WASTE AVOIDANCE AND RESOURCE RECOVERY AMENDMENT (CONTAINER DEPOSIT) BILL 2018
WASTE AVOIDANCE AND RESOURCE RECOVERY AMENDMENT (CONTAINER DEPOSIT) BILL (NO. 2) 2018

Second Reading — Cognate Debate

Resumed from an earlier stage of the sitting.

HON AARON STONEHOUSE (South Metropolitan) [5.11 pm]: Before we broke for question time, I was outlining my concern that this scheme would regressively and negatively impact on smaller businesses, be they small breweries, small distilleries or, in fact, small retailers. As we know, the responsible supplier is the first one to introduce a container into the market here in Western Australia, so if a retailer uses a supplier to import a container, that supplier is responsible for compliance. If they are doing their own importing through perhaps online shopping or something like that, they may quite likely be the responsible supplier and have to go through compliance with this scheme—that being registration of the container with the department and payment of the levy for the refund and the operating cost, which is yet to be determined. The refund will be 10¢; the operating cost could be 6¢, 10¢, 20¢ or more—who knows? There is also a requirement to appropriately label containers, which would perhaps require retailers to take inventory from their shelves and quarantine it until they have approval for the container from, presumably, the department, and until they have labelled all their stock.

This may be a problem for retailers, but it is also going to possibly impact on consumer choice and the availability of products in the market for consumers. It was pointed out to me that for certain imported goods, it may not be worth the retailer's trouble to register the container, label it appropriately and earmark cash for when refund invoices come through from the department. For a niche product that may only sell a few units every month, it may be simpler for retailers to simply remove it from their shelves and not offer it at all, which will remove consumer choice in the end.

Aside from the impact on retailers, producers and suppliers, it will obviously have an impact on consumers. Let there be no doubt about this: the cost of the refund and the operating cost will be passed on to consumers. That has certainly been the experience in other jurisdictions. When we talk about imposing a cost on a supplier or a producer, and that cost being passed on to consumers, a lot of people are sceptical. They say, "No, no, no, they won't pass on all the costs; they'll absorb most of the costs." That idea would be at odds with the regulatory impact statement that was prepared during the drafting of these bills. The regulatory impact statement—which I have had an opportunity to peruse, but not read in full detail because the bills were brought on quickly, before members had an opportunity to fully comprehend the scheme's impact—quite clearly points out that the cost of the refund and the operation of the scheme will be passed on to consumers.

The example was raised earlier of a bottle of water; I think it was Hon Colin Holt. It may be 70-odd cents or maybe a dollar for a bottle of water, depending on where you get it and what brand it is. Add on top of that the 10¢ refund and the operating cost of the scheme. The central planners will tell you that the operating cost will be 6¢; I think it could potentially be quite higher. The experience in other jurisdictions has been of a much higher operating cost, or at least a little higher. In fact, I will briefly digress to look at the experience in New South Wales and read from an article by Anthony Klan that appeared in *The Australian* of 28 December 2018 —

> The NSW drinks container deposit scheme, which has provided a template for schemes in Queensland and the ACT, has cost consumers about $250 million in increased prices while appearing to deliver a negligible increase in recycling—a blow to proponents calling for a national rollout.

It goes on to say —

> The NSW government has said 54 per cent of eligible containers were now being recycled, up from 32 per cent before the scheme began—a 69 per cent increase. However, the government's own reports say pre-scheme bottle recycling rates were between 50 per cent and 60 per cent, …

So, before the scheme was even implemented, recycling rates, according to the New South Wales government, were already at 50 to 60 per cent. Now the government has said that 54 per cent of eligible containers are being recycled, up from 32 per cent. The article continues —

> The NSW Environmental Protection Agency's business case for the container deposit scheme stated the pre-scheme recycling rate—the proportion of cans and bottles sold that typically end up in home recycling wheelie bins—was 53 per cent, almost identical to the 54 per cent being achieved now.
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> Another NSW government document, published three months before the scheme began and titled "scheme costs", stated its "current assumption" was 50 per cent of recovered containers were via kerbside collections.

> The 32 per cent baseline figure is based on a survey of the contents of yellow bins conducted by the NSW Environmental Protection Agency two to three months after the scheme began, when many consumers were "stockpiling" their empties while waiting for collection points to be opened.

The article goes on to say —

> A draft report into the NSW scheme by the Independent Pricing and Regulatory Tribunal said the price rises of drinks sold in NSW had fluctuated from 1c a container to 15c a container.
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> IPART said that in the nine months to July, the price of eligible drinks had increased by an average 7.5c, while the scheme's "indirect costs" were currently 9.2c a container. There are about 3.3 billion eligible containers sold in NSW each year. Consumers have been charged about $250m under the scheme in the year to this month. Over the same time, one billion deposits were redeemed, giving back consumers $100m.

The New South Wales price increase on containers sounds rather modest—on average, 7.5¢, with an upper limit of 15¢ per container—which does not sound too bad, considering we are talking about a 10¢ refund and a 6¢ operating cost. I think that a 6¢ operating cost is a little overoptimistic, however, when we think about the sheer size of Western Australia, coupled with its relatively low population. I do not recall exactly what the New South Wales population is off the top of my head, but Western Australia's population is about 2.5 million or 2.6 million—somewhere around that mark. It has recently dropped a little. The economy of scale in a state with a large population quite densely packed into a geographically small area makes the operating cost of a scheme in which we haul truckloads of recyclable material across the state very low. It is a lot easier to truck containers around New South Wales than it would be to do so in, say, the top end of Western Australia, which has a very sparse population. Think about the operating cost of having to haul a truck full of containers from a town with a population of a few hundred or a couple of thousand as opposed to the operating cost of hauling around truckloads of containers in very densely populated areas. The government has worked to a model to come up with that 6¢ per container operating cost. I am deeply sceptical that that number is right, considering the trend in New South Wales has been a blowout of costs and under-performance in the returning and recycling rates. Let us not forget that we do not know what the operating cost will be at this point. We are not even arguing what it should be. We are merely giving the government the power to levy that operating cost and the refund. We have no idea what it will be. The government assures us that it will be 6¢, but there is no built-in check in this scheme to ensure that that operating cost does not balloon or blow out.

Let us not forget that this scheme has an obligation for the scheme operator to be the collection point of last resort. The idea is that the scheme operator would partner with local governments and private business to provide collection points and the logistical network to ship containers to recycling plants, but if it is not commercially viable to build a collection point in a remote part of the state, the scheme operator will have to do that. That should set off alarm bells to members, because if it is not economically viable to provide a collection point in a remote part of the state, the costs outweigh the benefits of that scheme, at least in that isolated area. According to the regulatory impact statement, this is a net benefit plan. There is a cost–benefit ratio of 1.35, I think, which again is overly optimistic, given the experience in other jurisdictions. The cost–benefit analysis of South Australia's model shows that it is a net cost to the state. That is certainly shaping up to be the experience in New South Wales. In isolated regional areas, it is not commercially viable to open a collection point for a private enterprise or even a local government. Clearly, that is because the costs outweigh the benefits in those areas, but in those cases the scheme operator will step in to provide a collection point or to provide the backhaul for that collection point. It is obligated to do it. Maybe the scheme operator will do that through a trailer or a truck that drives through that area from time to time, rather than having a permanent collection point established. It does not necessarily need to be a reverse vending machine or a station that is manned during business hours. It could merely be a vehicle that drives through to collect containers from time to time. That obligation is there for the scheme operator.

I assume that the government is following the logic that maybe we have to take a hit. There is a cost to operate a collection point in some of these remote areas, but over the whole state it could smooth out to be a net benefit across the state. How do we determine that, though? The actual network that the scheme operator will establish has not been worked out yet. It has to go out to a sort of pseudo tender process. People will make proposals. A not-for-profit will make a proposal on how the network could be established and then we will understand how the network would operate. We do not know whether it is commercially viable for people to establish collection points anywhere, let alone in regional parts of Western Australia.

I assume that we have done some economic modelling to say that in a certain number of satellite towns it would not be economically viable for a private operator to partner with a scheme operator to establish a collection point way out there in these truly remote areas. We do not know where those locations will be. We do not know what charitable organisations might step up to be part of this or community groups that might volunteer because they see the benefit of reducing litter, even if it is not commercially viable. We do not know. The scheme operator has

the opportunity to become the collection point of last resort in circumstances that we do not fully understand yet. We talk about that operating cost of 6¢, but we do not know how many regional areas will have to be covered by the scheme operator alone without a commercial partnership. I am concerned about that 6¢ operating cost blowing out. If the scheme operator is obligated to provide a collection service in a remote town, regardless of the cost of providing that service, there is a huge potential for costs to blow out. When we say that a government agency has an obligation to provide a service regardless of the cost, we are almost writing them a blank cheque.

I understand that there will be some separation here. A board to which the government can appoint members oversees this not-for-profit organisation and the make-up of the board is laid out in statute, but there is a danger when we do not understand how the scheme will operate and the limitations and costs of the scheme. Government is saying that it will levy a fee and find some commercial partnerships with different operators and local governments, but if it does not, it will do it regardless of the cost. Now we will allow it to levy a fee for that cost. It is a very, very dangerous path to go down, especially as stewards of the public funds and the public purse. This is not our money. This is taxpayers' money that we will be facilitating the transfer of through a levy, and we do not understand yet what that levy will be. It is a very, very dangerous path to go down. There is also a concern here as well. Two paths are laid out in the regulatory impact statement. One is business as usual—do not implement a container deposit scheme. The other is to operate a container deposit scheme. When conducting the cost–benefit analysis for this scheme, the business-as-usual scenario is used as a benchmark from which to measure the CDS. The problem is that the business-as-usual scenario assumes that nothing changes. It assumes that recycling rates stay the same. It assumes that the consumption of containers and the material from which those containers are made stays the same. It assumes that the consumption of carbonated beverages, soft drink and alcohol and such stays the same. We have set ourselves that benchmark. We are saying, "Okay, let us assume that consumer trends do not change over the next 10 to 20 years and then let us compare that with a scheme in which we have some impact on consumer trends through a price mechanism, a levy and an incentive for them to recycle." I think we are setting ourselves up to be overly optimistic, because consumer trends do not stay the same. People are actively becoming more engaged with recycling and environmental stewardship. People are becoming more conscious about how their activity impacts the environment and affects the world around them. I do not have any data in front of me right now, but I would hazard a guess that the rate of recycling has been increasing over recent years as people are more mindful of their impact on the planet, yet the regulatory impact statement, when looking at the container deposit scheme, benchmarks us off a frozen point in time, from what I can tell. I may be wrong about this, and I am happy for the minister to correct me, but it seems to me we are looking at this scheme compared with right now in 2019 based on nothing changing and it staying the same forever. That seems like a false equivalency to me.

There was something else that was interesting in the regulatory impact statement. I am not so sure it is relevant to recycling and waste management, but members might find it interesting: 96 per cent of any GST raised as a result of this price rise would benefit other states. That is just another sore point for me! Western Australia will not receive whatever GST revenue from price increases is received through this scheme. We are going to disadvantage consumers, we are going to raise the cost of living for all consumers across the state, we are going to severely limit consumer choice, we are going to create a regulatory impost on producers and manufacturers in Western Australia, and we are going to give some of that GST to our competitors in this federation over east, which is great!

Throughout this debate, one thing that has been consistent in the remarks made by other members, and perhaps even in my remarks, is that we do not really know all the details yet. The principal bill is pretty lengthy. It is a pretty complex topic. I was fortunate enough to receive a briefing on Wednesday, and I am grateful for that. This is a lot of information to digest. We have had a recess, but this bill was read into this place during the last sitting week. Now we are here, six days later, expected to vote on this matter. The comments from Hon Dr Steve Thomas and Hon Colin Holt seemed to highlight a lack of clarity about how this scheme will operate. We seem to have a framework—a skeleton perhaps—of a scheme that puts in place the heads of power and a few other things, but mostly leaves the detail to regulation. The day in, day out function of how this scheme will operate will be left to subsidiary legislation. To me, that seems rather worrying, especially when we are talking about taxes.

We are discussing these bills cognately. There are two separate bills. The reason for that is a constitutional requirement for tax bills to be separate from the machinery of a bill. Changes to function must be kept separate from the actual tax levied. That is why we have two separate bills here today. We are talking about a tax increase on Western Australians, which the Western Australian Constitution views as a very serious matter; serious enough to put a requirement on legislators to deal with these matters separately. Mind you, that does not stop us from debating them cognately—it seems to be the convention. Even though there is a constitutional requirement to discuss and consider these bills separately, the convention seems to be that we always debate them cognately. We are being asked to put in place a very serious matter—to tax Western Australians in a manner that has never been

done before. This is a new scheme for us at least. No-one really knows how this will work—not really intimately. Perhaps the minister does; I would certainly hope so. No-one understands how this scheme will function. Most of the detail is left to subsidiary legislation, which we cannot review at this time. The regulations are not in these bills. The regulations have not been provided to us in the explanatory memorandum or in any other appendix or attached documents. We have to take a blind step forward to give the government the power to levy a tax, and then we will wait and see what it thinks that tax ought to be based on the scheme operator's proposal to government, I suppose. That is also interesting, because it will not even be up to the executive branch of government to directly determine what the operating cost of the scheme will be; that will be up to the scheme operator, which will be a not-for-profit organisation. Executive government will not determine exactly what that should be. The scheme operator, who is almost somewhat removed from the minister, will determine what that should be. There is obviously still control and oversight from executive government, but allowing government to tax and then deferring consideration on what the tax ought to be until a later date is a very dangerous path to go down, in my view.

We have seen this before with subsidiary legislation—with regulations. The argument is always put, "You can disallow regulations." Sure, yes, we can—the Legislative Council can disallow regulations; it has that power. My experience in the last almost two years of being here has been that disallowance motions are debated within about maybe 10 to 20 minutes, if we are lucky, on the very last day on which they can be considered. When we debate primary legislation, we have a first reading and a second reading. Every member gets an opportunity to contribute to the second reading. Leaders of parties get unlimited time, non-leaders of parties get 45 minutes, designated lead speakers of major parties get unlimited time, and then we get a ministerial response to the second reading debate. Normally, ministers go to some effort to address matters that were brought up during the second reading debate. Then we go to Committee of the Whole. The Chair of Committees presides, advisers advise the minister, and we get to go through the bill clause by clause, line by line. We interrogate every aspect of the bill until every member is satisfied with what we are passing. Only then do we proceed to the third reading. Members have an opportunity to scrutinise every single line of a bill. The minister and their advisers sit there quite patiently. They sometimes answer question after question—they are barraged at times—but ultimately the effect is that members of this place can be satisfied about what they are voting on when it gets to the third reading.

There is also an opportunity to make amendments. When it comes to a disallowance motion on a regulation, if I understand my standing orders properly, the regulation can be disallowed in part. I believe we can disallow aspects of a regulation, maybe a clause, but nothing new can be inserted—nothing can be replaced. Only a part or the entire regulation can be deleted, but that is it. The entire regulation can be blocked, or a part of it. There is no opportunity for further scrutiny. There is no opportunity to go line by line through that regulation and interrogate the minister. There are no advisers here for the minister. If the minister is unsure of an answer to a question, they do not have an opportunity to confer with their adviser and provide a fulsome and accurate answer. Like I said, we are lucky to get 20 minutes to interrogate.

There are seven political parties here representing their constituencies. Quite often, on contentious regulations, all parties have concerns and want to ask questions. A member who is limited to a 20-minute debate on a disallowance motion is lucky to get two, or maybe five, minutes to raise their concerns. They probably will not get a full answer from the minister—there is not enough time to give it—and it has to go to a vote. More than likely, it is brought on on the last day for debate for that disallowance motion. It is not the level of scrutiny that this place normally gives primary legislation. It is not the level of scrutiny that a house of review should be carrying out for something as serious as a tax increase. A tax increase should be getting more scrutiny than anything else in this place. Really, we are talking about imposing a cost—taking money from hardworking people for what is, perhaps justifiably, a good environmental cause. Perhaps it is a good idea to implement this scheme. There are certainly arguments for it. If it is true that the benefits outweigh the cost, fantastic—let us go. But if we are going to impose a tax on Western Australians, as their elected representatives we have an obligation, a duty, to scrutinise what that tax will be. What will the rate of the levy be? What will the operating costs be? We should not be deferring this and leaving it up to regulations. It will be lucky if anybody even notices when the regulations are tabled. How many times are regulations placed on the table and members are not paying attention or do not get a chance to read them? I do not read everything that goes into the *Government Gazette*—I simply do not have the time, given the volume of local laws and myriad regulations that are tabled. The *Government Gazette* is a horrible thing for a layperson to try to read. It is incredibly hard to get your head around how that works and to look up gazetted regulations. This skeletal framework will be put in place for a tax increase and a rather complex scheme, which will involve keeping track of every container returned, trying to determine and match it up with its supplier and then organising this logistical black hole network across an enormous state, the biggest state in the Federation and one of the biggest jurisdictions in the world. I think we might be the second or third largest jurisdiction in the world—we are up there. It is a very, very large jurisdiction. Trying to organise an immense logistical network that will be figured out in regulations—"Don't worry about it; just pass the thing so the government can figure it out. We'll get the scheme operator to figure it out"—is a very, very dangerous precedent.

The Standing Committee on Legislation looks at bills on a regular basis. Bills are referred from the Legislative Council to the Standing Committee on Legislation and one of the things it looks at is whether the bill is skeletal. Does the bill merely put in place heads of power and leave all the detail up to subsidiary legislation? That is a criticism made by the Standing Committee on Legislation on, I think, a fairly regular basis. I would have thought that clauses that leave too much up to regs are a constant bugbear of that committee, yet here we are being asked to vote on a bill of just that nature. It is not just the skeletal nature of the bill either; I would say it is the complexity of the scheme that I still do not fully understand. Perhaps that is my fault; I am no expert on waste management. But I ask anyone who wants to criticise me for not fully understanding the scheme whether they fully and intimately understand the scheme. Does anybody really understand this scheme intimately? Has anyone actually read this bill from start to end? Has anyone read the regulatory impact statement from start to end? Because if they have not, they are in the same boat as me and should not be voting for this. Unless members fully understand all the implications and consequences of the scheme, they should not be supporting it. If members cannot say honestly that they have read this bill from start to finish, we should be deferring debate on it to a later time. There may be two or three speakers after me—maybe that is it. We may resolve this debate tonight—who knows? We may be in Committee of the Whole by the end of the night; I do not know. But unless members can say confidently that they understand intimately the impact of this legislation, they should not be supporting it. To say that we can scrutinise the regulations later is not sufficient; they will not get the same level of scrutiny that primary legislation does.

This is also with the experience of other jurisdictions. The impetus for this is that there is a litter problem, there is pollution, containers are ending up in the ocean and hurting the sea critters, there is a cost on local government and we have to do something. Other jurisdictions have already led in that regard. That may be the case, but the lesson from other jurisdictions is that it is never quite as smooth as they thought it would be and costs more than they thought. The recycling rates do not increase quite as much. I read from an article in *The Australian*, again by Anthony Klan, titled "NSW recycle deposit scheme fails to hit customer target", which states —

> The NSW government's anti-litter can and bottle deposit scheme has collected less than a third of containers expected in its first three months, with the program hitting less than 10 per cent of its target during the first month of operations.
>
> Under the government's Return and Earn scheme, 120.4 million bottles and cans were dropped off at "collection points" between December and February, just 28 per cent of the 428 million containers forecast.

I know that we are not implementing the same scheme as that of New South Wales. It has a different model with an almost reliance on reverse vending machines. One of the biggest criticisms of that scheme is that shop owners have unsightly, big reverse vending machines in car parks. They are difficult to operate and there are long lines waiting at them because people stockpile containers to return them when there are enough of them to make a decent amount of money. We are steering away from some of the aspects of the New South Wales scheme; we are not following New South Wales' lead on this one completely. But that begs the question: if this is the experience of New South Wales and we are following a different route, how do we know our model will be effective, especially when most of it will be left up to regulations? Our scheme will not be the same as the New South Wales scheme. Okay; what will it be? We do not really know yet—not exactly. We have an idea, the general outline, but we do not know all the finer details. Yes, we can learn from other jurisdictions, but we do not know exactly what we will be doing differently. We will do something differently but we are not sure exactly what it will be. The same article from *The Australian* continues —

> The NSW government has suggested those waste companies will share those windfalls with the councils, but Minister for Environment Gabrielle Upton and the NSW Environment Protection Authority declined to comment when asked to explain how such a system would work.

This goes to something I raised earlier. How will the scheme work with local government? The partnership of the scheme operator with local governments sounds like a good one, but how will it actually function? Will local governments be paid for containers that they would have recycled anyway? Given that there is already an economic incentive for local governments to recycle, does it make economic sense to pay them again through a levy on consumers?

Hon Colin Holt: And pay them more.

Hon AARON STONEHOUSE: Yes, we could pay them more. But is that the intention and does that make economic sense? These are the questions that, again, I do not think the primary legislation addresses. These are things that will probably be worked out in the regulations when the scheme operator proposes a network. We do not know what the scheme will look like. Perhaps that is a little confusing. We do not know what the network will look like. We have a rough idea of the overall structure of the scheme, but what will the network actually be like? Outsourcing to an extent the creation of the network to a non-profit organisation sounds like a pretty good idea, but the network operator or scheme operator will determine what the operating costs will be, which will then be passed on to suppliers and, in turn, on to consumers, and that should concern us all.

Not fully understanding the more technical detail of how the network and the scheme will operate, I feel that there is only one responsible thing to do; that is—aside from my ideological opposition to such a scheme—we should give this scheme and these two bills the level of scrutiny that they deserve. If we are going to give the government the power to levy a tax that will be done through regulation at a later time, this deserves a level of scrutiny that I think this house at this time cannot give. My suspicion is that few members have fully read and understood the legislation or have fully read and understood the supporting documents, such as the regulatory impact statement, and probably have a very superficial view of how similar schemes operate in South Australia and New South Wales. Given that, I think we need an opportunity for the members of the Legislative Council to hear from experts on these schemes in other jurisdictions. I am sure that the Minister for Environment and his department have done their due diligence and a lot of research around this, but members of this chamber need to fully understand what they are doing and what powers they are giving the government in creating this network and levying the tax.

I raised a few concerns earlier. I raised a concern about small retailers that import speciality or niche containers, soft drinks from their home country—for example, for migrant communities. How will this scheme impact upon them? Are we going to fine the owner of a South African deli for selling a can of Irn-Bru they did not put the appropriate sticker on? Do we want to go down that path? Obviously, protecting the environment is an important goal and those who create externalities, as opposed to third parties, should pay for them. I absolutely agree that if someone is polluting, they should bear the cost of that pollution and pay for the clean-up, but how far are we willing to go with compliance? Are we willing to fine small business owners for failure to put a sticker on or register a container? How will we ensure compliance with that? Are we going to have agents of the Department of Water and Environmental Regulation going to every retail store to ensure that they got their containers from a responsible supplier and that those containers are registered and have the appropriate stickers? I feel these questions need to be answered. Maybe the minister can give us an answer in his reply to the second reading debate. Maybe answers to these kinds of questions would be better sought through a committee that can call forward witnesses and hear testimony from the beverage industry, importers, suppliers and perhaps professional testimony from regulators of the beverage industry in other jurisdictions where schemes like this have already been implemented to hear about their experiences. Perhaps that would be for the benefit of not the government, which I am sure is absolutely certain of every detail of this scheme, but of the loyal opposition, for members of the crossbench, the Greens and One Nation, to fully understand and appreciate the consequences of what we are doing today, especially when it comes to depriving members of this state of their hard-earned money.

Discharge of Order and Referral to Standing Committee on Legislation — Motion

HON AARON STONEHOUSE (South Metropolitan) [5.52 pm] — without notice: With that, Mr Acting President, I move —

(1) That the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill 2018 and the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill (No. 2) 2018 be discharged and referred to the Standing Committee on Legislation for consideration and report no later than Tuesday, 17 September 2019; and

(2) the committee has the power to inquire into and report on the policy of the bills.

I will briefly address the motion while that document is circulated around the chamber. This is not new; we have done this before. We have referred legislation to the Standing Committee on Legislation in the past. It normally has been based members' concerns that legislation may be rather complex and that the full impact of that legislation is not fully understood. That was certainly the case the first time I did this with the no body, no parole legislation. If members recall, I moved a motion to refer the no body, no parole legislation to the Standing Committee on Legislation. At the time, the government roundly condemned that motion. In fact, at the time, the Attorney General used some very colourful language to condemn the Liberal and National Parties for my motion. I have no idea why he condemned the Liberal and National Parties for my motion.

Hon Simon O'Brien: You're right; you should've been condemned.

Hon AARON STONEHOUSE: Exactly, I should have been condemned. I put in so much hard work and the Attorney General failed to condemn me.

At the time, the Attorney General used very flippant language. He accused supporters of the motion of being in league with murderers. It is a horrible, horrible accusation to make, and of course not true at all. Ultimately, most members of this chamber indicated that they would support a no body, no parole framework; we merely had concerns about the implications of that new framework. I raised concerns about unintended consequences that were perhaps not fully understood at that time. Ultimately, the Standing Committee on Legislation looked at the bill and broke it down piece by piece, heard expert testimony, looked at experience in other jurisdictions and produced a report. The committee's report made several recommendations and some findings, including addressing my concern about unintended consequences. It addressed concerns that innocent people incarcerated

may have no opportunity for parole because they cannot cooperate with police to locate the body of a deceased person. The committee assuaged my concerns by pointing out that at the time a person is incarcerated, as far as the law is concerned, the assumption is that they are already guilty, and that to use parole as a way to get a not guilty person out of jail is a false premise because the Prisoners Review Board's assumption is that they are already guilty and the law has already determined that at that time.

It is good that the committee addressed my concern about unintended consequences—fantastic—but it also made a couple of recommendations that enhanced the bill. It made a recommendation that homicide should be included in murder-related charges to make somebody fall under the no body, no parole provisions. As most members probably know by now, many times a person who is suspected of committing a murder is convicted of the lesser charge of homicide. My understanding is that it is harder to prove the intent, or mens rea, required for a murder conviction and homicide is the lesser charge.

The ACTING PRESIDENT: Honourable member, before you continue, I make the point that when you moved your motion, you then limited the time frame you have available to debate it. It is at the largesse of the Chair, and you no longer have unlimited time. I suggest that you plan to speak for a couple more minutes potentially, but you will not necessarily have the capacity to come back after the dinner suspension and continue to debate the motion.

Hon AARON STONEHOUSE: Thank you, Mr Acting President, I was just wrapping up.

The ACTING PRESIDENT: Excellent.

Hon AARON STONEHOUSE: The recommendation that homicide-related charges be included enhanced the bill and addressed an aspect of the bill that had been overlooked.

Point of Order

Hon COLIN HOLT: I seek clarification on what the Acting President just said. Are we now debating the motion to refer the bill to a committee?

The ACTING PRESIDENT (Hon Dr Steve Thomas): Yes.

Hon COLIN HOLT: It is a time-limited debate. What is it?

The ACTING PRESIDENT: The advice I am given is that the member is in the act of moving the motion and there is some largesse on behalf of the President or Acting President to allow some debate following the moving of the motion, but it is limited, and I was simply applying those limits.

Debate Resumed

Hon AARON STONEHOUSE: I suppose we can see the difficulty we fall into when boundaries are perhaps not clear or rules are not clearly set out, such as with the Waste Avoidance and Resource Recovery Amendment Bills we are debating today.

The point I was closing in on is that the referral of the no body, no parole bill to the Standing Committee on Legislation came back with recommendations that were ultimately adopted by the government. These recommendations enhanced the bill and made the bill address the government's concerns at that time that people who had killed another person, whether it was a murder or a homicide conviction, would not be eligible for parole unless they cooperated or were shown to be cooperating with police to locate the remains of their victims. That enhanced the bill; it made for a better and more coherent bill that addressed the government's policy despite the fact that the government opposed the referral in the first place. The government opposed the referral to the committee. The bill was referred and it came back with recommendations that made the bill better, and the government adopted those recommendations. We are doing the same thing with this legislation. The government will say that it does not want to refer this bill to the committee, because it has to be dealt with urgently. Whether we deal with this legislation now or in six months, it will make no tangible difference to the environment in any sort of measurable way, but it will help members understand fully what they are voting for and will implement. It is quite possible that the committee will come back with recommendations that will enhance the scheme and make it more effective in reducing litter and increasing recycling, but let us at least have the opportunity to properly scrutinise the legislation to fully understand what we are voting on today rather than deferring decisions about tax increases to subsidiary legislation.

Sitting suspended from 6.00 to 7.30 pm

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment) [7.32 pm]: I indicate that the government will not support Hon Aaron Stonehouse's motion. He made an expansive contribution on the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill 2018 and the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill (No. 2) 2018 and also on his motion and it became

fairly apparent that he has an ideological opposition to a container deposit scheme in Western Australia. Frankly, I do not see any change happening to that. Knowing that the member does not support the bills, this seems to be a bit of a stunt to send the bills to a committee, and he would not support the bills when they came back even if they were referred to the committee.

There is no denying that the time has come for a container deposit scheme in Western Australia. When we surveyed the community on the scheme, we had a 97.1 per cent support rate. Of the 3 200-odd surveys that were completed, over 97 per cent of the responses indicated support for a container deposit scheme in this state. This legislation can be compared with the legislation in New South Wales and Queensland, except that we have learnt from both those schemes. We recognise that it is a challenging space. The major parties—the government, the Liberal Party and, indeed, the National Party, which has had its policy on a container deposit since its conference in 2013—support this scheme. It is a significant change that is demanded of us by the community. Because we are late to the process, we have been able to learn from the New South Wales and Queensland schemes, which have been in operation for over a year and for a number of months respectively. We have designed our scheme. We have an advisory group in place that includes representatives of the Australian Food and Grocery Council, the Western Australian Local Government Association, the Western Australian Hotels Association, the Australian Beverages Council, the Waste Management and Resource Recovery Association of Australia, conservation groups, the Liquor Stores Association of WA, the National Association of Charitable Recycling Organisations, the Boomerang Alliance and some others. They helped design the scheme from the outset. We are very conscious to ensure that the scheme in operation in Western Australia is the best, but also has the support of the various stakeholders that will be impacted by it. We also established a number of technical working groups that delved into the detail to make sure that groups like small brewers had their voice heard at the table and that their concerns were addressed. Retailers associations and a range of people helped design the scheme and those groups will help us design the regulations that are decided upon.

Hon Aaron Stonehouse suggested that the legislation is skeletal. I disagree with the member. At over 63 pages, the legislation is not. The legislation provides heads of power and the regulations will have a number of the details. The reason that some of the details of the scheme will be in regulations is that key stakeholders asked us to do it that way to make sure that we learnt from the experience in New South Wales and Queensland and that we could be dynamic to change over time, recognising that the scheme will change. Recycling rates will get better or be different or we will recycle more or national legislation will change. As the environment ministers agreed at a recent meeting, we will get tougher in this space, we will want to recycle more and we will want to increase targets. By ensuring that things like performance targets are in the regulations, we can be nimble. I assure members in this place that the regulations will be developed in consultation with the CDS advisory group and that the issues that it raises will be aired at a further time in this place.

Essentially, we need to get through the legislation before us. We are keen to get this scheme in operation in early 2020. If we were to refer the bills to a committee, quite frankly, I know the committee's recommendations would not change Hon Aaron Stonehouse's mind. Many of us have lived through talk of a container deposit scheme for a very long time. It is time to get on with it.

Hon Martin Aldridge: Nine and a half months.

Hon STEPHEN DAWSON: Nine and a half months. We want to create this properly. Members have raised issues about ensuring that regional Western Australians and regional communities can benefit from the scheme. We need to get a scheme coordinator in place so that we can tackle those issues over a period. I think it will probably take up to 12 months to make sure that we get it right, that it works for regional Western Australians and for industry and that we have the best scheme in operation in Western Australia. With those comments, I indicate again that we will not support this referral motion. I urge members of the house to vote accordingly.

HON ROBIN CHAPPLE (Mining and Pastoral) [7.37 pm]: The Greens, unfortunately, will not support this motion. I know that Hon Aaron Stonehouse spoke with a great deal of passion about the referral of the bills to the committee. It is something that we will not contemplate.

HON COLIN HOLT (South West) [7.38 pm]: The Nationals WA, unfortunately, will not support the referral motion either. I have a great deal of sympathy for what Hon Aaron Stonehouse has said. The job of this house is obviously to scrutinise legislation as best we can to improve legislation and to deliver on the policy outcome as outlined by the government. The referral motion specifically refers to the policy of the bill. I think the policy is well established. The community wants it. There is a large expectation by the community; it wants this legislation implemented. Like the member, I have asked many questions about the implementation, but sometimes that is the nature of enabling legislation in this place. We cannot design every part of legislation or subsidiary legislation and we need to try to garner some commitments from the government in response to the second reading debate or in Committee of the Whole House to clearly indicate to the house and the public of Western Australia exactly what

will be rolled out in regulations to deliver on that policy. I think this is one of those situations in which it is enabling legislation. We cannot get it all exactly right, but let us give the government and the minister the ability to implement the scheme, and at the same time try to get some commitments about all the issues we have raised. In a perfect world, it would be great for the minister to lay it all out on the table right here and now, to say exactly what it all means, but we do not have that. Sometimes—having served on both sides of this house—we need that ability to go back, implement, and do subsidiary legislation. I take the point Hon Aaron Stonehouse made about the no body, no parole legislation. In the not-too-distant future we will be talking about the sale of the TAB, and that will be enabling legislation with no guarantees except the ability to sell the licence. Although I would really like the legislation to preserve the benefits for racing in Western Australia and regional Western Australia, again, that is going to be through enabling legislation and we will need commitments from the government, but with the faith of enabling legislation so that it can move ahead. That is one of these situations now. With those words, we will not support the referral motion.

HON DR STEVE THOMAS (South West) [7.41 pm]: The Liberal Party will also not be supporting the motion before the house to send this bill to a committee. I also have a great degree of sympathy with the statements of Hon Aaron Stonehouse that this is a skeleton bill that will have to be fleshed out through regulation; he is absolutely correct, although that is not unusual. It is neither unusual for us to peruse those sets of regulations nor unknown for us to disallow them if we do not think that they are adequate. From my perspective, the fact that it has been raised and debated in the chamber means that we will be watching very carefully the set of regulations that will go forward. Our constituencies expect us to do exactly that. A lot of regulations will come from this that we will have questions about. I would expect the minister, as he has provided briefings in this skeletal legislative component, to also provide adequate briefings when the regulations come down, and I am sure that he will give an undertaking that that will be the case. If they are inadequate, insufficient or not up to scratch, I am sure that Hon Colin Holt and I would join the member in a disallowance motion. The government is on notice merely by us having the debate. The things that the member raised are really questions about the functioning of a system that is yet to be designed, and he is absolutely right that much is still yet to come. It is a difficult but not an unknown way to legislate and we will have to make sure that all of us are on the job that we are expected to do, to make sure the regulations are up to scratch. It will be, in a lot of cases, like it is in all those other jurisdictions, something of a suck-it-and-see process. We do not know at this point what all those outcomes are going to look like, the total cost of this scheme in Western Australia or all the efficiencies. The member is quite right to raise the tyranny of distance and efficiencies as question marks, because they do exist. I said in my second reading address that there will be places where a container deposit scheme is quite quixotic. Basically, there will be places where it will be ideological rather than practical, but we accept that as a part of this process, and for that reason the Liberal Party is willing to, if it is a bad set of regulations, give the government enough rope to hang itself with. The pressure will be on the government to make sure that it does the job properly. I undertake, as I am sure Hon Colin Holt and Hon Aaron Stonehouse will, to scrutinise the regulations in some detail. For those reasons, we will not be supporting the motion before the house.

Question put and negatived.

Second Reading Resumed

HON COLIN TINCKNELL (South West) [7.45 pm]: I thank all honourable members for their contributions today to the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill 2018 and the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill (No. 2) 2018. It has been a very good debate, starting from Hon Dr Steve Thomas to Hon Colin Holt, Hon Robin Chapple and, of course, the more recent contribution from Hon Aaron Stonehouse. They brought up some very important points and if people have lived as long as I have—when I was younger there used to be a deposit scheme—they would probably say, "At last! Thank God, we have a scheme being planned." I have not heard anyone in this house at this stage have a go at the ultimate outcome of the scheme, which is to clean up our streets, oceans and country and help with waste reduction around the world. All people are in agreeance with that. I was one of those kids Hon Dr Steve Thomas talked about, who used to go to football matches and collect all the bottles, tins and cans—you name it—and take them to the local Claremont pub bottle shop where they would give me a refund. That virtually doubled my finances. Dad was a carpenter and mum was a nurse, so we did not have a lot of money and my pocket money was a very small amount. I lived in Claremont and all my mates used to get about 10 times more than me, so I supplemented my income by collecting bottles and taking them to the Claremont pub. That was from about seven or eight years old through to about 12 or 13 years old. It has irked me all these years why South Australia has a scheme and we got rid of ours, so this legislation makes a lot of sense. We have seen what waste has done to the oceans. In those days, plastic bottles were not around, but now we know the evils of plastic. A lot has happened since those days. I commend South Australia in keeping its scheme going.

We know that New South Wales, and more recently Queensland, have schemes, and that New South Wales had a lot of teething problems. Hon Aaron Stonehouse's motion was very wise. It made us really look at all aspects of this legislation and ask: How do we really know? How do we back this? How do we vote for this? We all want a container deposit scheme, but we do not know all the details. It was a worthwhile motion and I commend him for that. We have heard that specialist suppliers will have some issues because they are small businesses and the costs may be restrictive for them. We have heard that the collection points will be very important, especially in a state the size of WA and the difficulty that comes with that. The registration of these containers is an important issue. Can small businesses afford the extra impost?

There are many questions. I still ask why we do not have a bit more information. I do not accept that that is the way it was done in the past; it does not make it right. They are the things I am looking at. A shift of attitude is needed in the minds of Western Australians. They may vote for something but it is another thing to make them act and pick up cans and bottles, and put them into containers. Saying they are going to do it is one thing but doing it is another. We know of many schemes in Australia that have gone wrong. I hope this scheme goes really well—I am sure we all do. It will require a shift in attitude, because we can drive along any regional road in Western Australia and see bottles and cans on the side of the road. We do not have a good record in looking after our litter.

In the old days, we used to put out milk bottles. As I said, we turned in soft-drink bottles. We did not even have plastic bags in those days. In so many ways, we were more environmentally conscious in the 1950s and 1960s than we are now. Over the years, we have looked at everything as a convenience and all the problems have come from that convenience, which we are retreating from with plastic bag bans and schemes like this. I am also glad that we will be offering an incentive to younger people and other people to do the right thing, as well as punishing people who do the wrong thing. I love the idea of incentives for people who do the right thing. I think that is a very positive approach and I commend the people who have planned this scheme and that aspect.

The minister mentioned that the government has taken its time and looked at other schemes and that it has learnt a lot from that. I hope that is the case. I think it is important that we learn from the unintended consequences of the scheme in New South Wales and what it has been through. New South Wales did not do the proper consultation and planning and it paid a price for that. I can only take the minister at his word that that is what the department has done and that this is a well-planned scheme. I am glad to hear that the minister will consult widely with the industry on this. In the future, if any of these containers end up in landfill, we know that people will stop recycling. People are very disappointed with recycling. Over the years, every one of us has wanted recycling to work, but it has not happened for a lot of commercial reasons. We heard from Hon Dr Steve Thomas about the Chinese. If, in the long term, these containers end up in landfill, we will find that Western Australians will lose interest in the scheme.

Hon Colin Holt: It's not allowed.

Hon COLIN TINCKNELL: Yes, but schemes change when they do not work. That is what I am saying. We have had schemes in the past that have not worked. I am really hopeful that this scheme will work, because the minute the public sees that it has not worked, it will be gone; it will crash very quickly.

Of course, we have talked about the cost to small businesses. Obviously, the bigger businesses can handle this and they have teams of people who can put the scheme into place. Will there be costs to the government in the future that we were not planning on? Will taxpayers have to fork out more money in the future to keep this scheme going? They will if the scheme is successful. Of course, there are also the consumers. If the cost on industry is too much, that will go back to the consumers and the cost of products will go up. These are good bills. We want the scheme to do well. We will support the bills. I thank all the other members who have made a contribution. I am very interested to hear what the Minister for Environment has to say. It has been a good debate. I am looking for some answers from the minister; most of those questions were asked by previous speakers so I thank them.

HON SIMON O'BRIEN (South Metropolitan) [7.55 pm]: My colleague Hon Dr Steve Thomas has already indicated that we will be supporting the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill 2018 and the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill (No. 2) 2018. The government has campaigned on it and everyone is in furious agreement that it is a very positive thing that we need. Surveys have been done that obtained the results that the Minister for Environment read out—110 per cent of people think this is a terrific idea and so on.

I want to offer some assistance to the minister as he wrestles with what will very quickly become something of a tiger he will find he has by the tail. This is the sort of policy that is very easy to adopt in sentiment but, when it comes down to delivering, the minister will find it is very difficult indeed. I would like the minister to contemplate several questions, which I will come to in a moment. I do not know whether we have the answers to all these questions yet, but it is imperative that the minister gets a good handle on them before we embark on a particular course.

To set the scene, many years ago in another life, in the early 1980s, I was a customs officer in the north west. It was back in the day when the Australian Customs Service had a very wide range of duties to perform. I think we administered 49 different bits of legislation in whole or in part. Of course, in an out port, a person had to be a jack of all trades and do a bit of everything. These days, it is called the Australian Border Force and it has a narrower field of activity. Back then, not only did we have the border functions in the out port that I was involved in, where we had a long-range, ocean-going patrol vessel and a long-range surveillance aircraft, but also I was a part-time radar operator, of all things. We also had an international airport, which met once a week or when there were itinerant flights. We had lots of ships and we also had some other functions that were directly to do with containers. Containers are what these bills are about. Putting aside all our petroleum and other functions, we had to perform a range of excise duties with licensed warehouses back in the day. As I said, customs is not doing this anymore; it has been replaced by GST, tax office functions and so on. Things have moved on, but back in the early 1980s, we had licensed warehouses in the place where I was located. One day, I was dispatched to do a bond store check on the amount of beer that a particular bond store had in its warehouse. I will ask the minister a series of questions shortly about the number of containers we are contemplating will be captured by this scheme, but let me give members some feel for the number of beverage containers. I am sure there are members in this place who live very sheltered and abstemious lives, but they may be aware that there is a thing called a carton of beer. There is a certain number of cans of beer in a carton—typically, it is 24. These days, there is also something called the block, which has 30 beers, but that is a far more advanced speech I will give members on another occasion. I will go with the basic slab of 24 cans in a carton. In the north west at the time, there was also a bottle half the size of a long brown, called a stubby. These are not extinct either. They can still be found. They come in cases of 24 as well. Maybe a couple of these have come to members' knowledge over the years, but when we come to bulk quantities, beer tends to be shipped on things called pallets, which are basically wooden frames. As much as possible is stacked on the pallet. Does the minister know how many cartons of stubbies make up a pallet?

Hon Stephen Dawson: I don't have that information at hand.

Hon SIMON O'BRIEN: I will give it to the minister because I am here to help. It is 70 cartons of stubbies or 100 cartons of cans that make up a pallet. This was the case in 1983 or 1984 anyway; construction may have changed a bit. That is a substantial amount of beer. In the north west town in which I lived, that would have been a week's supply for some of my colleagues at the time!

Anyway, I went down to this warehouse. It was a big old corrugated iron place—an enormous thing that had been there for 100 years. I forget the exact number of beer cartons I was expecting to see in that bond store—it does not matter—but I think it was about 1 963 assorted cartons of stubbies and cans. As the huge sliding iron door was rolled back by the chap I was with, who was in charge of the bond store, I expected to see 1 963 cartons of beer on umpteen different pallets. I expected a virtual Aladdin's cave to open up in that vast warehouse in front of us, but there was a vast yawning space and over in the corner was a single pallet with seven cartons on it. I was the customs officer and he was the bond store proprietor. I said to him, "I was expecting to see a little more than this", and he said quite disingenuously, "Oh! Hasn't that paperwork come through to you yet?" I said, "I imagine it is probably back at the office by now, is it?" He said, "I'm sure it is." I said, "I won't be back at the office for another 10 minutes", and, lo and behold, when I got back to the office, there was a heck of a lot of paper and a very large cheque to catch up. This was the way a lot of business was done in the north west in the 1980s and these are the unexpected things I would sometimes encounter. I am sure the minister will also encounter unexpected territory in connection with beverage containers and, if he has expected it, perhaps he can tell us how he is going to deal with it. I wonder how many containers of all types this legislation is likely to capture. What sort of containers are they likely to be? Are they likely to be aluminium cans? Are they likely to be substantial glass containers, substantial plastic containers, flimsy glass containers, cardboard and so on? I do not know whether that has been assessed or whether it is capable of being assessed. I imagine that could be done through industry sources, but I would be interested to find out the scale of the job we are talking about. I am sure some of that research has been done.

What I would also like to know, if I may—I think Hon Dr Steve Thomas alluded to at least some of this—is the percentage of containers that are currently being disposed of by being recycled. Everyone is very enthusiastic about a container deposit scheme because it will reduce litter and encourage recycling, but I would like to know how much of various categories of containers are already being recycled. I would also like to know, if the government knows, what percentage of containers as defined in this bill is currently being disposed of by going to landfill. I think that would be worth knowing as well, in part to know how we are going to measure our success. In making this observation, I think most members will get the point that I am making. There are also many other types of litter about our landscape. What is to happen to all that? I am not being critical of the bill for not capturing empty crisp packets, for example. I am not saying that at all, but I am saying that the overall litter problem, the waste management problem, has a lot more aspects to it than just beverage containers. There are lots of other containers—all those plastics and so on. What should we be doing about all that?

I genuinely want to see a better outcome here, but I want to the canvass one other aspect of this. I think a lot of people are just saying, "It's a great idea to have a container deposit scheme", but they are not able to envisage what it will mean to them and to everyone else. I think there may be some consequences, and we may have to say to some people in due course that sometimes they have to be a bit careful about what they wish for, because the reality may turn out to be rather different from what they thought. We have already heard a number of nostalgic stories from members about the old days when there were deposits of soft drink and beer bottles. I remind members that milk bottles were also retrieved, washed and refilled. That was done not because there was some law prescribing it—not that I am aware of anyway—but because it was the practice of the producer of the drink, whether it was the dairy company with milk bottles, which had other aspects of regulation around them, or soft-drink manufacturers and breweries. Back then, of course, there was one major brewery outfit here in Western Australia, and that was it. It had deposits built into its bottle costs. Depending on whom we listen to in this debate, some say that a halfpenny was the deposit on a beer bottle. That is going back a bit before my time. I turned six in 1966, so the halfpenny for an empty beer bottle was a little before my time. I think it was a couple of cents by the time I obtained my majority. Of course, it was also a heavily regulated area, and bottle-ohs who retrieved the bottles and acted as the conduit to make sure they were collected and taken back to the brewery did so as a real business. Indeed, they had to be licensed, and if a person was not, bottle-ohs would get really snarly if they thought someone was taking their bottles and doing something else with them.

Of course, Coca-Cola, by way of one example, and Cottee's, by way of another, also had deposit schemes on their bottles. Why did they do it? It was because they wanted their bottles back. It was part of their business model that people would gather up the empty bottles in good condition—not broken or cracked—and bring them back to some sort of collection point, which was typically the retailer, delicatessen or wherever it might be, which would be happy to take them and give some money for them. In my time as a kid, as others have reminisced, I remember for smaller drink bottles, whether a Coca-Cola bottle or a Cottee's soft drink bottle, I would get 1¢ or 2¢, whereas, of course, a big bottle of soft drink could garner me 5¢, which was a lot more impressive then than it is now.

Hon Martin Pritchard: The wine flagons were 20¢ per bottle. They were the ones you would look for.

Hon SIMON O'BRIEN: I did not know that.

Hon Dr Sally Talbot: You wish you had, though?

Hon SIMON O'BRIEN: I do not think I ever encountered a wine flagon.

Several members interjected.

Hon SIMON O'BRIEN: I am not casting aspersions. I was using terms such as "cool drink" and other nostalgic terms we used to have for soft drink in Western Australia. Heck, I might even mention Passiona.

Hon Alison Xamon: I love Passiona!

Hon SIMON O'BRIEN: Yes, I still do. It came in little bottles that kids could get from the school canteen. There was a 1¢ or 2¢ deposit on it, so when they took the bottle back, they got 1¢ or 2¢. I am sure that some members who are older than me could bore us for hours about how they could get many different sorts of lollies for 2¢ back in those days, but I do not want to get on to the lollies.

Hon Dr Steve Thomas: You used to get multiple lollies for 1¢.

Hon SIMON O'BRIEN: You did, indeed.

I seem to have teased a dragon out of its den. I know that the minister wants to get to the Committee of the Whole House stage, so I will not allow it to come out any further except to say that for Cottee's, for example, it was part of its business model. It worked for Cottee's to have a price that included a deposit and made allowance for all the administrative and logistical costs of getting those bottles not only delivered to the retailer in the first place, but also back to the factory at the end of the day, rehabilitated by washing or any other processes they had to go through—sterilisation and so on—and then refilled, having paid kids 2¢ a piece along the way for bringing them back. That is how it worked for Cottee's then. That does not seem to happen anymore, because the business model has changed. When people get all misty-eyed about bottle deposit schemes, they need to understand that we are not talking about the bottle deposit schemes of yesteryear—the 2¢ worth of lollies, which was about a bagful, and all the rest of it. This will be something quite different, and we do not as yet know the full scale of it and how much it will cost. We have heard a lot of reference to a 10¢ refund being applied. That sounds to me like a rather round figure that has been plucked out of the air. Could the minister give us the benefit of his advice about how that figure has been arrived at? Is it a very likely figure that we are going to see? Will it apply to all containers or, as we used to have with different sizes of soft-drink bottle in days of yore, will we see different amounts for different containers? I would suggest that we will need to. I cannot imagine, given questions of weight, mass, fragility, proneness to disintegration and all these matters, that one size would fit all. I know that we are largely

talking about products being recovered in order to be destroyed—hopefully as part of a recycling process. We are not talking about a re-using process; nonetheless, the cost of transport, collection, storage, treatment and all the rest of it would not, I respectfully suggest, be the same for all types of product. Members should think of the differences, for instance, in weight between glass bottles, very thin plastic bottles and cardboard cartons. Is the 10¢ refund just a working figure that may end up quite different? Will we have 5¢, 10¢ and 20¢ refunds? It seems to me that if the refund for a milk carton was 10¢, it would be quite incongruous to give Hon Martin Pritchard only 10¢ when he comes in with armfuls of empty flagons most mornings. To me, that just does not add up. I do not know whether that has been thought through, but if it has, what is the answer?

Hon Colin Tincknell: Honourable member, Schweppes bottles were double the price.

Hon SIMON O'BRIEN: They were good value—and good mixers!

That leads me to the next question, which does not seem to be at all clear at the moment: how much deposit will people pay up-front? I am not sure whether that has been arrived at, but if the minister can let us know the government's broad intentions, that would be very helpful in providing some detail that might assist those members who supported the recent unsuccessful motion to refer this bill to committee. I think in some ways this system may be unpopular, but one thing I know is that this system will be popular with people who make money from it—that is, by gathering up containers and going back and getting refunds. I am not sure how that will occur in practice. I cannot see it happening through every retail outlet, though perhaps that is what is anticipated. The question of collection points is obviously one that the government will have contemplated seriously. If the minister could tell us a bit more about that for the record, that would be particularly helpful. We will need to facilitate the easy return of these items that might otherwise become litter or landfill.

What problems does the minister think the attractiveness of a 10¢ refund might produce? Everyone thinks it is a great idea. Does that mean people will be able to take a single container back to a single point and get 10¢ worth of lollies? That is a happy memory for a lot of members here. How will that work and what are the downsides? Will we have too few collection points, so that people will be gathered in long queues trying to get different categories of containers sorted and assessed individually—weighed and all the other processes that will have to be gone through? It strikes me that it will be a very labour-intensive process. It is with that in mind that I earlier asked how much the up-front cost will be. If anyone thinks that it will be only a few cents more than the 10¢ refund, I would be very surprised if that is the final outcome. If the minister could contemplate those questions, I am sure other members, as well as myself, would appreciate it.

I will close on this point. What about the question of ownership of containers as defined in these bills? At the moment, not too many people crush aluminium cans and take them back to scrap recyclers. It is just not worth it. I think a lot of households are increasingly far more conscientious about disposing of recyclables in a way that they can be recycled. At this stage, people put them in their recycling bins and do not care. A truck can come along and empty their bin with an enormous great crash and rattle as bottles, cans and flagons all go into the recycling bin and everyone waves bye-bye. But if money is involved for every one of those containers, I see a different dynamic happening. Will we end up with people going around houses to rifle through people's bins to see whether they can take containers out of them? I do not know whether that question has been seriously contemplated by the government, but, if not, it needs to be. I certainly do not want to see the sort of problems that we could have in residential areas if people go onto other people's property, rifle through their bins and, in effect, steal from them. We know the potential altercations that could occur and the security risk that would pose to people's homes, pets and families. I would hate to see our society having a problem such as the one I have asked members to contemplate just now. There are a few questions there for the minister, on which I would appreciate his guidance.

There is too much more to these bills to get down into the detail. I do not propose to go any further during my second reading remarks. We will have to see what happens in due course. I have already raised enough serious concerns that I hope can be addressed. If not, I do not know what the government will do about it. It may find that it is creating more of a problem than it is fixing. We will all see what happens in due course. Hopefully, we will find that this scheme does not become some very expensive, overly bureaucratic and difficult exercise. We live in a time when life is meant to be getting easier for people. I am not sure I see that happening very often. The risk that this scheme will not make life easier but make it more expensive and difficult without achieving the outcome that it purports to achieve is something that concerns me. Nonetheless, this is the course that the government says it was elected on, so we will watch its progress with great interest.

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment) [8.21 pm] — in reply: I thank all those members who have made a contribution to the debate so far. Hon Dr Steve Thomas, thank you for indicating your support for the bill. Hon Colin Holt, thank you for your contribution and your support. I thank Hon Robin Chapple, who is busy elsewhere, for his support. I thank Hon Aaron Stonehouse for his contribution

and for getting some debate going in this place. I thank Hon Colin Tincknell for his contribution and his support of the bill. I also thank Hon Simon O'Brien for his contribution and the questions he has posed.

It is very pleasing that we have broad support for the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill 2018 and the Waste Avoidance and Resource Recovery Amendment (Container Deposit) Bill (No. 2) 2018. I touched on this earlier but it is worth remembering that this idea, this concept, has been around for a very long time. Hon Dr Steve Thomas pointed out that he was the shadow Minister for the Environment some 12 years ago. I was an adviser to the environment minister at the time. I started off in the environment minister's office in 2002. This issue was an issue then. It has been fought by various sectors of industry for a very long time. I applaud the fact that industry has been at the table in the design of this scheme. Perhaps it is because New South Wales, Queensland, the Northern Territory and the Australian Capital Territory have embarked on a container deposit scheme that people who were previously against it recognise that there is benefit in having the scheme.

Hon Donna Faragher made the point when she made a contribution during a debate a couple of weeks ago that the intention was to have a national scheme at one stage. Some of the states held out for that, but it did not happen. People waited for a very long time. It was regularly mentioned at environment ministers' meetings. Work was done.

Hon Donna Faragher: I sat through many of them.

Hon STEPHEN DAWSON: I bet Hon Donna Faragher did. A national scheme never happened. States did act alone and they went on with their own schemes in their own states. It is important to make the point that South Australia has been doing this for a very long time, albeit its scheme is not as advanced as the schemes in Queensland and New South Wales and, indeed, the one that we hope to pass this week.

We have made our scheme nationally consistent. In 2016, the then Liberal government announced that it would introduce a container deposit scheme in Western Australia, including a 10¢ deposit and a range of possibilities to return containers, whether to a reverse vending machine or to drop-off places. Those things that were key to the Liberal Party's policy are essentially what we have in the scheme before us. The detail had not been worked out by the previous government. As I mentioned earlier, we have designed this scheme with industry at the table to make sure that all the players are involved, and, partly from our perspective, recognising that a variety of views are held in this place. Government needs to get legislation passed and we need to have support from other parties. Having all the key players at the table during the design process phase has hopefully meant that there is universal support for it. It will essentially make for a better scheme once we know what all the other players think. We can potentially mitigate the pitfalls. Much of the debate has been focused on the issues that will be covered in the regulations, as members have pointed out. I will certainly try to address those concerns anyway to ensure that we have a full debate on this important issue.

As I mentioned earlier, in response to Hon Aaron Stonehouse's motion, the reason some of the details of the scheme are in regulations is based on feedback from those key stakeholders in industry, local government and community groups who have experience of the scheme in New South Wales and Queensland. The bill sets the broad framework for the scheme, but regulations will provide details of how the scheme is to operate. Again, that will be done in collaboration and conjunction with those key players to make sure that the regulations work for them. As I said, having the detail of the scheme in the regulations will allow aspects of the scheme that need to change over time to be changed more easily.

Hon Colin Holt and Hon Dr Steve Thomas raised some concerns about the cost of the scheme to consumers and government. The scheme is an extended producer responsibility scheme. The beverage industry will be required to pay 10¢ plus a handling fee to the scheme coordinator for each beverage container returned. Because the scheme operates in arrears, beverage suppliers are invoiced only for the containers returned rather than those that are sold. It is anticipated that, based on experience in other jurisdictions, the beverage industry could raise the cost of beverages sold in eligible containers by about 10¢.

New South Wales did a review of the price impacts. The draft report of the New South Wales Independent Pricing and Regulatory Tribunal, "NSW Container Deposit Scheme: Monitoring the impacts on container beverage prices and competition", showed that the overall average price increase due to the container deposit scheme was about 7.5¢ per container compared with the scheme cost of 9.2¢ per container. Obviously, there was no direct impact on the prices of wine and spirits. That report also showed that there was no evidence of a reduction in competition. It is also important to note that these costs include employment and other costs like those mentioned by Hon Colin Holt in his questions.

It was found that the price increases in the jurisdictions of Queensland and the ACT are in line with the 10¢ value of the refund, so there has been a 10¢ increase in those jurisdictions. The government is considering options for monitoring price impacts of the scheme. We are working through those details at the moment. If there is potentially

a government agency that may well monitor prices already, we might look at giving it a role in monitoring prices and moving forward to ensure that price gouging will not occur. That work continues. Given that other jurisdictions have confirmed that price increases are consistent with the 10¢ refund amount, consumers can choose whether to obtain a refund and avoid the additional costs.

In addition, the reduction in litter and increase in recycling will have benefits for the community. Hon Simon O'Brien spoke in his contribution about the fact that there is a broader litter issue in the community. One issue that is worse in Western Australia is the growing number of cigarette butts littered by members of the community. Keep Australia Beautiful WA, which is a statutory authority of government, is about to embark on a campaign about the littering of cigarette butts. Hon Simon O'Brien would be aware, too, that we have had conversations in this place about single-use plastic bags. That work is happening. We are about to start a dialogue with the community about other pieces of single-use plastic that we might talk about phasing out over time, again to stop that littering. Hon Robin Chapple talked in his contribution about some of the environmental or community groups involved in either litter collection and monitoring or beach clean-ups. It is a significant issue in Western Australia, as it is around the country. We are focused on reducing litter and increasing recycling. This will of course have benefits for the community, including reducing the cost to communities and local governments of addressing litter. These benefits are captured in the modelling undertaken as part of the 2018 consultation regulation impact statement, which Hon Aaron Stonehouse mentioned. It is estimated that this scheme will generate a net present value of about $153 million at a benefit-to-cost ratio of 1.37. I have a level of confidence that this scheme will be not only a boon for everyone who brings a can or container back to a collection point, but also a net benefit for the state—there will be a significant impact for all of us.

I am told that the experience in Queensland is that the administration cost for the scheme is about 6¢ per container. Hon Dr Steve Thomas and Hon Colin Holt in particular mentioned issues in relation to small beverage suppliers, but Hon Aaron Stonehouse touched on them too. I am pleased to say that we have been doing more at an early stage in this space, and certainly more than Queensland and New South Wales have done. I have to give credit to Dean Nalder in the other place, who asked me to meet with some of the small brewers. I had a good visit. In fact, the President and I went and met with some small brewers, not in Malaga, but south, down past —

Hon Dr Steve Thomas: Down Baldivis way?

Hon STEPHEN DAWSON: No. It begins with "m". It was in the southern suburbs. I will think of the name later. We had a tour of the small brewery and a good chat to a number of the brewers.

Hon Colin Holt: Mandurah?

Hon STEPHEN DAWSON: No, not that far. I will think of it. It is not material to the debate. It was good. Dean Nalder arranged that meeting. As a result of that meeting, that conversation, that visit, we ensured that small brewers were on the technical advisory group. That was great; that was a really good and positive thing to do. Small beverage suppliers are classified as suppliers that produce less than 300 000 units per annum. There are many small craft brewers and small-batch soft drink and juice suppliers that would be covered by this threshold. The Department of Water and Environmental Regulation has engaged with the beverage industry through that technical working group and the advisory group forums and has taken the concerns raised into account. The meeting was in Myaree, I am told; I thank one of our learned colleagues who is listening. We have taken the concerns raised into account in designing the container deposit scheme.

Is it foolproof? Will unforeseen things arise as we roll it out? Will challenges arise? Absolutely—most likely. Challenges have certainly arisen in other states and jurisdictions that have brought in schemes. Again, I think we need to be nimble and able to adapt and react, to ensure that those issues are ironed out in a timely fashion. That is certainly something that is alive to me. I again make the point that having had the benefit of watching what has happened in New South Wales and Queensland, we have learnt from both those jurisdictions. As a result of industry feedback—from not just the beverage industry but also other key players, including local government—we have slowed down the ambitious time line that we had, to ensure that those advisory groups and technical working groups could iron out any issues that might arise. I am not saying today that there will not be any problems or issues when this rolls out, but having invested some time into the design of the scheme and having had those people around the table, we will have hopefully mitigated some of the potential risks. We have to be alive to the fact that problems may arise. My role as minister is to make sure that we react to any problems that arise and fix them as quickly as possible.

Industry feedback and the experience from schemes elsewhere indicated that cash flow problems have been a concern to small beverage manufacturers. As I alluded to earlier, the scheme in Western Australia has been designed to minimise the impact on small beverage manufacturers through things like invoicing in arrears to avoid cash flow pressures, whereas in some states, they have to pay in advance. Some states have required a registration fee for each new container that is registered. We are not doing that in Western Australia. Again, this issue was

raised with us by the small brewers. I think in some jurisdictions they pay a $90 registration fee for each type of container that they sell. We have taken that on board, so we are not requiring or charging a registration fee for new containers. Small brewers will have quarterly reporting and quarterly payment of supply amounts, instead of the monthly reports that will be required of the large beverage suppliers. We are also allowing boutique beverage companies to supply refillable containers. These are commonly known as growlers and squealers. Members who have spoken to the beverage industry will be aware that a squealer is half the size of a growler. Essentially, they are jugs in which brewers sell their liquid and which can be brought back and re-used. That is the issue Hon Simon O'Brien touched on.

Hon Simon O'Brien: What size are these?

Hon Colin Holt: Half the size of a growler!

Hon STEPHEN DAWSON: A squealer is half the size of a growler. I have the exact measurements. Maybe the member can ask me in Committee of the Whole; I do not have that information in front of me. The point I was making is that the brewers raised this issue with us. If they have refillable bottles that customers bring back, they do not want to fall foul of the scheme. We have learnt from their feedback and views on that.

Hon Simon O'Brien: Alluding to my comments earlier, it would be a good outcome if this scheme provided encouragement for business models that went down that refillables track that used to exist 50 years ago.

Hon STEPHEN DAWSON: I am not sure that it necessarily will, but I know that some small brewers in particular have such schemes in operation at the moment. Customers can take back the jug in which the brewer sold the liquid and have it filled again to take home. That is happening currently. We wanted to make sure that that did not fall foul of the scheme. We have learnt about that from those small beverage suppliers.

We are also undertaking further assessment of assistance options for small beverage suppliers. The department continues to have those conversations and dialogue with that industry. For example, we will be working closely with the scheme coordinator to simplify the scheme agreement requirements for small beverage suppliers, and information packs will be provided to help small beverage suppliers comply with the scheme. Financial modelling and data advice, as well as legal advice, is being sought before any recommendations can be made. I note Hon Dr Steve Thomas's view that exemptions are not likely, but that kickstart for the first year would be well received. That is essentially what he said. We are looking at that now.

Hon Dr Steve Thomas: You may have to and you may not. If you are open to it, that is a big step.

Hon STEPHEN DAWSON: We are in a dialogue with those small beverage suppliers at the moment to make sure that they are not adversely impacted by that. We should be proud of our small brewing industry in Western Australia. We have some good small breweries around the state. The member mentioned some of them in the south west in his contribution. I do not get to spend much time down there. We have a good industry in operation in Western Australia. We have to make sure that those industries continue, so we are alive to that issue. I want to make the point that small importers already have to put stickers on the cans and containers that they import, but by adding the nationally approved return mark to that sticker, they will be able to participate in the scheme for no extra effort.

I am taking a long time, but I want to try to address all the points that members raised.

Hon Dr Steve Thomas: I've seen bills go longer, it's okay.

Hon STEPHEN DAWSON: Just in case anyone is getting restless, I want to make sure that I am responding to the issues that members have raised.

Hon Colin Holt and others talked about the accessibility of the network to consumers, particularly in small regional and remote communities, and that is an issue that I am alive to, as a member for Mining and Pastoral Region. I put that issue on the table early on in the conversations. The scheme has to work as well in Balgo and Bidyadanga as it does in Broome or Bicton, or wherever we are from. We continue to address issues around how small and remote communities will be engaged to deliver the Western Australian container deposit scheme. A key objective of the CDS is to ensure good services for those regional and remote areas. The draft customer service standards alluded to earlier on—I think Hon Aaron Stonehouse mentioned them—outline the minimum requirements for the container collection network in Western Australia. They were published online late last year, and have been the subject of public consultation over the past few months. That is being landed on at the moment. The standards for the collection network have been developed with consideration of the size, remoteness and population density of Western Australia. A range of different fit-for-purpose collection points will be provided across the state. Some of them may be permanent new installations, some add-ons to existing businesses, and some mobile return operations. I expect that the finalisation of these customer service standards will happen shortly, and once they are landed on,

they will be a requirement for the scheme coordinator. There will be an opportunity to discuss these issues in greater detail with members when the standards are finalised and the regulations are tabled.

Hon Colin Holt raised the issue of donation points. They are not within the customer service standards, but at a minimum they are additional points. Any sporting club et cetera is welcome to open a donation point, and these donation points will be above and beyond the commercial return points required by the customer service standards.

Hon Colin Holt: My point was that they should not be in place of the commercial return points.

Hon STEPHEN DAWSON: My point is that they are extra. The standards will dictate who and where the collection points will need to be, and the NGO option is on top of that. I agree with the member and understand his point.

Hon Dr Steve Thomas and Hon Robin Chapple, in their contributions, had things to say about the potential scheme coordinator. Hon Robin Chapple expressed concern about the beverage industry running the scheme. The selection of the scheme coordinator is subject to procurement, and that is done in accordance with the State Supply Commission guidelines and the Department of Finance standards. The scheme coordinator will be appointed once the legislation is in place. That is because any potential scheme coordinator will need to see what the legislation says, and quite likely at least a draft of the regulations, to make the final decision. We are in the process at the moment, and people have applied, but for them to make a final decision, they will want to know what the legislation says and what the regulations are likely to say to be in a position to be able to say that they are in. I am confident that the legislation, and the regulations that will come into this place soon, will provide an appropriate level of oversight to deliver on the objects of the new legislation. Key targets of the scheme coordinator include refund point numbers and distribution, and the return rate—the percentage of returned containers over sold containers. There will be a suite of reporting requirements that address each of the statutory objectives of the scheme, as well as the statutory functions of the scheme coordinator. The bill provides the capacity for ministerial directions to ensure that the scheme coordinator meets the targets. I am not sure who it was, but I think Hon Aaron Stonehouse, in his contribution, talked about ministerial directions.

Hon Colin Holt: It was me.

Hon STEPHEN DAWSON: It was Hon Colin Holt. There is no requirement in the bill for those ministerial directions to be tabled, but I give an undertaking to look at that as part of the regulations. I do not see why, if the minister gives a ministerial direction to the scheme coordinator, it should not be made public, whether in the annual report or in some other way.

Hon Colin Holt: Using the Minister for Water as an example, if he gives a direction to the Water Corporation, he has to report it to Parliament. There needs to be a structure for what we are operating.

Hon STEPHEN DAWSON: Any of us do, so if I give a written direction to the Department of Water and Environmental Regulation now, the process is that it is reported in the annual report. We will discuss, during the regulation drafting phase, how we might deal with the issue of making directions, and whether there is an easy way or a different way, but I give the member an undertaking that we will look at that.

Another issue to raise is that the scheme coordinator is a not-for-profit private company under the commonwealth Corporations Act, and is subject to all the requirements of that act. The scheme coordinator has a board of directors drawn from a wide range of stakeholders, and the bill ensures that the board represents a diversity of views. The chair must be independent of both the beverage and waste industries, and be approved by the minister, and at least four additional directors must be independent of the beverage industry, and five additional directors are to be independent of the waste industry. As well as the chair, the Minister for Environment can also appoint a director representing the community who is independent of both the beverage and the waste industries.

Hon Colin Holt and Hon Dr Steve Thomas both talked about the impact on the value of recyclable materials from kerbside yellow-top bins. I think Hon Colin Holt raised some concerns about the impact of the container deposit scheme on the yellow-top bins and kerbside recycling. The container deposit scheme complements existing kerbside collection systems. The recyclables collected in yellow-top bins by local governments as part of the kerbside collection services are provided to materials recovery facilities. These facilities will receive a 10¢ refund for each eligible container they process for recycling. There will be revenue-sharing arrangements between the facility operators and local governments, and I believe those conversations are underway at the moment. The container deposit scheme is expected to enhance the value of kerbside recycling because of the additional revenue received for eligible containers. I know, from discussions with some of the state's MRF operators and the Western Australian Local Government Association, that they look forward to the commencement of the scheme.

How will the revenue-sharing arrangements between local governments and materials recovery facility operators work? The state has established a forum for local government and the representatives of the MRFs to advise on

revenue-sharing arrangements, and discussions have been positive and constructive. Both local government and the MRF representatives see the scheme as providing a net benefit in the future because there will be revenue-sharing arrangements between both, and the scheme will increase income for local governments. The revenue arrangement can be set in regulations in the event that agreement is not reached, but it is not our intention to do that at this stage, and the conversations are good and positive. The scheme complements existing collection and recycling activities for recyclable waste. It is anticipated that the value of kerbside recycling will be enhanced by the scheme, and that this increase in value will outweigh any reduction in the number of containers that consumers choose to return to refund points.

An issue that has been canvassed in this place over the past while has been the China National Sword decision, and the fact that China has decreased the thresholds for contamination of the materials that it accepts. It was 1.5 per cent previously, and it is now down to 0.5 per cent. That has made it challenging for recyclers in Western Australia, and indeed in Australia and around the world, to have a market for the material that they have to sell. A container deposit scheme will take a level of contamination out of certain products. There will be multiple benefits from the scheme. It will hopefully mean for some of the MRFs a more cost-effective way of dealing with contamination issues, and therefore an opportunity to sell that material overseas.

I think one person raised the issue of how the costs to beverage suppliers are calculated. The container deposit scheme costs to beverage suppliers are based on actual container returns over time. Costs are initially allocated to suppliers based on the market share of beverages for each material type. Suppliers need to know how much to charge per container months ahead and the scheme uses an estimated number of containers to be returned to calculate this cost. As I have mentioned, scheme costs are charged in arrears to reduce the cash flow burden to suppliers, and any differences between estimated and actual returns are corrected in the following pricing period.

Hon Colin Holt asked what the state's role will be in administering the scheme. The department assists me in administering the Waste Avoidance and Resource Recovery Act and will oversee the performance of the scheme coordinator to ensure that there is a high level of accountability and transparency and that the scheme achieves its objectives and its targets. As has been mentioned previously, the Minister for Environment has specific powers to intervene in the case of unsatisfactory performance. The minister is responsible for appointing the scheme coordinator, for giving directions, for approval of the scheme coordinator business plan, and for appointing an administrator in the case of scheme coordinator noncompliance. The department is responsible for container approvals, enforcement of penalties, auditing of the coordinator and reporting performance to the Minister for Environment.

A number of members asked who will fund the scheme. Beverage suppliers will fund the scheme, including the refunds and other costs of the scheme, but it is likely that the state will—we are looking at this now—look at providing not a loan but a line of credit essentially at the very beginning to get the scheme up and running.

Hon Dr Steve Thomas: Will it be interest free?

Hon STEPHEN DAWSON: No, some interest will be payable.

Hon Colin Holt: Does the scheme pay for departmental expenses?

Hon STEPHEN DAWSON: No. For departmental expenses, we will use the waste avoidance and resource recovery account. Money comes in from the landfill levy and that money will be used to fund what we do.

A number of members, including Hon Simon O'Brien, asked what will be the price impact of the scheme. The experience in New South Wales showed that the overall average price increase due to the CDS was 7.5¢ compared with the scheme cost of 9.2¢ per container, and I have touched on that briefly already.

Hon Robin Chapple asked about expanding the scheme to cover batteries and e-waste. There is no intention to expand our scheme to look at those things. I know that South Australia is looking at wine bottles at the moment, but the materials that will be collected in this scheme will be the same as those that are currently collected in the schemes in the other states—that is, New South Wales, Queensland, the Australian Capital Territory and the Northern Territory. It is not our intention to include wine bottles. We have not consulted on that. Would we look at it in the future? We will see what South Australia does. The issue with wine bottles is that they are not the containers that end up strewn along roadsides or in regional communities. For the most part, they end up in recycling bins.

Hon Dr Steve Thomas: We're a bit worried about all those Perth people driving back from the Leeuwin Concert and strewing them along the side of the road!

Hon STEPHEN DAWSON: That is not the intention. There are opportunities for refund points to accept other recyclable materials, and that occurs in South Australia at the moment; some of the collection points accept other valuable recyclable materials. Collection points in Western Australia could do that; we are just not mandating that.

We support product stewardship so that those who benefit from the production and consumption of products take responsibility for their end-of-life management. We are working with other jurisdictions to develop national approaches, including the national television and computer recycling scheme. We are also working on a battery stewardship scheme through the Meeting of Environment Ministers, but it is not our intention to capture it with the scheme.

Hon Robin Chapple raised the issue of transport costs. The scheme coordinator will be responsible for arranging transport of the collected and returned containers from refund points and materials recovery facilities. The cost of this service will be charged to beverage suppliers. Flexible arrangements are expected to be made for servicing remote communities—for example, opportunities for the backhaul of recyclable containers on transport delivering goods to the area. In our debate a couple of weeks ago, I raised the Marra Worra Worra Aboriginal Corporation in Fitzroy Crossing as an example. It is collecting these containers already and sending them back to the metropolitan area for processing. It is working in places like Fitzroy Crossing at the moment. We have to make sure that it works everywhere else as well.

Hon Dr Steve Thomas asked about outlining targets for recycling. This will be done in the regulations. We expect that the targets will be in the order of 80 to 85 per cent, which, I am told, is in line with South Australia's current rate of recycling after three years.

Hon Dr Steve Thomas: So it's not a big increase on the cans currently, but it will be a big increase on everything else.

Hon STEPHEN DAWSON: It will be, but it will still make a difference.

A couple of people raised the issue of problem items for recycling and said that mixed packaging and other mixed plastic will remain very hard to recycle. The short answer is: no, they will not. Source separation will improve recyclability. No container will be registered unless it is recyclable. It is an issue for industry. The scheme coordinator and network operator will be required to recycle all containers or there will be significant penalties. The other point to make is that a body of work is being done by the environment ministers at a national level, and I have mentioned it previously. We are working with the Australian Packaging Covenant Organisation to see how we can ensure that this material is recyclable, re-usable and compostable, so that will help with the scheme as well.

To what extent is the government going to put its hand in its pocket to support the establishment of the system? I have touched on that briefly. Hon Colin Holt asked who holds the funds. The scheme operator will hold the funds, so it will be at arm's length from government, but the scheme operator will need to report to government. As I have said, at the moment we are looking at having a third party monitor costs to make sure that people are doing the right thing by the scheme. The functions of the scheme coordinator are outlined in proposed section 47Z of the legislation.

Hon Robin Chapple mentioned the logistics of recycling. That will be organised and facilitated by the scheme coordinator. Costs will be included in the handling fee, as it is in New South Wales and Queensland, where recent schemes have resulted in a cost of approximately 10¢ or less to consumers per container. The Cocos (Keeling) Islands will not be included in the scheme at this stage. I corresponded with the federal government about a year ago to ask whether it was open to that and it declined, but certainly the regulations will allow for Christmas Island or the Cocos (Keeling) Islands to come into the scheme in the future if the federal government changes its mind.

Hon Aaron Stonehouse raised the issue of the number of small stores that may sell foreign-sourced beverages. I am advised that many of these stores purchase their products through importers who would be deemed the first suppliers under the legislation, so they will be responsible for putting the extra stickers on eligible containers. I am told that this issue is not unique to Western Australia, and we have not had advice to indicate that this is an issue in Queensland or New South Wales. But it is certainly something that we will be mindful of.

Hon Aaron Stonehouse talked about recycling targets. They will be set in the regulations. If the targets are not met, it is open to me, as the minister, to require the collection network to be expanded to meet the targets. I can also give a direction to the scheme coordinator to ensure that they are meeting the objects of the act. The scheme coordinator must run refund points as a last resort. Although the intention is to get third parties to run the refund points, the option is there; if a third party does not take this on board, we could potentially get the scheme coordinator to run them. That has not been an issue so far in the other states. It is also worth noting that commercial operations are economically incentivised to collect the maximum number of containers, so some might say long live the free market.

In terms of how many businesses or stores will be affected, it is not clear; we do not know. But, as I said, the issue is not unique to Western Australia.

I am getting towards the end. I thank Hon Colin Tincknell for his support and his comments. Hopefully, other issues he raised have been addressed in the other things that I have said.

Hon Simon O'Brien said, to paraphrase, that it is very easy to have a container deposit scheme adopted in terms of sentiment, but it might be difficult to implement. That is true. Certainly what we are seeing from the other states that have a scheme in operation is that people want to do this, they want to recycle and they are happy to participate in the scheme. New South Wales, in the first instance, had a lack of collection points. We have learnt from that. They need to be accessible to members of the community, including in regional Western Australia, on which the member made the point very clearly. It will be challenging to roll out the scheme in a place like Western Australia. Although Queensland has done it, and it has remote communities like us, it also has big regional cities with hundreds of thousands of people that we do not have. There are many differences, but I think we can learn from those and we are certainly committed to ensuring that the scheme works for Western Australia in total.

How many containers do we think will be captured? Hon Simon O'Brien, there are about 1.3 billion containers out there, annually, in Western Australia. We do not have figures on how many of those are currently recycled, but we do know the tonnage of the different materials that are currently recycled in Western Australia and it is about 46 500 tonnes of glass and over 16 000 tonnes of plastic. We can use those numbers to measure our success, but once we have the scheme in operation, we will have better data. Some of this stuff is not measured at the moment, so we will have the data and that data will then appear in annual reports and we can measure it from that day forward. The only total we have is that amount for glass and plastic, but we do not know how many of the containers themselves are recycled.

Why 10¢? Again, it will be a nationally consistent scheme so that the beverage operators that are captured by the scheme in New South Wales, Queensland, the Australian Capital Territory, the Northern Territory or South Australia are all captured by this 10¢ deposit amount. We want a nationally consistent scheme, so it is 10¢ in Western Australia. Someone made a point—Hon Simon O'Brien might have made it—that 10¢ is now very different and a lot less than the 10¢ that was talked about many years ago, or the 20¢ a few years ago. It is a nationally consistent amount, but something that all states and territories will monitor as the scheme progresses.

I touched on other forms of litter. Essentially, how much will people be paying up-front? It is about 10¢. We can go into further detail on collection points later if we need to.

What problems will a container deposit scheme produce? That is a pretty poignant question to ask! There are challenges with the scheme. Will recycling rates reduce? No, they will increase, which is a positive, a benefit. To be honest, I am not sure what problems the scheme will produce. I think there will be a benefit to local government as a result of the scheme. There will be a benefit to the recycling industry in Western Australia as a result of the scheme. There is a potential benefit by opening markets, by being able to sell some of this stuff elsewhere, because it is less contaminated. Ideally, at the end of the day, we would like to see recycling facilities on the ground in Western Australia or indeed Australia. We are not yet in place to do that, but hopefully once we have schemes in operation, across borders and across Australia, we can work with industry to ensure that there are opportunities onshore to process this stuff. Three times more jobs are associated with recycling than with landfill; that is based on 10 000 tonnes of material. That is pretty significant. It is about three jobs per 10 000 tonnes going to landfill, and about 9.2 jobs, I think, from when material is recycled. There is a benefit to the economy.

Hon Dr Steve Thomas: That is why landfill is cheaper.

Hon STEPHEN DAWSON: That is why landfill is cheaper, but that is not an option moving forward.

I might leave it there, members. Hopefully, I have answered if not everything, nearly everything that members have raised.

Hon Colin Tincknell: Minister, you mentioned 500 jobs in total. Where are the bulk of those coming from?

Hon STEPHEN DAWSON: Let us delve into that during the Committee of the Whole stage. Modelling has been done that is based on figures from New South Wales and Queensland. Some of them will be at collection points and some of them may well be expanded jobs in the transport sector. The stuff is going one way, so it will probably come back on those same trucks, but in the metropolitan area and other places, jobs will be created. Jobs will be created as part of the scheme, for marketing and whatever else, but I can give the member a further response in committee. With all of that, I commend the bills to the house.

Questions put and passed.

Bills read a second time.