



WALGA

INTERIM SUBMISSION

Battery Implementation Working Group

**Submission on the Discussion Paper 'Options and Approaches for the Proposed
Handheld Battery Product Stewardship Scheme'**

PREPARED BY THE



MUNICIPAL WASTE ADVISORY COUNCIL

"Getting the Environment Right"

March 2014

Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). MWAC is a standing committee of WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management) as well as a number of Local Government representatives. This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate. This Submission therefore represents the consolidated view of Western Australia Local Government. However, individual Local Governments and Regional Councils may have views that differ from the positions taken here.

Due to meeting schedules, this Submission has not yet been endorsed by MWAC, however it will be put before Council at the earliest opportunity (Tuesday, 22 April). The Department will be informed of any changes to this Submission following consideration by MWAC.

The Municipal Waste Advisory Council's member organisations are:

Bunbury Harvey Regional Council
Eastern Metropolitan Regional Council
City of Greater Geraldton
Mid West Regional Council
Mindarie Regional Council
Rivers Regional Council
Southern Metropolitan Regional Council
Western Australian Local Government Association
Western Metropolitan Regional Council

Introduction

The Western Australian Local Government Association (WALGA) appreciates the opportunity to comment on the Battery Implementation Working Group's Discussion Paper: 'Options and Approaches for the Proposed Handheld Battery Product Stewardship Scheme'.

Under the *Western Australian Waste Avoidance and Resource Recovery Act 2007*, Local Government is responsible for managing Local Government waste (this includes household waste and waste generated by Local Government operations). Practically however, Local Government plays a key role in managing a variety of different waste streams throughout the State. This is particularly the case in the non-metropolitan area, where Local Government is frequently the main service provider. There is a strong historical expectation from the community, as well as State and Federal Government, that managing waste is Local Governments role, regardless of legislative responsibility, capacity, and external market factors/conditions. Local Government operates landfills, provides waste and recycling kerbside collection and processing services, transfer stations, community education programmes and recycling drop off facilities. Local Government also has a role in managing litter and illegal dumping.

In Western Australia, Local Governments and Regional Councils have made a substantial commitment to provide a battery recycling program for the community. This commitment has come from a desire to remove hazardous materials from the waste stream. Much of the waste generated by households in the Perth metropolitan area is now processed via Alternative Waste Treatment facilities, where municipal waste undergoes a composting process (batteries have been found to compromise the quality of the compost that is produced). Additionally, there has been a great deal of attention recently, on taking action to reduce the level of contamination that occurs in dedicated organic kerbside collections. Batteries can also be hazardous in landfills as they cause fires.

This submission has been structured in a way that will provide the Working Group with as much detailed information as possible – as requested in the sections titled '*for consideration and feedback.*' From an overarching perspective, Local Government considers it is essential that all Product Stewardship Schemes are able to meet the following criteria:

- Local Government collection and recycling costs are covered;
- Reasonable access to recycling options for the entire community;
- Industry is responsible for the collection and recycling of materials;
- Clear and measurable recovery and coverage targets are established; and
- The scheme is implemented in a timely manner.

Glossary and acronyms

Please consider the terms used in the Glossary and provide feedback on their appropriateness. If you have an alternative definition or term, please provide.

Nil.

Section 3 - Proposal for a Handheld Battery Product Stewardship Scheme

Do you support a voluntary, industry-led national handheld battery stewardship scheme? Please outline your reasons for or against a national scheme.

WALGA does not support voluntary schemes for materials that are known to be problematic to manage, where there is a high probability that companies will not participate (free riders) and where there is industry reluctance to take on responsibility for products at end-of-life. Problematic materials that are expensive and difficult to manage require a higher level of commitment from responsible parties and regulation from government, through either a co-regulatory or mandatory product stewardship scheme. The lack of progress achieved by the organisation tasked with implementing the voluntary tyre scheme (Tyre Stewardship Australia) is an example of the pitfalls associated with a voluntary approach. Tyre Stewardship Australia was established in April 2013, after receiving ACCC approval to proceed with the development of a scheme. 12 months later, Tyre Stewardship Australia is still trying to engage the tyre industry and brand owners. Major brand owners have not committed to use reputable, accredited tyre recyclers within their own member outlets and franchisees – a key element of this particular scheme.

WALGA is concerned that individual importers could '*pursue their own individual program.*' Multiple programs are likely to result in conflicting collection systems and messages for consumers. This has been a downside to the implementation of the National TV and Computer Recycling Scheme, as each arrangement has its own message and branding.

In relation to the development of the Battery Product Stewardship Scheme, some producers have publically expressed that they do not support taking responsibility for all battery types, and have questioned the need for product stewardship. This attitude will make it difficult for the Working Group to make progress towards developing a scheme.

What are the likely areas where costs would be associated with such a scheme?

Based on WALGA's experience in managing the Household Hazardous Waste (HHW) Program in Western Australia, the main costs are dependent on the collection sites, type of material accepted and associated education/communication activities.

The following costs are based on WALGA's role as Program Coordinator for the HHW Program and/or from Local Government / Regional Council feedback. Costs associated with collections are difficult to estimate, as the battery bins located in shopping centres, Local Government offices etc are not the only avenues of battery collection. Batteries are also collected at other facilities, in conjunction with many other types of hazardous waste. As a result, the estimates for these costs are based on the proportion that batteries make up of these collections. The following figures provided are for the 2012/13 financial year:

13 Permanent HHW Collection Facilities - approximately 4% of material collected was batteries

- Collection – Local Government in kind costs (includes education) - \$12,500
- Battery disposal / recycling (the cost of Battery recycling is only one component, as the Program had to pay for battery drums, inners and new lids.

This was a one off cost). The cost of sorting and recycling the 18.7 tonnes of batteries collected in 2012-13 was \$70,686 (ex GST).

- HHW Program education / promotion - \$650
- Training for HHW Facility operators - \$350
- Provision of storage infrastructure - \$8,000

7 Temporary Collection Days (2012/13)

- Cost of Temporary Collection days - \$4,500
- Battery disposal/recycling of the 8.65 tonnes of Lead Acid Batteries collected (which was 18% of the total collected) - \$6,900
- HHW Program education / promotion - \$1,260

Public drop off sites

There are approximately 280 battery collection points in shopping centres, public libraries/buildings and schools in WA. This program has been operating since September 2009.

- Design and roll out the program across the Perth Metropolitan Area (this was initially for 150 bins) - \$80,140
- Cost of collection - there are about 280 collection points around the Perth metro area. The collection of these batteries is organised by the Regional Council responsible for that area. The bins are emptied on average every fortnight. An approximate cost per bin per month for collection is \$25. So a very approximate figure is \$84,000 per year for the collection of the batteries from public sites, and delivery to permanent facilities.
- Cost of disposal/recycling - the batteries are taken to permanent facilities, so the costs are covered in the above amount

It should be noted, that it is difficult to source accurate figures for the in-kind contributions of the Local Governments and retail outlets that provide the battery recycling bins.

Considerable discussion has revolved around the relative merits of pursuing a voluntary or co-regulatory approach for the Scheme.

Please refer to previous responses.

Some stakeholders see a voluntary approach as providing greater flexibility and the ability to implement the Scheme more quickly and at less development expense than would be possible under a co-regulatory approach.

For some stakeholders, flexibility appears to be a desirable element in a product stewardship scheme. However, it is not clear what this 'flexibility' would mean in relation to achieving the outcomes that the Association has identified as vital; such as covering the costs of all battery collection and recycling and achieving consistent outcomes and good coverage throughout Australia.

WALGA is yet to see any conclusive evidence that voluntary schemes can be implemented quicker than mandatory or co-regulatory schemes (as presumed by some stakeholders). There are already battery collection programs in place in many Australian jurisdictions, providing evidence of how a scheme could be implemented and the costs of such implementation.

With regard to the cost of developing a scheme, there will be work that needs to be undertaken regardless of the supporting structure that a scheme has. This includes research into behaviour and attitudes toward battery recycling, estimates of the number / amount of batteries available to be recycled and

recycling capacity. Given there are a number of collection programs already in place, WALGA considers that a great deal of the 'development' work has already been undertaken and a future scheme could build on the existing infrastructure and approaches.

The most significant concern raised by stakeholders about a voluntary approach was that 'Free-riders' could benefit from having their products recovered under the Scheme without contributing financially to the Scheme.

This is a valid concern, and supports the need for a co-regulatory or mandatory scheme where issues with free riders can be addressed through various regulatory mechanisms. An additional benefit of compulsory membership of a scheme is that the fee structure for membership can be tailored to ensure that every brand owner pays their way.

However, it is worth emphasising again that Local Government has concerns regarding a voluntary approach due to the length of time to implement a scheme, and the ability of the proposed scheme to address key Local Government requirements.

In background research, various stakeholders questioned whether major Brand Owners would fund the Scheme in the absence of a co-regulatory approach. Support from some Brand Owners for specific product stewardship approaches was, and still is, conditional upon addressing Free-riders.

This point demonstrates that it will be extremely difficult to implement a voluntary approach.

A co-regulatory approach would help address Free-riders, but could involve more time and expense to develop for an outcome that is uncertain; that is, there is no guarantee that a co-regulatory approach would be agreed even after it has been through the Regulatory Impact Statement and consultation process.

The speed at which the National TV and Computer Recycling Scheme was implemented, demonstrates what can be achieved when both Government and industry desire change. The initial Consultation RIS was released in 2009, and the regulations underpinning the Scheme were gazetted in October 2011. Implementation of the Scheme occurred in 2012.

It should be noted that a voluntary option must be considered as part of a Regulation Impact Statement, so information gathered under a voluntary Scheme will prove useful should a Regulation Impact Statement for a possible co-regulatory approach be pursued in the future.

If a RIS was required, it would likely be due to failure of the voluntary scheme. In this situation, the information gathered as part of this process will prove to be very useful.

Comments are sought on how to address these issues under the proposed Scheme, including specific actions that can be taken to address potential Free-riders under a voluntary, industry-led approach.

As previously stated, WALGA does not support a voluntary product stewardship scheme for battery recycling. However, if a voluntary scheme is pursued – it is imperative that industry fully understands the costs associated with recycling batteries. Pre-existing collection systems have been designed to be easy to use. As a result, they accommodate a variety of different batteries types/chemistries. WALGA considers it is highly unlikely, that any industry lead scheme will be able to successfully collect only 'their' batteries in an attempt to address free riders. Contamination with other battery types will inevitably occur. It is the cost of separating the different material types that removes any financial gains to recycling.

As mentioned in the discussion paper, there is a potential to ban imports of certain materials, with both the EU and US implementing bans for various battery material types. A potential issue that may arise in taking this course of action is that an international treaty is required for the Federal Government to have a sufficient head of power to act. Additionally, the government may not be enthusiastic at the prospect of having to regulate another material at the point of entry into Australia.

An additional suggestion is for the Working Group to investigate what activities drumMUSTER and mobile muster have previously taken to address free riders.

Section 3.4 Scope

Feedback is sought on whether batteries sold with products should be included or excluded from the Scheme, given the current difficulty in determining the full scope of such products.

WALGA asserts that any future battery collection system must continue to accept the entire range of batteries that are already collected and recycled through pre-existing collection systems. The Western Australian HHW Program accepts all manner of battery chemistry types, from alkaline to lithium. Feedback received by the Federal Government during the review of the National TV and Computer Recycling Scheme, stated that the practice of collection points picking and choosing what materials they accepted (in order to meet specific material targets), did not work from a customer perspective. As a result of this feedback from numerous stakeholders, the Federal Government combined the material targets, encouraging collection points to accept both computers and TV's. The Federal Government has been open to the prospect of increasing the range of products collected through the TV and Computer Recycling Scheme. It is hoped that future developments in this area, will help to resolve the issue of embedded batteries.

Feedback is sought on whether batteries that cannot be easily removed by the consumer should be included or excluded from the Scheme, as well as any international examples where these batteries have been exempted from comparable Schemes.

Please refer to the above comment. If batteries are easy to remove from products, it is highly likely that state based programs are already collecting them.

Section 3.4.3 Other options suggested by stakeholders

Which option do stakeholders consider is the best approach?

Local Government strongly supports 'option 1: All handheld batteries are covered on commencement.'

Based on the tonnages of batteries collected for recycling in Western Australia, there is clearly consumer demand for battery recycling programs. These tonnages have been achieved with relatively low levels of public education and engagement. Future collection programs must be designed so that they are simple and convenient for consumers to use. Substituting pre-existing systems that take 'all batteries' with a 'product type' based scheme will result in confusion for consumers, and a possible drop in use (due to the 'it's all too hard, why bother mentality').

What concerns are there with any of the options mentioned?

The other options are not acceptable, as they would require Western Australia to wind back its battery collection program and messages. None of the product based options, or options where schemes are phased in, are designed to build on the success of existing State based battery collection programs. Additionally, there is no acknowledgement of the costs borne by Local and State Governments through these pre-existing battery collection programs and by private companies already collecting batteries. These factors could result in the BIWG receiving comments favouring or even supporting industry requests for a watered down, ineffective scheme.

Throughout the Discussion Paper, there is a great deal of commentary on the benefits of taking a phased approach, due to risks with unknown costs. As the costs of current State based schemes are readily available, WALGA questions why there is so much focus on options that support a 'phased approach,' due to 'difficulties in pulling back.'

The main issue with the various options for phased approaches, is that consumers are not going to understand how to, or bother separating batteries based on custom codes, degree of toxicity, or the ability to be recharged. These types of phased approaches are simply not practical, and do not

encourage consumers to take personal responsibility for appropriate disposal.

WALGA is also concerned, at the potential for a plethora of different battery recycling programs to start under the banner of/or in competition with a voluntary scheme. This situation is undesirable - as consistent messages, services, infrastructure and governance is required to guarantee an effective national battery recycling program.

Are there alternative options that could be suggested for consideration by the BIWG?

In the event that industry can agree to implement a voluntary scheme, WALGA proposes that industry simply takes over the management and funding of current state based programs, and gradually increases coverage and community engagement activities. This would address any concerns by industry stakeholders that recycling markets are unable to handle volumes generated through a scheme – as the markets are clearly able to manage the volumes currently collected. Furthermore, an assessment of aggregated tonnes would enable a scheme provider to assess what opportunities exist to process batteries locally.

An effective way to increase coverage of the scheme, would be to aim to meet the same coverage requirements as that of the National TV and Computer Recycling Scheme. As part of this Scheme, reasonable access to collection services is required in metropolitan, inner regional, outer regional and remote areas (as defined by regulation).

3.6.3 Fee structure

The appropriateness of using an EBU as opposed to a per tonne calculation

The Discussion Paper explores using a similar approach to the Equivalent Passenger Unit system that is applied to tyres, to determine the fee structure for a voluntary battery recycling scheme. This could cause considerable problems, as batteries differ in size, chemistry, and ability to be recycled. Used tyres are more uniform in nature.

In order to minimise the administrative burden associated with setting fees, WALGA suggests maintaining consistency with pre-existing schemes and use a weight based calculation. For example, the National TV and Computer Recycling Scheme uses an agreed formula to convert the import data, into tonnes (which is the only measurement used at end-of-life). The scheme could be set up to encourage ‘design for recovery.’ That is, if a manufacturer is producing batteries that come at a significant cost to recycle at end-of-life, they could pay more.

The reasonable fee amount

For a voluntary scheme to be effective, all costs associated with education, promotion, collection, transport, sorting, reprocessing etc must be covered. The fee structure must take into account the costs of doing business, in all Australian jurisdictions. Local Government’s preference is for a co-regulatory or mandatory scheme, as these approaches make it more difficult for industry to only implement cost-effective schemes that do not target all materials. Please refer to the comments provided in response to section 3, on the estimated costs of providing the WA battery collection program.

Whether the fee should be charged on batteries sold into the market or batteries collected and recycled

The fee should be applied to all batteries sold into the market. This approach will ensure consistency with other product stewardship schemes operating in Australia. Another more practical reason for charging in this fashion, is that a number of batteries will be orphan products by the time they surface for recycling at end-of-life. It is imperative that a ‘fighting fund’ is established as quickly as possible, to ensure that battery recycling programs can continue on a long term basis.

Point of collection of the fee – point of import or point of sale

The fee should be applied at the point of import, to ensure consistency with pre-existing Australian product stewardship schemes. This type of arrangement also reduces the administrative burden on retailers, and may increase the possibility of retailer support for introducing battery recycling bins in stores.

What makes up the contribution – comprised of fixed fee contribution (per EBU or weight based) + one-off or annual membership fee or fee per EBU/tonne only?

The contribution should be based on sales into the market, as per the National TV and Computer Recycling Scheme.

Is weight an appropriate measure for determining the fee payment? Would a differential based on weight be too complicated for importers/manufacturers with multiple battery products?

WALGA considers that weight is an appropriate measure. It is relatively easy to use a formula to convert import data, into weight. Local Government considers that all costs associated with recycling batteries must be incorporated into the fee structure. For example, brand owners that manufacture products that costs 20 times that of a similar product to recycle, should be charged accordingly by the scheme provider.

Is it appropriate to apply a retrospective fee to cover batteries and products containing batteries that are already in the marketplace? If so, how should this be calculated?

WALGA does not support this initiative, as the batteries have already been sold, and there is no ability for brand owners to pass on costs to consumers.

Appropriate threshold for an EBU system:

o Appropriate cap for the EBU ratio for larger batteries

o Where would the cap be set – e.g., is a larger battery one that weighs more than 1kg

or can we categorise 1 – 3kg and 3 – 5kg?

WALGA does not support an EBU system, as it is needlessly complicated. Any benefits to this type of approach have not been clearly articulated in the Discussion Paper.

3.7 Delivery of the Scheme

As mentioned in the Discussion Paper, the majority of batteries are disposed in general waste kerbside bins. People who want to recycle batteries, have been found to wrongly place them in co-mingled recycling bins. To overcome this problem, convenient well-advertised collection options need to be made available. Batteries are relatively easy items to collect, store, and transport to collection sites. Requesting that consumers dispose of batteries in a particular way (such as what would occur with the phases options) mean that clear messaging and convenient disposal options are a necessity.

3.9 Scheme performance indicators and targets

Are these indicators appropriate and which are necessary?

WALGA supports the inclusion of clear performance indicators and targets in the design phase of this scheme. All indicators and targets must be clearly linked to the objectives and principles of the scheme, as well as the commitments made by all signatories. WALGA considers that the majority of indicators are appropriate, and will assist to measure the effectiveness of the scheme.

Collection target

Given the low level of battery recycling in Australia (i.e. 5%), Local Government suggests initially setting a moderate target (e.g. 30%) and then increasing this in future years.

Landfill disposal target

WALGA questions how a landfill disposal target can be practically measured. Landfill audits and kerbside bin audits are not always readily undertaken by Local Governments due to costs. Requesting this information from Local Governments and contractors, would be an imposition. An alternative approach would be to carry out representative surveys of households on recycling behaviour, to determine how consumers are disposing of used batteries.

Resource efficiency and environmental benefit

As a general comment, targets relating to resource efficiency and environmental benefit are supported, as they would enable consumers to make informed decisions about the products that they buy.

Consumer accessibility and consumer awareness

These targets are supported, and will be a key instrument in ensuring the success of the scheme.

Participation by importers

Supported.

Labelling by chemistry

This target is supported, as it will assist with sorting activities in the future. It may also be used to influence the purchasing behaviour of some consumers.

Are there other performance indicators and targets that may be appropriate?

WALGA requests that clear targets are included, that directly link to all sector based responsibilities (Table 2 – proposed steward responsibilities by sector). For example, a major retailer’s level of support for and of promotion for the scheme could be measured by the number/tonnage of collections that occur from that retailer.

Section 3.11 Commencement, duration and review

What are appropriate measures to address free riders if the initial review determines that satisfactory progress has not been made on a voluntary basis against agreed performance measures?

In the event that a voluntary scheme does not achieve the desired results and adversely affects existing collection programs, WALGA requests that work immediately begins on investigating the options for co-regulatory or mandatory product stewardship schemes.

What would be an appropriate percentage of market share that would be considered as satisfactory for engagement with the Scheme?

WALGA requests that the acceptable threshold of ‘market share’ is consistent with that of other Australian product stewardship schemes. The National TV and Computer Recycling Scheme Regulations state that companies that import or manufacture over 15,000 computer products or peripherals, over 5,000 televisions, or over 5,000 computers or printers annually must take part in the Scheme. This equates to more than 95% of the total number of TV and Computers imported into Australia. The reason for this high threshold is a result of the clear feedback the Federal Government received when designing the Scheme.