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Waste and Resource Efficiency team
Sustainability Policy
Department of Environment, Land, Water and Planning
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Dear Sir or Madam,

VICTORIAN GOVERNMENT PROPOSAL TO BAN E-WASTE FROM LANDFILL

The Australian Industry Group (Ai Group) welcomes the opportunity to provide input on the Victorian Government's discussion paper, "Managing e-waste in Victoria – starting the conversation", which proposes to ban e-waste from landfill in Victoria. This proposal is of intense interest to the many affected businesses represented by Ai Group, who include manufacturers of electrical and electronic products, e-waste recyclers, and others from the waste and resource recovery sectors.

At this stage of the review, in the absence of detail about the proposed approaches to ban e-waste from landfill and a cost-benefit assessment of the regulatory impact of the proposal, we can only highlight issues that the Government should seriously consider before proceeding any further with this review.

Existing schemes for managing e-waste

In principle, we support the Government's aspirations for this review with respect to e-waste, including reducing hazardous materials, greenhouse gas emissions and safety risks, providing certainty and stability to industry, increasing community awareness, creating more jobs, and improving recycling technology. However, although we are not opposed to a landfill ban in principle, it is unclear whether banning e-waste from landfill in Victoria is the appropriate solution to achieve these objectives.

Further, we are yet to be convinced whether the existing product stewardship arrangements are so inadequate as to justify the introduction of a new ban on e-waste in landfills in Victoria. Such a ban appears to overlap with existing regulatory mechanisms and reviews that considered particular e-waste products, including:

- Televisions and computers: The National Television and Computer Recycling Scheme (NTCRS) is a major co-regulatory product stewardship arrangement that has driven substantial recycling over recent years. The Federal Government has only recently completed an operational review of the NTCRS and implemented changes which

commenced from 1 July 2015. A broader review of the NTCRS and the Commonwealth Product Stewardship Act is expected in 2016-17.

- Refrigerators and air conditioners: In June 2015, the Federal Government decided not to pursue further work on product stewardship approaches for end-of-life domestic refrigeration and air conditioning equipment. The Government's cost benefit analysis found that none of the options would generate a net benefit to society.
- Batteries: The Federal and State Governments have recently agreed to continue negotiations with industry on a voluntary stewardship program. Several pilots are also underway or starting soon, including Battery Back and pilots for power tools, emergency lighting and button batteries.
- Mobile phones: Mobilemuster is a national voluntary mobile recycling program which covers mobile phones, accessories and batteries.

In addition to the above, we understand that there are other schemes in operation that cover various other categories of e-waste products.

We therefore strongly encourage the Victorian Government to take into account the existing e-waste recycling schemes and arrangements, and to avoid creating new regulatory measures that overlap or conflict with these existing measures. Sufficient evidence will be required for Government to substantiate whether a correlation can be drawn between banning e-waste from landfill and the Government's objectives, and whether any changes are required to the existing arrangements. Otherwise, we fear that the creation of additional regulatory measures will duplicate existing activities, dilute their effectiveness, and place unnecessary regulatory burden and costs on industry, local government and consumers.

Funding additional e-waste recycling for local government

Experience with the NTCRS suggests some of the risks of a landfill ban. Under the NTCRS, industry is required to fund the recycling of a rising proportion of the television and computer equipment waste stream. Local and State governments also have a strong role to play, and indeed are responsible for the portion of waste arising that is outside the current recycling targets. However, there was concern that local government was unable or unwilling to meet this responsibility by funding recycling, with implications for the stability of the recycling sector and related social enterprises, and creation of growing risks through the stockpiling of material that was beyond industry targets and not economic to recycle.

To address these concerns, the Federal Government has sharply increased the targets for the NTCRS. This was a fraught process, overturning the targets to which industry had committed when it originally supported introduction of the scheme. It remains to be seen whether the changes will succeed.

If an e-waste ban were to be imposed on landfill in Victoria, it is likely that substantial amounts

of waste will be diverted from landfill in the first instance. Ideally, through economies of scale, a ban to e-waste in landfill would be expected to increase volumes and lead to reduced costs. But, in practice, the capacity of local government to manage the waste stream and fund recycling will not necessarily increase commensurately, which is potentially due to limited funds to local government. This could result in potentially dangerous stockpiling, financial instability for local government or recyclers, or the hasty imposition of costs on industry.

Therefore, in assessing the costs and benefits of introducing an e-waste ban in landfill, serious consideration should be given to how this may impact on government, recyclers and consumers to fund collection and recycling of additional e-waste. Landfill bans do not necessarily create better economics for recycling.

Stability for waste and resource recovery sectors

An objective of the Government's proposal is to provide for certainty and stability to industry and create more jobs. While we support these objectives, as stated above a ban on e-waste in landfill may have adverse effects. A ban without an increase in the funding available from government, industry or consumers to support recycling would not offer stability to the waste and resource recovery sectors, including the recycling sector.

Substantial sums are collected through the landfill levy for the management and reduction of waste. If there are concerns about instability in the recycling sector, these funds could be used to address it through funding of additional recycling activities, or through tightly targeted conditional assistance for individual distressed recyclers should they be in danger of disruptive collapse. However, this should not be seen as a remedy for problems that may be fundamentally attributable to individual businesses' contracting and bad management decisions.

The Waste Industry Alliance, an association managed by Ai Group, has also provided specific comments relevant to the waste and resource recovery sector. We encourage the Government to consider their submission.

Viability of electrical and electronics suppliers

If additional compliance costs are imposed on electrical and electronics suppliers, a possible outcome – depending on the design of a landfill ban and consequential measures – is a real risk that some suppliers withdraw from the Victorian or national markets.

In our experience during the NTCRS review, there was an apparent belief by some State and Local governments that liable manufacturers' costs under the NTCRS would be simply and easily passed through to consumers. However, as we pointed out during that review, average selling prices for many kinds of televisions and computer equipment have declined over the

past three years. Industry has not been able to pass along the costs of the scheme.

A highly competitive market place has commoditised most electrical and electronics products and margins are very tight. Impacted suppliers under the NTCRS have had to consider the viability of continuing their operations in the Australian market. For a variety of reasons including costs of participation, some have scaled back their operations. That means job losses in Australia for these businesses. Some suppliers have simply withdrawn from the market.

With this most recent lesson in mind, we encourage the Victorian Government to carefully consider the impact of introducing a new regulatory mechanism and the negative impact this could have on suppliers.

Public safety standards

Any landfill ban would need to be accompanied by adequate environmental regulation to deter and respond to any dangerous stockpiling, and be well-designed to focus on hazardous material. Appropriate health and safety standards, guidelines and best practice for e-waste management should be in place ahead of any changes to e-waste recycling schemes or landfill policy.

For any further information in relation to this submission, please contact our adviser Charles Hoang (02 9466 5462, charles.hoang@aigroup.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Burn'.

Peter Burn
Director, Public Policy