

CORRECTED VERSION

STANDING COMMITTEE ON ENVIRONMENT AND PLANNING

LEGISLATION COMMITTEE

Subcommittee

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

Adelaide — 28 November 2011

Members

Mr A. Elsbury
Ms S. Pennicuik

Mrs I. Peulich
Mr J. Scheffer

Chair: Mrs I. Peulich

Staff

Secretary: Mr K. Delaney

Witnesses

Mr P. Martin, president,
Mr N. Rawlings, vice-president, and
Mr B. Naismith, executive officer, Recyclers of South Australia.

The CHAIR—Could I welcome you to the public hearings of the Victorian Legislative Council Environment and Planning Legislation Committee. Thank you for making yourself available. Today's hearing is in relation to the inquiry into the Environment Protection Amendment (Beverage Container Deposit and Recovery Scheme) Bill 2011. It is a private member's bill.

I welcome your organisation, Recyclers of South Australia. You will have an opportunity in a moment to state your names, the position that you occupy in your organisation and also a contact address so that transcripts of this will be able to be forwarded to you.

All evidence taken at this hearing is protected by parliamentary privilege as provided by our Constitution Act 1975 and further subject to the provisions of our Victorian Parliamentary Committees Act 2003, as well as the Defamation Act 2005—I am not sure that we have had any concerns about that to date; it is always a possibility—and, where applicable, the provisions of reciprocal legislation in other Australian states and territories. Any comments you make outside the hearing, however, are obviously not extended the same parliamentary privilege.

All evidence is being recorded by Hansard and, again, you will be provided with a proof of the transcripts within a few days and have the opportunity of correcting any typographical mistakes, but obviously the substance of your evidence has got to remain intact.

If we could allow a few minutes for you to make a presentation and then committee members may have some questions for you, and again I do apologise for the delay, but we had a substantial organisation in the EPA South Australia before you, so we had to make sure that we gave them ample time. So, names, positions and contacts details.

Mr MARTIN—My name is Philip Martin. I am the president of Recyclers of SA. I am obviously here representing Recyclers of SA.

The CHAIR—And the address?

Mr MARTIN—Our address is 42-46 Seaford Road, Seaford, 5158.

The CHAIR—Seaford Road, Seaford, South Australia?

Mr MARTIN—South Australia, sorry.

The CHAIR—We have a Seaford Road, Seaford in Victoria.

Mr RAWLINGS—Neville Rawlings, vice-president of the recyclers association. I am contactable at 76 Daws Road, Edwardstown, 5139, South Australia.

Mr NAISMITH—I am Bob Naismith, executive officer, Recyclers of South Australia. I can be contacted at 246 Brighton Road, Somerton Park, South Australia, 5044.

Mr MARTIN—First of all we have a bit of an apology. We were to have a PowerPoint. Our consultant Trevor Hockley was to be here, but he is actually quite ill with a virus, so it has gone a little bit pear-shaped for us today.

The CHAIR—Yes, that happens from time to time.

Mr MARTIN—It does. We rely a lot on Trevor. Trevor represents us exceptionally well. He has 20 to 30 years experience in waste.

The CHAIR—Should we have that PowerPoint subsequently, you may be able to flick it over to the committee's secretary and we can have that.

Mr MARTIN—We would love to forward it.

The CHAIR—Yes, that would be great. In the meantime, you have to wing it.

Mr MARTIN—We will wing it. That's exactly what he told us to do! What would you like us to discuss?

The CHAIR—Would you perhaps like to outline what the purpose of your organisation is, what you do and what its relevance to this particular bill is.

Mr SCHEFFER—I would really like to know what the 114 recycling centres actually do.

Mr MARTIN—There are 124 recycling centres in South Australia. Of the 124, our association represents about 111. They are members of Recyclers of SA. So we have a very strong network and we represent them on all levels, from government to the super collectors or the coordinators, which you probably are aware of, Marine Stores and Statewide Recycling. We negotiate on their contractual agreements and we are a sounding-board for all of our members.

We are at the front end of the industry, dealing with the consumer face to face. I have my own recycling depot. All of our members, I believe, other than Bob, run their own depots. Neville has several depots. So we are very hands-on people and we operate our businesses up to seven days a week.

Mr SCHEFFER—I hear the words, but treat us gently.

Mr MARTIN—Okay.

Mr SCHEFFER—Tell us exactly what it looks like. You get up in the morning and then what do you do?

Mr MARTIN—Most of us are located in strategic spots in the metropolitan area and in the country. We accept all deposit products from the consumer, so that is all your beverage containers with the deposit system in place.

Mr RAWLINGS—Most add them up, and they bring them in in bales, bags, and we supply recycling bags for them—reusable ones if they wish.

Mr MARTIN—We give them the money, we sort the products—by plastic, by aluminium, by glass—and the customer goes away, hopefully very happy with his \$30, \$40, \$150, whatever amount they have brought in to us.

The CHAIR—So your collection depots also accept items that are not covered by the CDL scheme?

Mr MARTIN—Correct.

The CHAIR—Do you get payment from government or industry for doing so, or do you make money from selling those items to—

Mr MARTIN—Some of the items are a break-even point. It is just customer service—things like cardboard and newspaper. It can be viable if you have enough volume, but quite often there is not enough volume in the individual depots. Cardboard manufacturers want huge volumes and they want them presented in a certain manner.

Mr RAWLINGS—Kerbside recycling does a really good job with all the fibre products, so your paper and cardboard. I suppose it started 50, 60 years ago with people bundling up their newspaper print, putting it on the side of the road and generally the Scouts or someone else would come along and pick it up. Kerbside recycling has come a long way since then. In South Australia we tend to have deposits on things. Deposits work really well for selectively taking whatever you want out of that generalised stream. So instead of throwing it all together and mixing it all up, you put a deposit on it and suddenly it finds its way back to one of our depots. Glass is a really good example of that.

Mr MARTIN—Two good examples are glass and, most recently, liquid paperboard—iced coffee containers, as we call them here. They have only in the last four or five years had a deposit put on them, and now we are getting in the region of, I believe, close to a 60 per cent return rate, whereas that was going to

landfill. That is a great commodity, because the quality of the paper is such that it is used to make photocopying paper, so industry wants that material back.

Mr NAISMITH—The same goes for the glass. Because it is a labour-intensive industry, our glass is all hand-picked and sorted into colours and it is probably the highest graded glass recycled anywhere in the world.

The CHAIR—You guys operate in South Australia, always looking for business opportunities, no doubt. Given that Victoria has a very well established recycling scheme, would people in your business be interested, hypothetically speaking, in the opportunities in Victoria if a CDL scheme were introduced, or do you think that the established kerbside recycling scheme would actually present a very different business proposition to people in your line of business?

Mr RAWLINGS—We have kerbside recycling here and it is—

The CHAIR—But that came on after the CDL.

Mr RAWLINGS—After the event, yes. I suppose here in South Australia the largest single owner of recycling depots is the Scouts. The Scouts are a national organisation, and I believe they would be very interested in setting up in Victoria. It is up to the individual, but personally I am quite happy just recycling here in South Australia, and I have done that for 34 years.

The CHAIR—Coming back to Scouts, is that because they operate on voluntary labour, or is there a payback to—

Mr RAWLINGS—No.

Mr MARTIN—It is part of the income for the Scouts organisation.

Mr RAWLINGS—We employ about 1,000 people all up, and we understand that they are created jobs. They are created, effectively, out of our raised rate of recycling out of landfill. Victoria shows some very good figures in some of their recycling rates, but I think ours would be the best in the land. Most of our jobs are created out of the extra taken from landfill. Our quality is the highest in the land. I understand that you have a fair problem in Victoria with glass contamination and very expensive systems have been put in place to try to overcome that, but nothing really overcomes the quality of that glass. Our glass is second to none.

Mr MARTIN—We do go on about our glass, but we have had the opportunity to go and look at it in Europe and through America and into Canada in the last four to five years, and we were amazed and delighted at how well we do it here.

Mr RAWLINGS—We thought we would go overseas and see the magic wand over there.

Mr NAISMITH—Just to make a brief comment on your earlier remark, Victoria used to have a returnable scheme the same as us when they were into refillable bottles for beer and soft drink, and kerbside came along after that. But unfortunately when the single-fill bottle was introduced in Victoria, all those depots fell by the wayside, whereas in South Australia we were fortunate that, when CDL was introduced, our Marine Stores dealer network or bottle merchants formed the nucleus of the can collection system throughout the state, and it carried on, whereas Victoria's fell by the wayside.

The CHAIR—Mr Elsbury.

Mr ELSBURY—First off, I do remember when I was a kid going down to the Scouts and dropping off our glass bottles. We used to drop off our bottles, our paper and all that sort of thing at our local Scouts, and they used to make money out of it. You were saying that you have a high quality of glass because you are able to sort a lot more readily than we can in Victoria. I have visited a glass recycling centre and they rely upon technology to separate the glass, and of course you have different shades of everything, plus you have the small parts that still get through of different colours.

My question has to do with the reverse vending machines. From what we have observed of those particular machines, they can sort exceptionally well all by their lonesome, without any human intervention. Why haven't they been picked up as readily in South Australia?

Mr MARTIN—Generally, it is their speed and efficiency. On average, they handle about 27 to 30 units per minute, as long as there is no rejection. You place the item into the neck of the machine, it reads the barcode and takes it through to the back and separates it. The technology is quite good, but if it does not read the barcode, it will spit it back out to the customer, and you can only feed one at a time. I would suggest in an average depot we would be sorting around 80 to 120 a minute.

The CHAIR—So this is too slow, basically.

Mr MARTIN—It is very slow and it is very costly. It is extremely costly—anything up to \$200,000 to \$300,000 to set up.

The CHAIR—Just say you were setting them up here in South Australia. How many would you need to service your scheme?

Mr MARTIN—If there were none of us?

The CHAIR—Yes.

Mr MARTIN—If we were not here, you would need lots, because not only do you have one machine doing glass, our understanding is you need another one to do your liquid paperboard. The same machine will not do the same product, or has that changed?

Mr ELSBURY—Not from the ones that we have observed. We have observed multiple products. They scan the barcode and it does clicky things and conveyor belts move and—

Mr MARTIN—As long as the barcode is readable. It cannot scan a crushed can or a damaged label. Here, to take it up, probably 500 as a guess.

The CHAIR—How many?

Mr MARTIN—Five hundred.

Mr RAWLINGS—The thing is, where do you put these things? If that really worked, I would have a yard full of them, because I am very well placed. I have probably 70 people in three depots and so it is more efficient for me to employ those 70 people, by a long way. The technology that we have looked at is high-speed scanning technology from Denmark, which is out of Anker Andersen. We have imported that technology. We are currently developing systems to front-end-load that.

A lot of it is about how people present the product. They bring it in boots and trailers and they put it in all sorts of bags that they bring down. If you had them in shopping centres, you have now got to cart all these things. You do not always get a front row seat at a shopping centre either, so where do you place the machines? Who services them? When we were in California—was it Tesco? Anyway, the largest vending machine maker in the world also runs depot systems over there. They do a pay-by-weight system and they run reverse vending machines. When we were there, they had to go along and turn the machines off because nobody uses them. They are too slow.

One of the guys that runs their regional centres—so he ran 140 depots—said, 'They're useless. We have more problems there.' When people are not there is when they have the most problems because, if they have money, that is a real problem for theft.

The CHAIR—And vandalism, yes.

Mr RAWLINGS—Vandalism and theft. They do not pay that money out, so if you put the wrong product in there and it does not pay it out and you have got a certain mentality of person, they get beaten and damaged. So if you are going to have a person there to guard, then that person is actually more efficient than the machine.

Then you still have to service those machines. Whatever you put into a shopping centre, it is the most expensive land rental in Australia anyway, so that is an added expense. You have still got to service them, and they are not efficiently placed. We have had one here at Hollywood Plaza and you do not get a front row seat to just drive up next to it. You have to park somewhere. You have now got to get the bags out of your boot over to the machine. There are a lot of shopping trolleys around there, aren't there, so they are very convenient. Put all your bags in there. It does not matter if it is a bit sticky. That does not matter, because you are out there to collect your 10c back. Then, 'Oh, there's no rubbish bin around here. What do I do? I know what I'll do. I'll put it back in the shopping trolley that I just had and we'll put that shopping trolley over there,' and it becomes someone else's problem.

Even if you put them in a local park you would still have those issues. When it comes to the deposit legislation, you really need to service them, and that is where the extra jobs come from and that is where the quality of the material comes from as well.

Mr NAISMITH—About that machine that Neville touched on, it has not been overly successful. It has been broken into two or three times and the money taken, and one thing and another. I actually observed people there one day. It took them 13 minutes to put 42 containers into this reverse vending machine.

Mr MARTIN—I think the indicator at this moment that we are aware of is that we were in Germany about 18 months ago, two years ago, and Germany was reverse vending. It is now looking to set up depots. The cost is horrendous, because they have to go and service these machines two and three times a day.

Mr RAWLINGS—They have their place, like in a footy stadium or some place like that. There is a place for reverse vending machines, but it is not to take the bulk of the material.

The CHAIR—So public places may be an option?

Mr RAWLINGS—Public places, yes, and just a little kiosk type thing that is maintained by the council or private enterprise, but if you are trying to get the volume of material that we handle, then you really probably should see some of the depots here—and they are quite clever—and some of the queues that we get.

Mr MARTIN—There is a lot of tonnage that we handle. It is hundreds and thousands of tonnes of glass and PETs.

Mr SCHEFFER—You said 114 recycling centres.

Mr MARTIN—Correct.

Mr SCHEFFER—Clearly you have got a peak organisation, Recyclers of South Australia, and you have Mr Hockley, who works as a consultant to you, so you have got some peak structure. Could you give us a bit of a sense of overall how many people would be employed across the 114 centres and also some sense of what the collective turnover would be of all those?

Mr MARTIN—It would be approximately 1,000 people.

Mr SCHEFFER—For the whole 114?

Mr MARTIN—For the whole 114.

Mr SCHEFFER—So about 10 staff in each one, roughly.

Mr MARTIN—Correct.

Mr RAWLINGS—A lot of the country ones might only have two or three.

Mr MARTIN—A lot of the country ones may have the local store, say the local fodder store, and it operates a recycling business at the side, and it may operate two days a week. That is all about giving convenience to the local people in the country, because—through the government as well—they try to have well-placed depots for the consumer to get to. The answer to the other part of that question is, we believe, \$95 million to about \$120 million.

Mr NAISMITH—That is infrastructure in place for those depots.

Mr MARTIN—And turnover.

Mr SCHEFFER—So \$95 million would be the asset—

Mr RAWLINGS—\$95 million would be the turnover for the CDL. There is also turnover for scrap metal and for a whole range of other bottles, e-waste and—

Mr SCHEFFER—That actually relates to the second question I was going to ask.

The CHAIR—The question is, with the other materials, non-CDL, does that help to subsidise or make that business more viable?

Mr RAWLINGS—What it does is it lets the business be there. What you have is a country town of 2,000 people. They have a recycler, whereas previously it was always up to the council.

Mr SCHEFFER—A gentleman before from the EPA talked about car tyres, mattresses—there is a big turnover there. You have now said scrap metal. You take those in and you just give people a price for it, do you?

Mr RAWLINGS—At this point in time, yes.

Mr SCHEFFER—And you work that out on the market. Is that a big income earner?

Mr MARTIN—It is a growth side of our business. There is no question it is a growth side of our business. A lot of the depots do not have it. It is about location and the availability of land to handle it, because that is a big bulk.

Mr SCHEFFER—Do you have any sense of how much the non-drink-container part would be worth globally?

Mr RAWLINGS—Sorry?

Mr SCHEFFER—The scrap metal, the e-waste, car tyres, all that stuff that you just mentioned. What would that be worth?

Mr RAWLINGS—In my depot I trade over \$5 million a year in CDL and I do about \$15 million in scrap metal and other materials. I started off as just a bottlo, so to speak.

The CHAIR—So the other part has grown substantially.

Mr RAWLINGS—It has grown substantially.

Mr MARTIN—Part of that scrap metal is your non-ferrous and ferrous, so you have got your coppers and brasses and stainless steel, where there is a lot of value, a lot of money tied up there, as against your scrap steel.

Mr NAISMITH—Out of all the 114 depots there would only probably be a maximum of about 30 that handle scrap, wouldn't there? A lot of the country depots do not.

Mr SCHEFFER—I am getting a picture, then, that the CDL part is a component of your business.

Mr RAWLINGS—It ends up becoming a component. If you have got the recycling centre there, then of course they are going to look for other things to recycle, and/or it is a bolt-on to something. They might be a transport driver, so they bring all the coke back and then they transport out some wheat or whatever they do, and in between they are a recycler as well.

Mr SCHEFFER—When we had the people from the EPA talking to us, they said that municipalities also had their own collection centres. Is that right?

Mr RAWLINGS—Yes.

Mr SCHEFFER—So some rubbish goes there and other rubbish goes to you. How does that work?

Mr RAWLINGS—At this point in time there is not a lot of sponsorship to our industry from government, so we do not do the mattresses as much. If it has any value to it, we will pay for it.

Mr SCHEFFER—Yes.

Mr RAWLINGS—So the public has an expectation when they come to us that we are the place that you go with it and get the money for it.

Mr SCHEFFER—So the non-profitable waste is then having to be picked up by municipalities, so ratepayers pay for that.

Mr RAWLINGS—They take it back to the local dump, and the fees are quite exceptional these days, so people try to recycle as much as they possibly can.

Mr SCHEFFER—Okay.

Mr ELSBURY—I am trying to work out whether or not the answer to Mr Scheffer's question answered my question. In relation to the CDL, as businesspeople does that scheme sustain itself or does it require other funds to come in from other areas? Does the government need to provide additional funding to you or do you get money from other sources to supplement—

Mr RAWLINGS—I have not received any government funds at all, and we have grown from nothing from the CDL to employing 70 people. I have a good location, so I am lucky there.

Mr MARTIN—I would say in general they are self-sustaining.

The CHAIR—On the question of where you are located, what zone would you be located in?

Mr RAWLINGS—I am about eight kilometres from the city. I have three depots.

The CHAIR—Is that non-residential?

Mr MARTIN—Residential.

The CHAIR—You are in a residential area?

Mr RAWLINGS—I am right on the cusp of residential and light industry.

Mr MARTIN—I am in the southern suburbs in an industrial park, with a lot of residential surrounding.

The CHAIR—On a side issue, is there noise associated with your operations?

Mr RAWLINGS—There can be, but I suppose that is a local planning issue.

The CHAIR—Are you limited by the number of hours that you operate? What time would you start, or is it a 24-hour—

Mr RAWLINGS—We are seven days a week: two half-days on the weekends and five full days throughout the week.

Mr MARTIN—Likewise, I am a seven-day business. To set up something new, you need to be in that light industrial, commercial type environment. There are probably a lot of opportunities. It is not as noisy as people think. We are not crushing glass and we are not hammering stuff. There is breakage, there is a noise factor, but it is not—

Mr RAWLINGS—It is just as noisy when that truck—

The CHAIR—Tips it out.

Mr RAWLINGS—All the bottles going out there in the morning, that is—

The CHAIR—So you are suggesting that it is best located in an industrial or commercial area.

Mr RAWLINGS—Yes.

The CHAIR—What is the actual size of your operation?

Mr MARTIN—Operations vary from closed-up service stations through to—I am a bit lucky because I have a bit of extra land. I have about 4,000 square metres. That is handling scrap metal and concentrates.

Mr RAWLINGS—The smaller the size, it limits what you take. If you are CDL only—

The CHAIR—The less economically viable it is likely to be?

Mr RAWLINGS—Not necessarily. It might well be placed very well in the city, but you cannot do all the extra bolt-ons. I have a little bit of land where I am, so I do scrap metal on the side. I have a smaller depot over towards the airport, and that does basically bottles and cans only. It is a smaller site.

The CHAIR—So of those 114, how many would be in rural or regional areas?

Mr NAISMITH—Thirty-eight in the metropolitan area and the balance are in the country.

The CHAIR—Thank you. Ms Pennicuik.

Ms PENNICUIK—Chair, I think most of my questions have been covered.

The CHAIR—Have been answered?

Ms PENNICUIK—Yes, thank you.

Mr NAISMITH—I will just make one point. I was originally with the government when CDL was introduced in South Australia. I took a package in 1993 and then came over to the association. In setting up the collections network in South Australia, we were fortunate to have the nucleus of the Marine Store dealers, but as a rule of thumb when they were first established, they were established so that nobody in the metropolitan area would have more than a five-kilometre radius to take their containers back.

The CHAIR—I see.

Mr MARTIN—You could probably expand that out to, I would suggest, about an eight- to 10-kilometre radius. That would give that location more viability.

Mr NAISMITH—It is just a gut feeling.

Mr ELSBURY—They are like chemists.

Mr RAWLINGS—One of the things we did probably two years ago was that we were trying to work with the goodwill industries. They put all that material out on the roadside, and Vinnies and the whole lot of them were working that. We would do one universal bin inside our depots. You would be driving down the road and there would be mattresses and everything—they basically become dump spots in the end. So we attempted that. We found that trying to get the four main charities together was the hardest thing, but that is the kind of community thing that we like to do.

Mr ELSBURY—Do you get many commercial customers coming through—people who own restaurants who would come by regularly?

Mr MARTIN—We actually service that.

Mr ELSBURY—You service it?

Mr MARTIN—Some of the owners, like myself, have a pick-up service. The Scouts do it very substantially through the metropolitan area. I do southern suburbs. You are not allocated it or have to do it, but it is an opportunity to expand your business.

Mr ELSBURY—And grab stuff by bulk.

Mr MARTIN—And you do bulk. You give them service. We do it by forklift and we drop off bins, pick them up and we pay them at the end of it.

Mr RAWLINGS—All hotels would have a service. Seventy per cent of restaurants would have a pick-up service, and delis and cafes and so on. Again it is a volume thing, a viability thing. With some of them, the cook takes it or one of the workers takes it.

The CHAIR—Gentlemen, could I say that, in the absence of your consultant, you have winged it very well.

Mr MARTIN—Indeed.

The CHAIR—Thank you very much for your time and sharing your insight into what is obviously being considered by this committee for the Legislative Council during parliament. I remind you that your transcripts will come your way in the next few days and that you can correct any of the typographical errors in it. Obviously, the substance of your submission has to remain intact. Thank you very much for your time and we look forward to receiving your consultant's PowerPoint and hope that he recovers.

Witnesses withdrew.