage — what a wonderful thing it was — but when you came to talk to them privately afterwards, away from everybody, they were not quite so enthusiastic. I visited a number of municipal tip sites, particularly the Nunawading tip, where I saw deposit bottles there. As you will recall, many commercial companies charged a 5 cent or 10 cent deposit with the idea of getting their bottles back to refill them at that stage.

I saw bottles with the deposits on them in the landfill area where the deposit had not been claimed. Interestingly enough, a neighbour of mine worked as a garbo in South Australia. I was talking to him only a couple of weeks ago, and he said that in the recycled stream they were getting a lot of bottles and cans through on which a deposit had been paid but had not been redeemed. In fact the garbos were pulling them out of the garbage stream and claiming the deposit, so it is not nearly as effective as some people would believe.

We also had very extensive consultations with Keep Australia Beautiful. At that stage the chairperson was Dame Phyllis Frost, and, if any of you happen to remember the late Dame Phyllis, she was an absolutely scary character. I was invited to morning or afternoon tea with her, and I tell you what, it was a very tough position. She had Christopher Gilson, who is a litter expert from the United States, come in, and I will swear before any tribunal you like that she had him by the ear as she dragged him in to tell us that the deposit legislation was not any good. KABC were against the deposit legislation on the basis that it was costly, ineffective and directly cut across their efforts to promote public education development of an efficient return system and encourage recycling to reduce waste and also penalties for littering. They decided that was the best way to go. They pointed out that at that time, which was 1981 — and I suggest it is not much different now — the visible litter stream was about 8 per cent beverage containers; the rest consisted of building site waste, motor cars, tyres and things of that nature. So at the very best CDL can deal only with a small percentage of the litter stream.

After we put this resolution through the Legislative Council I looked at the Singapore legislation, which is a name-and-shame system, and I got a copy of their legislation. I mention that a number of businesses were already in existence recycling. Local government was clearly supportive of recycling because tip space is difficult to obtain; there are problems with methane gas emissions, as you will be aware, from down in the Berwick region, and of course tips really are not the most popular neighbours anywhere. If we put too much into the tips, then we are taking up a lot of space. I recall making the comment in about 1983 that the rubbish tips of the 20th century were likely to be the mines of the 21st, because we are putting a lot of material there that should be reused.

The result of all that research was that we made a decision to reverse totally the resolution that had been put before the Legislative Council. To the amusement of many of my colleagues I changed it to a resolution that deposit legislation not be introduced in Victoria, and I argued that case. A number of different speakers made a contribution on it, and the Honourable Evan Walker, who at that time was in opposition and the Labor Party's spokesman on the issue, made the comment when I had finished that the Labor Party would need to look at its policy following the remarks that I had made. That is recorded in *Hansard*. When they came to government under John Cain a few months later in fact he kept his word and sent the whole issue to the Environment and Natural Resources Committee, which came down with a majority report at that time against deposit legislation.

I think it is fair to say that had we not put that resolution and changed it, we would have had deposit legislation in Victoria in about 1983. We did it on the evidence that was put before us, and I might mention as a disclaimer that I have no shares in any fast food company, any recycling or beverage container company or anything of that nature. I tried to make an objective assessment of the evidence that was given to us at that time, and the conclusion we came down with was that it was not an efficient way of dealing with the problem and the very worthwhile business of encouraging recycling. Our objective was certainly to reduce waste recycling materials and actively discourage all forms of littering.

Instead we will find now that a huge amount of effort has gone into public education, and substantial fines can be levied. I do not think they are levied sufficiently often; I think it would be better if they were. We have a lot of metal recycling that goes back many years. A cousin of mine was the founder of Sims Metal and their initial chairman. Glass containers of course have given way to plastic, as refilling is not an option because of contamination problems. You only have to have one needle in 100 million bottles and the media has a frenzy over it.

Looking at the bill itself, what does it seek to achieve, and does it achieve its objectives? My view is that it does not do either of those things. It is effectively a litter abatement and management tax, and in fact Ms Hartland, who introduced the legislation, admits that it is the thin end of the wedge, and I quote from her speech:

... a recycling scheme for electronic waste.

Among other things. The CSIRO magazine ECOS had an article on e-waste only a couple of years ago. Unfortunately I have not got it; I would have provided it. The scheme certainly gives to litter a value which is redeemable and a value charged against the consumer. In practice most of the recoupment will be by municipalities, and I have mentioned the neighbour of mine who was a garbo, who was making quite a handy little income dragging things out of the recycle bin. I might mention also that if you have redeemable deposits, then I think some of the garbage disposal units around the place will be attacked by scavengers, and I do not think they will be very tidy people. I think they will drag stuff out and leave it on the lawn in order to get those containers.

The cost of establishing hubs that are referred to in the legislation and the reverse vending machines is basically ignored. I do not think there is a strong case made there for the cost of it; I think it is glossed over. It is a very important issue because certainly it has to be cost effective as well as effective. Then to say that business owners are 'practically battering down my doors', as Ms Hartland says, to get at this I do not believe is true. We went and spoke to small business operators. They said, even in those days, 'The last thing we want is to take in the containers that are sold by the major supermarket chains because the kids bring them in; they are smelly and dirty, and they are hard to deal with. We have to have a yard out the back and most of the time they will take the money and spend it somewhere else. It is not really a good business proposition for us'.

I think now that with the education we have had in the last 30 years most people will put their recyclable material into the relevant bins and leave the reclaiming of any deposit to professional handlers, and I have referred to the scavengers who I think will go through those bins that are out in the public. Reverse vending machines are dealt with in the bill, and unless they are very efficient in recognising a deposit container they will be very frustrating. We have all seen the supermarket checkout where you have to pass the material two or three times in front of the machine in order to get a reading. You will not find the kids doing that on reverse vending machines and putting it in correctly, because I just do not think it will work. They do not have the experience of working with them. I think that one is a bit of a furphy.

The economics stated in the second-reading speech, in the evidence given and in the bill I do not think stack up. I do not intend to go into it, because it is rather complex.

A key element in the philosophy of the bill is the premise that assigning a value to litter will encourage recycling and litter reduction and limit waste resources. They quote Ian Kiernan, who said, 'Who would walk past a silver coin lying on the ground?', but bending down to pick up a coin is a bit different to picking up a smelly old beer can or soft drink can that somebody has left behind and trying to get money for it. People will not do it; they might pick up a 10-cent piece, but they will not pick up a beverage container. The fact is that litter already does have a value. The most efficient source of aluminium in 1981 was the recycling of aluminium cans. I know that less aluminium is now used in cans than it was at that time, but there is no guarantee that it is still the case.

Evaluating the arguments for CDL, the greatest boost in recycling from container deposit legislation is that it creates away-from-home recycling. About half our drink containers are used away from home, while a lot of our fast food containers are also used away from home, about 6 to 7 kilometres away from the fast food outlet. That is where they are deposited on the side of the road, and you will find beverage containers are much the same.

Surely the provision of twin rubbish bins for recyclables and non-recyclables — and I see them at footy games — is the better way to go if what you are seeking to achieve is to recycle material and reduce litter. I do not believe 10 or 15 cents on a can is going to provide sufficient incentive. You are going to have to collect 100 cans to get \$10, and that is not a lot of money — 1000 cans to get \$100. Quite frankly, if you were organising that, you would be better to put your hand in your pocket and put the money in rather than go out and waste your time wandering up and down the streets looking for dirty bottles.

If, as Ms Hartland said, beer drinkers are not going to be concerned about an extra 10 cents in a deposit on their beverage container — their stubby — well, they are not going to take back the dead marines to get a couple of dollars as a result of that. They are going to leave them exactly where they were had, so that is not going to work. I said beverage containers are only a small part of the litter scheme. The idea that assigning value to litter is going to lead to recycling might work for a few, but those sorts of people are going to put their containers into the recyclable material anyway. They are going to be responsible people. The irresponsible ones I do not think it will work for.

All in all, while I appreciate the fact that Ms Hartland is trying to do something about a very genuine problem, I think it is very idealistic. I am not sure it would work. I went down the same track myself in 1981, and the evidence given to me indicated that it was not going to work. As I have said, with some embarrassment I withdrew the resolution and went down a different track. I think it is very much using the private members bill process as a vehicle to advance an argument issue, and I think that is a good thing to do.

I do not think its effectiveness has really been tested. I know you will say that South Australia and perhaps the Northern Territory have it. I have had a look at recycling in the United States — after we did this resolution — in Portland, Oregon, and Seattle, Washington state. I could not see any difference between the two. One has deposit legislation; the other does not.

With the introduction of such a system, if you put it in place, once you have got it there you will have very great difficulty in getting rid of it, even if it is not particularly effective and even if it is very costly. You will build up a whole new industry of vending machines and people doing the recycling, and you will be stuck with it, because if you try to take it out, there will be howls of anguish from all the people who have built an industry on it. Even if it does not work — and I am very doubtful that it will — you will not be able to get rid of it. There will be a significant cost to consumers, which most will not redeem. Most importantly of all, I think it would interrupt the current recycling system where people are more and more recycling their rubbish. They understand what needs to be done. We have had good education programs, and I think it would interrupt that particular system.

At home — I am out in the country — we have a garbage collection which includes a recycling collection every two weeks. We have got two bins, and as much as possible of our recyclable material goes into the bin. It then goes in to Wangaratta, which is my local town, to a recycling and sorting place which is run by the sheltered workshop Merriwa Industries. It is quite a good industry for those people. That is the best way to go in recycling.

I might mention that I always buy recycled paper — Australian — and the submission I have given to you is on Australian recycled paper.

To give an indication, just a couple of weeks ago — and I will table this — in my local paper there was quite a big article: ‘Effective waste system’ and ‘Exciting times for recycling company’. This indicates that in my particular town recycling is encouraging investment under the current recycling and collection system, and it is a very worthwhile direction to go. In other words, it is a great idea, not terribly effective and will only deal with a very small part of the waste recycling and reuse system.

**The CHAIR** — Thank you, Mr Evans.

**Mr SCHEFFER** — Thanks very much for your presentation and for your submission. You covered quite a lot of ground with a lot of information in it, yet you say at the beginning of your submission that you think there should be some further research done.

**Mr EVANS** — Yes.

**Mr SCHEFFER** — Could you outline for us what you think that might entail? What I am getting at is: do you think we need new research, or do you think we need to assemble what is already out there?

**Mr EVANS** — I think you need to assemble what is already out there, but I think what I am suggesting to the committee is that before you come to a decision it may be that you will need to research some of the submissions that have been made to find out which of those submissions in fact hold water and which of the submissions and the submitters have got to the truth. You need to be satisfied yourself before you make a

recommendation on this issue as to the correctness of it, and you need to examine — that is what I meant by additional research.

**Ms PENNICUIK** — Thank you, Mr Evans. Just on the issue of further research, you seem to focus a lot on what you found out in 1981 or thereabouts, which is 30 years ago, and there has been quite a lot of research and investigation. I suggest possibly the experience in South Australia at that time — in 1981 — was that the scheme was just up and running, whereas now it has been running for more than 30 years, and the recycling recovery rate of beverage containers in South Australia is about 85 per cent, whereas it is a lot lower here and in every other state.

Also you said something like 7 per cent of the waste stream, or 8 per cent, was beverage containers. We have heard evidence it is around a third — 27, 28, 29 per cent — so it is a significant amount of the waste stream. I say that because I think in 30 years it has become much more a part of the waste stream. Mrs Peulich was mentioning before, with one of our other witnesses, the growth in bottled water, for example, but I would say the growth of —

**The CHAIR** — An unnecessary expense.

**Ms PENNICUIK** — all beverage containers. There are a lot more beverage containers around than there were 30 years ago. I think too, if I go back to 30 years ago, we used to get our soft drinks from Loy's lemonade. They came and took the bottles, and blah, blah, blah. That sort of thing does not exist anymore. I think, with all respect, a lot of things have changed. There has been some research. The Environment Protection and Heritage Council put out a report that suggested local councils could make a lot of money. You said Ms Hartland had not looked at the cost benefits. You may not agree with her figures, but she has had a go at looking at them and assembling what is around there in her report. I just wonder how much you have looked at what has happened recently in terms of forming your view.

**The CHAIR** — I think there is a subtle message there to you.

**Ms PENNICUIK** — Yes — politely!

**Mr EVANS** — Can I say I anticipated that question. I put in that particular comment because I expected to lead that question and I wanted somebody to ask it, so thank you very much for doing so.

**Ms PENNICUIK** — It is a pleasure.

**Mr EVANS** — What we are really finding is that the last 30 years — what I referred to was what happened 30 years ago. We really have developed the return system. We have dual garbage systems, we have many more people working on recycling than we did at that particular time, and certainly there has been an enormous amount of work done in getting materials back in so that they are recycled. I am saying to you that that development indicates that Dame Phyllis Frost and the Keep Australia Beautiful council were correct in 1981 when they said that the best way to go is to have an efficient return system, to find uses for the material that comes back and to have a public education system and an enforcement system. Those are the things that, more than anything else, have changed in that period of time. Certainly the type of beverage containers we are using is different. We have much less glass, and even in the days when I was looking at it, most of the glass came back as broken glass. It was cullet, and it was melted down and recycled.

You are quite correct; things have changed very greatly, and I think they have changed very much for the better. I think we need to continue that, because otherwise what will happen is that we will divert attention and resources from the efficient return system that we have now to one which is not going to, I think, achieve what we had previously. As I indicated, even when we were in South Australia — and I have not been back there since — in 1981, I found that the people we spoke to in the Keep Australia Beautiful council were much less enthusiastic and private than they were in public. That is about all I can say about it. I noticed that just outside this room there are two bins; there is one for recyclables and one for other material, and that is a very normal thing to see. It is here, and it is all around our streets. It was not there 30 years ago.

I might also mention that — this is a Tobacco Growers of Victoria tie that was given to me. I took up with the tobacco industry that I think one of the real problems is cigarette butts in the streets. I took up with them that

they should perhaps have little receptacles where people can put their butts, and you will see quite a few of them around the back streets of Melbourne now.

**The CHAIR** — One question: you made comment on having to do more — or assemble more — of the facts and the research on a range of other matters relevant to the CDL bill, which might impact or perhaps build on the cost-benefit analysis. You specifically mentioned the cost of the hubs as not really having been clearly addressed — the higher impact to consumers and the cost to councils. Could you elaborate on that just a little further in terms of your concerns about the cost-benefit analysis of that scheme?

**Mr EVANS** — I feel that in her speech and in the legislation Ms Hartland — again, I commend her for having a go at it — did not look at the economics of it. I think it is a very costly thing to set up; reverse vending machines are very costly systems to set up when you already have a duplicate system that is working pretty well. I do not think those costs have been properly evaluated. You cannot have that sort of machine without a significant cost. I suggest that most of the cost of returning the bottles and cans will not come back to the consumer, as the bill and Ms Hartland suggest; it will go back into the system itself and into the administration of it, so what we will have is a very costly administrative situation set up without a great deal of the benefits so far as additional resource recycling goes.

I do not have the capacity — well, I do, but I do not have the time and the will — to go spend a lot of time doing the necessary research to prove the facts that I have made out, but I believe many an industry would say exactly the same thing to you. There is always a feeling that industries have a vested interest and will oppose it anyway, and that is true, but I think you also have to look at the arguments that industry and people of that nature put forward to see whether they stand up. That is what we had to do in 1981, and I think that is really what I am referring to. I do not have the capacity to get all that material. I think it is there, and it has certainly has not been dealt with in Ms Hartland's second-reading speech, nor do I think it is adequately dealt with in the legislation itself.

**Ms PENNICUIK** — Just on that issue, it is in Ms Hartland's report on page 21. Whether or not you agree with her figures, she does go to the cost of hubs, et cetera, so it is covered. An attempt is made to deal with the cost-benefit analysis in a wide sense.

One of the issues I would like to pick up with you is that you talk a lot about how the consumer will not pick up the bottles and that the consumer will not get back — part of the scheme relies on a lot of people not redeeming the deposit themselves personally and in fact being happy for the local community group to pick up the bottles and get the money, or for the council to do so. That is actually built into the cost benefit. Part of the offset comes from a certain amount of beverage containers not being redeemed by the consumer. In fact the consumer makes a donation, so what has happened in South Australia is that there is still a very high percentage of support for the CD scheme there even though many consumers do not personally redeem. So it is a redemption by the scheme.

**Mr EVANS** — The natural reaction of people when asked that sort of question is to say, 'Yes, it is a great idea', without thinking it through. I think that is a real problem. It is probably an emotional reaction to it that it is a great idea. I am not saying it will not work or that you could not set up such a system; what I am saying is that the benefits you would achieve as a result of setting up that system would be very small compared to the cost.

I know Ms Hartland mentioned in her second-reading speech that she was unable to table certain materials that she had. I refer to it in my submission. I do not know what that may have been, but watching what is happening my immediate reaction is that I do not think it is going to stack up. That is one of the reasons, in answer to your question, that some additional research needs to be done, and maybe this committee has the capacity to do that research and make an evaluation of those things. I believe very strongly that a proper evaluation will show that the cost-benefit analysis is not very great at all. It would be a very substantial and expensive system with very little additional result.

That money would be far better spent if you had a resource rent tax, and I suggested that as a possibility. We suggested that in our policy in 1982, and Friends of the Earth said, 'We would not have been game to put that in'. For example, in the drumMUSTER scheme, which works on agricultural containers, you are charged a deposit on your chemical drum and you do not get anything back by returning it, but the deposit pays for the

returns system and the collections system. There may be something in that, but it is different to a container deposit system. It means that, for example, you would pay a fee on your motor car and things of that nature so that when the clean-up came about you had paid for it — it is efficient.

I noticed a guy the other day as I drove down the Hume Freeway. He was out there with a spike, he had a truck and he was going down the freeway picking up rubbish with the spike. He was paid to do that, but he was not getting anything back from his Kentucky Fried Chicken or Big Mac wrappers or anything else of that nature. He was being paid to do it. That is different to a deposit legislation scheme. I think the idea therefore must be moving in a different direction in order to achieve a very desirable result. That is all I am saying. I am not pouring a bucket on the whole thing; I am simply saying it is an inefficient system. We found that it would distract from the benefits of bringing in material and recycling it.

I hate to see things being wasted. I hate to have a mobile phone and after two years find the damn thing does not work anymore. I have a photocopier at home that worked for two years and does not work now. It looks perfect, but it just does not work. You press the buttons, and it makes weird noises at you. It is Chinese. It cost me \$120 to replace it. I cannot get it repaired. In my mind that is wrong. We need to do something about getting that material back. Deposit legislation will not do that. You have to have a system in place. I think it would be far better to concentrate on that area than on container deposit legislation, which I think is a bit of a sideshow.

**Mr SCHEFFER** — If you could answer one more question quickly, I am interested to know whether you think the total zero-waste general strategy that we have in place in Victoria — and in this proposal before us — has a different impact on regional and rural communities than on urban communities. Do you think it is something we should look at?

**Mr EVANS** — I think there is a difference between rural and urban communities. The rural population is far more dispersed. My wife rides a bike 12 kilometres from our home to the local store, which is in a small township, and she picks up rubbish on the way back. She gets quite a bit of it. You do not have the same sort of situation with a much more dispersed population and fewer people picking up rubbish. Yes, it is different, but I am not sure that the actual principles are all that different.

**The CHAIR** — Thank you very much, and thank you for the submission. I do not think you have lost anything since you left Parliament in 1996, given the verve and the attention to detail. You will receive the transcript shortly. You will be able to make corrections and return the transcript to Keir.

**Mr EVANS** — But not material corrections. Thank you for the questions too. I appreciated them. I would have hated to come here and not have some decent questions.

**Witness withdrew.**