



## **Submission Coversheet Consultation Paper on the National Television and Computer Product Stewardship Scheme**

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# Submission on National Television and Computer Product Stewardships Scheme: Consultation Paper on Proposed Regulations

## Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). The Municipal Waste Advisory Council is a standing committee of the WA Local Government Association, 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). The Regional Councils members of MWAC include the Eastern Metropolitan Regional Council, Mindarie Regional Council, Southern Metropolitan Regional Council, Rivers Regional Council, Western Metropolitan Regional Council and the City of Geraldton-Greenough. 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 and the short timeframe of the consultation, this Submission has not yet been endorsed by MWAC, however, it will be put before the Council at the earliest opportunity (Wednesday 20 April 2011) and the Department will be informed of any changes to this Submission following consideration by the Municipal Waste Advisory Council.

## Executive Summary

This Submission outlines Local Governments previously established positions on a Product Stewardship Scheme for TV's and Computers.

Local Government supports television and computer EPR: Local Government strongly supports government intervention and an Extended Producer Responsibility approach to the management of end of life televisions and computers. Local Government also notes the need for EPR for all electronic waste.

Local Government supports a National approach to EPR: National EPR offers the opportunity to reduce duplication of effort, provide consistent systems and ensure equal service delivery nation wide. With good consultation, local issues and conditions can be incorporated into a national EPR approach.

Local Government supports Industry taking responsibility for the Product Stewardship Scheme: By industry running the Scheme there is a reduced administrative burden on government and more onus on the industry regarding the products that they produce.

Industry consultation and negotiation with Local Government: as the Government is taking the regulatory role, industry needs to continue to consult and negotiate with Local Government regarding the Scheme design and roll out.

## Key Recommendations

**Consultation with Local Government:** Local Government considers an essential part of any assessment of an Arrangement is that consultation with Local Government occurs.

**Industry and Local Government negotiation regarding the Scheme:** clear negotiation between industry and Local Government needs to occur regarding how the Scheme rolls out – regardless of whether Local Government infrastructure is used.

**Realistic Targets:** a range of factors have been identified as affecting the Targets, these must be clearly taken into account when setting Target Pathways.

**Comprehensive Risk Management Strategies:** to ensure the Scheme is viable a range of risks need to be considered and strategies implement to manage.

## Introduction

The Municipal Waste Advisory Council is appreciative of the opportunity to comment on the Proposed Regulations and the approach taken by the Department of Sustainability, Environment, Water, Population and Communities in this regard. The ambitious timelines set for the introduction of the Product Stewardship scheme is welcomed by Local Government, although it is noted that this affects the amount of consultation which can occur.

Local Government supports the implementation of a Product Stewardship Scheme for TV's and Computers but also notes the need for Product Stewardship for all electronic waste. In the WALGA Submission on the Regulatory Impact Statement one of the criteria suggested for assessment of the various regulatory options was the ability for additional types of e-waste to be included in the Scheme.

The Consultation Paper clearly articulates a differentiation in roles and responsibilities for industry and government. It is clear that Government has a regulatory role and will have limited involvement in the operations of future product stewardship schemes. The detail of the schemes will be determined by industry in order to meet the Targets and KPI's established by Government through the regulation.

WALGA previously made a Submission to the TV and Computers Scheme Stakeholder Reference Group on what Local Government regards as the key components of a Product Stewardship Scheme. Table 1 and 2 outline these components and whether they are (and can be) catered for in the proposed outline of Regulations.

Key Recommendation	Comment
That the National E-waste Product Stewardship Scheme has a clear aim, sets tangible targets and clearly defines the roles and responsibilities of each stakeholder group.	There are clear objectives for the Product Stewardship Scheme, these include: <ul style="list-style-type: none"><li>- Reducing the amount of TV and Computer waste to landfill;</li><li>- Increasing recovery of resources; and</li><li>- Ensuring national coverage and industry participation in the scheme.</li></ul> The Target for the Scheme was set at 80%,

	<p>the intermediate targets have not been set in the Consultation Paper, although the target for year 1 has been suggested as 20%.</p> <p>Through this Consultation Paper the role of Government (as a regulator) and industry (in running the scheme) is clearly established. The role of Local Government may vary depending on the product collection Arrangement used.</p> <p>Recommendation mainly met, the specific role of Local Government will need to be negotiated with industry for the specific schemes.</p>
Due to Local Governments current involvement in e-waste collection, the Commonwealth Government involves Local Government in negotiations regarding the content and promotion of the National E-waste Product Stewardship Scheme.	<p>Local Government has been involved in the Stakeholder Reference Group and some of the concerns raised have been addressed.</p> <p>Recommendation mainly met, the specific role of Local Government will need to be negotiated with industry for the specific schemes.</p>
That the Commonwealth Government provide a long-term commitment to the National E-waste Product Stewardship Scheme.	<p>Through the Product Stewardship Bill, and associated Regulations, the framework for a long term commitment by the Commonwealth will be established. The Consultation Paper indicates the Arrangements will be reviewed every five years.</p> <p>Recommendation met.</p>

**Table 1: Key Recommendations for a Product Stewardship Scheme for TV's and Computers**

<b>Expectation</b>	<b>Comment</b>
<p><i>A clear aim with regards to what the Scheme is proposing to achieve.</i></p> <p>For example, is the aim to achieve recovery rate targets across the country or in selected areas? What materials will be included in the recovery rate? Are there aims regarding energy efficiency, pollution mitigation, reduction in hazardous materials to landfill, resource efficiency etc?</p>	<p>There are clear objectives for the Scheme. There is mention of different targets for TV's and Computers (and peripherals).</p> <p>The Consultation Paper does not include specifically what the Targets will be.</p>
<p><i>Negotiation with Local Government.</i></p> <p>It cannot be assumed that Local Governments</p>	<p>The Consultation paper outlines that "Arrangement Administrators may seek to</p>

<p>have the capacity to continue to be the only collection point for material, or that Local Governments will start collecting material. The sector also expects to be consulted in regards to the distribution of responsibility for collection and disposal.</p>	<p>engage with Local Councils" regarding collection.</p> <p>This puts the onus on Industry to engage with Local Government and consultation is specifically mentioned in the matters which will be considered by the Regulator when assessing Arrangements. Stronger terminology is needed in the requirements to ensure this consultation occurs.</p>
<p><i>A long-term commitment to the Scheme from the State and Commonwealth Governments.</i> Long-term and/or ongoing funding will ensure guaranteed collection. This commitment will also address the concern from the sector that, once the Scheme (and therefore funding) ceases operation Local Governments will be caught paying for the collection of increased e-waste.</p>	<p>Through the Product Stewardship Bill, and associated Regulations, the framework for a long term commitment by the Commonwealth will be established. The Consultation Paper indicates the Arrangements will be reviewed every five years.</p>
<p><i>Community engagement.</i> There is an expectation that the Scheme will involve community education as well as promotion. Community engagement will go some way to ensure that the public will consider the implications of e-waste.</p>	<p>Specifically mentioned in the matters which will be considered by the Regulator when assessing Arrangements is communication and awareness raising. One of the areas considered likely to be subject to Key Performance Indicators is awareness of the Scheme.</p>
<p><i>No net cost to Local Government.</i> The current cost to Local Government for the collection of e-waste is already significant. There is an expectation that the funding for all existing and new programs will be adequately covered by the Scheme and operational costs will also be covered. This is of particular relevance when it is expected that the amount of collected material will increase as a result of the Scheme. In addition, it is expected that the Scheme will provide support for new collection infrastructure.</p>	<p>As mentioned the specifics of the Scheme will need to be negotiated with industry, however the Consultation paper outlines that the Arrangement Administrators may seek to engage with Local Government in order to:</p> <ul style="list-style-type: none"> <li>- Co-locate collection sites at existing facilities;</li> <li>- Purchase end of life products collected independently by local councils; or</li> <li>- Negotiate a service contract</li> </ul>

**Table 2: Expectations for Product Stewardship Scheme**

## Questions

A number of questions are posed throughout the Consultation Paper. Where relevant, comments on the questions have been included.

**Question: Is there a need to change the existing 5000 unit threshold? What alternative threshold(s) would be suitable and why?**

This was the threshold limit outlined in the Regulatory Impact Statement. It has been suggested that there may be a need for different thresholds for different products related to the type of industry for each product. The approach of gaining majority coverage of import materials is supported.

**Question: Do you think the above measures will be effective for managing potential avoidance by some importers?**

No comment.

**Question: Are there any additional considerations that should be taken into account when setting the target pathways for televisions and for computers/computer peripherals?**

The overall target for recovery was set at 80% by 2021. Target pathways are defined as the pace at which the scheme target rises from year to year. The considerations for setting target pathways identified in the Consultation paper include:

- Approved Arrangements will need time to establish;
- It will be necessary to allow time for scaling up of recycling infrastructure;
- A balance needs to be established between reducing the cost burden for collecting and managing end-of-life televisions and computers in local communities, and the constraints on Arrangements to fund or manage collection and recycling requirements; and
- Target pathways for televisions and for computers/computer peripherals need to reflect the different circumstances for both classes of products and the factors influencing their replacement.

These considerations seem to cover the major elements that Local Government had identified as important. When setting the Targets it is important to ensure the objectives of the Scheme are clearly reflected and encouraged by these Targets. For example, if a product contains materials which are more harmful to the environment, it should have a higher target pathway than a less harmful product.

An additional point is to note that there is a degree of convergence between TV's and computers. If this trend continues it will effect the targets, and to some degree, the structure of the scheme.

For dot point 3 it needs to be clear that the collection points, depending on the approach taken, are likely to be a factor effecting target pathway development. Market demand for products generated may also be a limiting fact

**Question: Given the existing recycling rate for televisions and computers of 10 per cent (by weight), do you think that 20 per cent in year one would be a reasonable starting point for the Scheme targets for televisions and computers/computer peripherals? What are the reasons for your view?**

It is difficult to judge if the pathway of 20% in the first year will be achievable, it will be dependent on the range of factors identified, including:

- Tonnage calculated as necessary to collect to achieve 20% recycling – based on the methodology used;
- Collection locations and capacity;
- Recycling infrastructure capacity;
- Financial capacity of the Arrangements; and
- Negotiation with existing collection facilities.

Experience with the Apple collection days in the Perth metropolitan area, 2 years running indicated that approximately 200 tonnes of e-waste was collected per event (2 day events at 7 or 8 sites around the metropolitan area).

The TV and Computer recycling industry may also have a view regarding their ability to effectively double their processing capacity in a year. Often for capital purchases, increased, regular through put is needed.

Local Government has previously indicated that there is an expectation from the community that Local Government will collect e-waste. For Local Government to collect e-waste there are significant costs and impacts, not only the costs to recycle material but the staff time and site space to undertake the collections. Large increases in tonnages would effect the management of collection sites. Local Government may not, within their current arrangements, be able to manage substantial increases in tonnage of e-waste.

It should be noted that the Transition E-Waste Program (WATEP) has factored in a 5% increase in e-waste collection in the first year.

**Question: Do you agree with the preferred approach to calculating the number of available waste televisions and computers/computer peripherals? What other factors should be considered in designing a cost-effective calculation method?**

The approach suggested of using customs import data seems to be reasonable.

**Question: Which approach in Table 1 do you consider is most effective in setting clear and transparent requirements under the Scheme, whilst minimising costs to approved Arrangements and the Regulator? Give your reasons.**

The suggested approach of using a collection for recycling target expressed and reported in units is supported. Reporting by the recycler/processor on the amount collected is the current method of collecting e-waste recycling data. The e-waste recyclers in WA report the materials they collect and process (from Local Government) in units as well as overall tonnes. As identified in Table 1 (of the Consultation Paper) the reporting of units also ensure consistency with the Customs data ensuring easier verification. The continuation of the reporting method

and entity is supported by Local Government. Local Government is not in the position to count individual units on site and relies on the recycler/processor to provide this data.

**Question: Do these overarching principles offer a suitable basis for specifying Australia-wide implementation requirements? If not, how can they be improved?**

The overarching principles for the Arrangements include:

- Achieve fairness and equity in providing reasonable access in regional and remote areas, not just metropolitan areas;
- Provision for the digital switchover of televisions, particularly for regional and remote Australia;
- Provide consumers access to collection services for those classes of product which the Arrangement is subject to an enforceable target;
- Encouraged to, where practical, utilise existing facilities or services, provided these facilities comply with relevant Commonwealth, state and territory or municipal laws;
- Responsible for developing and implementing strategies to promote the availability of the services available while also managing demand and community expectations.

The emphasis on equitable coverage is strongly supported by Local Government. Additional considerations are:

- To ensure that there is consultation with existing collection facilities and providers of e-waste recycling; and
- No net cost to Local Government to recycle TV's and Computers.

Reporting to ensure equitable coverage is needed. WA potentially represents only a small portion of the national market to ensure that there is equity in the distribution of the benefits of the Scheme clear reporting of recovery rates for each State and Territory are needed.

**Question: Are there any additional types of information you consider necessary for reporting on by Arrangements? Please give details.**

The information outlined for the reporting arrangements includes:

- Membership and administration of the approved Arrangement;
- Handling of covered products;
- Performance against enforceable targets;
- Amount of products collected from metropolitan, regional and remote areas;
- Destination of collected products for recycling and reuse;
- Amount of material recovered and flows to landfill following recycling;
- Products held in storage;
- Cost of Arrangement; and
- Changes regarding service providers.

Additional information which should be reported on is the ongoing consultation undertaken with existing service providers (specifically Local Government) and the community promotional activities.

**Question: Does Table 3 provide an appropriate basis for reporting and evaluating the Scheme?**

The 6 areas identified as likely to be the subject of KPI's are listed below with comments.



***KPI 1 Proportion of covered products collected for recycling: Amount of available waste products covered by the Scheme which are collected for recycling note: this outcome is also subject to a separate enforceable target for each approved Arrangement***

This KPI is supported.

***KPI 2 Proportion of material in end-of-life television and computer products that is recovered: Amount of collected material that is recovered***

Previous comments given through the Stakeholder Reference Group highlighted that the term recovered may be somewhat ambiguous and it should be clear that this KPI relates to the collected and processed material that is recycled in another product.

***KPI 3 Reduced risks to the environment and health and safety. Extent of compliance with relevant obligations and/or standards and number of incidents reported***

From the wording/intent of the Draft Interim Industry Standard the collection locations, transporters and recyclers will have to comply with the standard to be part of the scheme – therefore you would expect very high levels of compliance (or they would not be included in the Scheme).

The test will be whether compliance with the standard does actually reduce risk. Reduced risk could also be measured by material diverted pre and post scheme implementation.

***KPI 4 Access for consumers to collection services. Extent of population with reasonable access to collection services in metropolitan, regional and remote areas***

How this KPI is applied is of specific interest to Local Government, as there is a clear community expectation of service delivery in all areas of the State. This is particularly relevant when there is a large geographic areas to cover.

***KPI 5 Community awareness. Extent of community awareness of the Scheme***

For the scheme it would be good to measure actual participation rather than awareness (or knowledge of how to use the scheme). It is acknowledged that participation is far harder to ensure – however for what we want the scheme to achieve it is participation that is important not just awareness.

***KPI 6 Compliance by liable parties with requirements specified in the legislation: Number of liable parties who are members of an approved Arrangement***

See comments under KPI 3 on compliance as a measure of success. Through this scheme the expectation is that all liable parties will be included – 100% compliance.

**Question: Is the list of information requirements specified in Table 4 appropriate? Please give reasons.**

The requirements for information in table 4 include:

- Governance: roles and responsibilities, fee structure and rules, internal accountability, risk management and contingency planning;
- Financing: the financial model for the Arrangement;
- Australia wide implementation and method(s) of collection, storage, transport and recycling;
- Communication and awareness raising;
- Performance management and reporting; and
- Consultation.

These are a comprehensive list of requirements. Local Government would like to highlight the importance of the risk management section, particularly the need to ensure contingency planning. The market reality is that recycling is dependent on the price in an international market. The Global Financial Crisis and the resultant downturn in the price of recyclables emphasised the vulnerability of the recycling industry. It should also be noted that markets are not nationally consistent.

As markets are likely to continue to fluctuate the design and structure of an EPR Scheme must consider this. If the downturn in prices is long term, the viability of companies may be threatened. If there is no plan (e.g. additional storage, alternative markets, other service providers etc) the effectiveness of the program is likely to be impacted upon. In The effect of the substantially greater amount of material a scheme would generate on the market must also be considered.

In the Governance section it is also important to ensure robust contractual arrangements. Solid contractual arrangements are one way to manage risk in the industry (for example through risk sharing provisions). For any Scheme, clear contracts must be in place between collection points, collectors, recyclers and the management organisation.

In relation to the Consultation section, Local Government considers that this is an essential part of any assessment of an Arrangement. Consultation with Local Government must occur (not may as currently included in Table 4). Consultation is essential because whatever service is put in place will affect Local Government as a collection agent and general service provider. It is important that any information provided by the Arrangement is consistent with the messages being promoted at a state and local level.