

REQUEST TO SUPPORT: REMIT FOR PRODUCT STEWARDSHIP OF ELECTRONIC WASTE

1. Purpose of Report

This report seeks Committee support for a national product stewardship scheme for electronic waste that Wellington Regional Councillor Paul Bruce is submitting a remit for to the Local Government New Zealand Annual General Meeting of 21 July 2013.

2. Executive Summary

Electronic waste is the fastest growing form of waste in the world, is highly toxic and includes items such as tape recorders, CD and DVD players, digital cameras, mobile phones, video games, and ebook readers. Growing volumes of discarded televisions and computers are generally receiving the most attention.

Councillors are asked to support a remit in principle that calls for a national co-regulatory product stewardship scheme for electronic waste (e-waste). A co-regulatory scheme would be regulated by the Ministry for the Environment with producers and importers of electronic goods being obliged to sign up to the scheme. Industry would, however, be given the choice of how to most efficiently meet the scheme's recycling and other goals. It is recommended that the Committee agrees to support this e-waste remit. This would be consistent with the Council's existing policy.

Most redundant electronic equipment is being land-filled in New Zealand. It is estimated that less than 20% of electronic waste is recycled¹. This leaves around 80,000 tonnes of electronic waste going to landfill each year.

Other developed countries, including Australia, are moving towards co-regulatory product schemes for e-waste. A co-regulatory product stewardship scheme, similar to Australia's, would put in a new system to measurably improve the rates of recycling. Almost all parts of electronic products can be recycled by the industry and the materials can be used for other goods. Valuable materials such as gold can also be recovered to off-set costs.

¹ ZeroWaste New Zealand: <http://www.zerowaste.co.nz/types-of-waste/e-waste-recycling/>

The system would involve changing consumer behavior. This would cost consumers around \$20 per large item such as TVs. This would, however, be built into the purchase price and not impose significant additional costs (e.g. \$20 extra for a \$400 TV). We assume that costs would be pro-rata for smaller items.

Specifically, individual consumers would not be faced with a payment to recycle e-waste at the end of the process, so may be more likely to recycle their e-waste.

3. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Agree to support, in principle, the remit outlined in this paper (and attached in Appendix 1) that advocates a national co-regulatory product stewardship scheme for electronic waste.*
3. *Note that this remit will be considered at the Local Government New Zealand Annual General Meeting of 21 July 2013 and, if accepted, will be put to Central Government.*
4. *Note that the following five other councils support this remit: Hutt City Council Upper Hutt City Council, South Wairarapa District Council, Masterton District Council, and Greater Wellington Regional Council.*
5. *Note that supporting this remit would be consistent with existing policy for Wellington City Council to:*
 - *“Advocate for product stewardship schemes to be developed at a national level in consultation with local government and identify high priority products for schemes and advocate as appropriate” and*
 - *“Work with providers to secure a permanent e-waste collection and processing point, then promote this”*
6. *Note that a key issue will be implementation and information to make recycling of e-waste easy to understand under a co-regulatory product stewardship scheme.*

4. Background

Remit for Local Government New Zealand Annual General Meeting

Member authorities have been invited to submit remits for consideration at the 2013 Local Government New Zealand Annual General Meeting (AGM) to be held in Hamilton on Sunday 21 July 2013. The closing date for receiving remits is Monday 13 May 2013. If this remit is accepted, it will be put to Central Government.

Councillor Paul Bruce from Wellington Regional Council intends to submit a remit that calls on Central Government to set-up a co-regulatory product stewardship scheme for electronic waste (e-waste). This paper asks the Committee to support this remit.

Specifically, this e-waste remit calls on Central Government to:

- Declare e-waste a priority product under the provisions of the Waste Minimisation Act (2008)
- Set a timetable for the development of regulations requiring all importers of electronic equipment to sign up to a product stewardship scheme for e-waste at the point of manufacture, assembly or entry to New Zealand
- Collaborate with suppliers of electronic equipment in progressing a co-regulatory approach to product stewardship, aligned with Australia.

In order for Councillor Paul Bruce to submit this remit to LGNZ, it must have formal support from at least five Councils. Councillor Paul Bruce is seeking support from all territorial authorities in the Wellington Region.

As of 30 April, the following Councils support this remit: Hutt City Council, Upper Hutt City Council, South Wairarapa District Council, Masterton District Council and Greater Wellington Regional Council. The remaining territorial authorities are pending in confirming their support.

Definition of electronic waste

Electronic waste (e-waste) includes all equipment based strongly on electronics, such as televisions, computers, tape recorders, CD and DVD players, digital cameras, mobile phones, video games, and ebook readers.

Domestic white ware electrical appliances, such as fridges, washing machines and microwaves also use electronic equipment, but these are generally covered under the broader definition of waste electrical and electronic equipment (WEEE).

5. Discussion

It is recommended that the Committee agrees to support this e-waste remit. This would be consistent with this Council's existing policy, particularly with the 2011-17 Waste Management and Minimisation Plan (WMMP) that Council agreed to in 2011.

Actions specified under the WMMP include that this Council:

- Advocate for product stewardship schemes to be developed at a national level in consultation with local government
- Identify any high priority products for schemes and advocate as appropriate

- Work with providers to secure a permanent e-waste collection and processing point, then promote this.

The Waste Minimisation Act 2008 (WMA) also provides a legislative framework to introduce product stewardship of high priority products.

Extent of the problem

Electronic waste is the fastest growing type of waste in the world and is more toxic than normal household rubbish. Computers, televisions and other electronic devices in particular can contain toxic heavy metals such as cadmium, lead and mercury. The plastic casing and wiring of computer equipment can also contain hazardous materials, such as brominated flame retardants. The New Zealand Government estimates there are 80,000 tonnes of electrical and electronic waste disposed of into landfills (instead of recycled) in New Zealand per year. While these 80,000 tonnes of waste only account for 2% of the total waste in New Zealand landfills, they account for 70% of the total toxic waste².

Existing voluntary schemes

A number of territorial authorities around the country currently provide facilities and services for dropping off e-waste for recycling.

The Waste Minimisation Act 2008 also provides for industry and voluntary schemes to be set up independently of government. Some voluntary schemes for taking back electronic waste have been set up, for example:

- TV takeback scheme (Ministry for the Environment)
- e-waste drop off schemes (such as provided by RCN group with funding from the Ministry for the Environment)
- mobile phone take-back (such as provided by Vodafone)

Eday New Zealand Trust was established on 1 September 2010 to address the growing challenge that electronic waste (e-waste) presents for New Zealand and Pacific Island communities. Research undertaken by eday New Zealand Trust³ suggests that, worldwide, e-waste product stewardship schemes that are voluntary do not tend to be durable or successful.

Even with current voluntary schemes, most redundant electronic equipment is being land-filled in New Zealand. It is estimated that less than 20% of electronic waste is recycled⁴, leaving the 80,000 tonnes per year that is landfilled.

This may be partly because:

- the costs of using e-waste recycling services that territorial authorities and some businesses provide normally fall on individual consumers when they dispose of the waste and/or ratepayers. Some individuals are or unwilling to pay the real cost of e-waste recycling at the time of disposal and

² ZeroWaste New Zealand: <http://www.zerowaste.co.nz/types-of-waste/e-waste-recycling/>

³ E-waste New Zealand: Five Years On - Prepared by eDay New Zealand Trust, June 2011

⁴ ZeroWaste New Zealand: <http://www.zerowaste.co.nz/types-of-waste/e-waste-recycling/>

- there can be a large number of importers and producers of electronic goods that frequently enter and exit the industry. Large competition on prices can also deter firms entering a voluntary scheme.

Co-regulatory product stewardship scheme (proposed by the remit)

A co-regulatory product stewardship scheme involves government and industry in partnership. Producers and importers of electronic goods would be obliged to enter the scheme and government would set targets (such as for hazardous waste and recycling). However, industry would determine how to meet those targets most efficiently.

A co-regulatory product stewardship scheme would require producers to meet costs of recycling e-waste products. This is because a product stewardship scheme would require importers and suppliers of electronic equipment to take responsibility for funding and managing e-waste recycling schemes. The scheme would be administered by the Ministry for the Environment. The Ministry for the Environment's compliance costs are unknown at this stage.

Most of the materials from e-waste, (including glass, metals and circuit boards) would be completely recycled. Only relatively small amounts of casing may still need landfilling. Valuable materials such as gold can also be recovered to off-set costs.

The system would involve changing consumer behavior. This would cost consumers around \$20 per large item such as TVs. This would, however, be built into the purchase price and not impose significant additional costs (e.g. \$20 extra for a \$400 TV). We assume that costs would be pro-rata for smaller items. Specifically, individual consumers would not be faced with a payment to recycle e-waste at the end of the process, so may be more likely to recycle their e-waste.

Large electronic goods companies are familiar with regulated product stewardship schemes around the world, so industry would likely adapt with both consumers and industry absorbing the costs.

Twenty-seven of the 34 OECD countries have some form of product stewardship scheme in place for electronic waste. This includes Australia, where the attached "Product Stewardship (Televisions and Computers) Regulations" (Appendix 2) took effect on 1 July 2012 with the aim of recycling 80% of television and computer products by 2021-22. Australia's is a co-regulatory approach.

Implementation and information

The success of a co-regulatory product stewardship scheme will depend on how it is implemented. It is likely that a comprehensive education and information campaign would be needed to raise awareness about how individuals can recycle their electronic equipment. Collection services for redundant electronic equipment would also need to be conveniently accessible and able to receive

items at convenient times. These costs would be borne by industry and Central Government (and not territorial authorities).

Consultation and Engagement

This remit has been consulted on with the Regional Waste Forum, Councillors from across the region who attend the waste forum, waste officers from across all different territorial authorities in the Wellington Region, Regional Mayors, and the Ministry for the Environment. Businesses inputted into the eDay report that underpinned the attached remit⁵.

Local Government New Zealand's Remits committee (comprising the President, Vice Presidents and Chief Executive of LGNZ) will review this remit and consider whether to present it to Central Government on behalf of the local government sector.

5.2 Financial considerations

There are no long term financial implications from the decision to support this remit. If co-regulatory product stewardship for electronic waste were adopted nationally, there may be some cost reductions to Council over the longer term.

5.3 Climate change impacts and considerations

Supporting this remit would be consistent with reducing waste and reducing its impact on the environment, including climate changes.

5.4 Long-term plan considerations

There are no Long-term plan considerations.

Contact Officer: *Mark Jones, Senior Policy Advisor, Policy.*

⁵ E-waste New Zealand: Five Years On - Prepared by eDay New Zealand Trust, June 2011

Supporting Information

1) Strategic Fit / Strategic Outcome

Supporting this e-waste remit would be consistent with Council's existing strategies. In particular, with developing Wellington as an Eco-City, involving a proactive response to environmental challenges under the Wellington 2040 Strategy.

2) LTCCP/Annual Plan reference and long term financial impact

There are no long term financial implications from the decision to support this remit. If mandatory product stewardship for e- waste were adopted nationally, there may be some cost reductions to Council. This may be through costs of recycling electronic waste transferring from Council to producers and importers of electronic goods.

3) Treaty of Waitangi considerations

Supporting this remit does not raise any specific issues related to mana whenua or the Treaty of Waitangi.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

This remit has been consulted on with the Regional Waste Forum, waste officers from across all different territorial authorities in the Wellington Region, Regional Mayors, and the Ministry for the Environment.

b) Consultation with Maori

This remit raises no specific Maori or Treaty of Waitangi issues.

6) Legal Implications

There are no legal issues for Wellington City Council from supporting this remit.

7) Consistency with existing policy

Supporting this remit raises no inconsistencies with existing policy.

E-waste and Product Stewardship

This remit calls on central government to:

- Declare electronic waste (e-waste) a priority product under the provisions of the Waste Minimisation Act (2008)
- Set a timetable for the development of regulations requiring all importers of electronic equipment to sign up to a product stewardship scheme for eWaste at the point of manufacture, assembly or entry to New Zealand
- Collaborate with suppliers of electronic equipment in progressing a co-regulatory approach to product stewardship, aligned with Australia

Rationale

New Zealand's eWaste problem is escalating.

The safe disposal of increasing amounts of e-waste is a challenging issue for New Zealand. Most New Zealand communities do not have easy access to free (at the point of disposal) e-waste recycling services. Valuable materials can be recovered from e-waste, but the return on these is not sufficient to cover all the costs of collection, transport and recycling. Many consumers are unable or unwilling to pay the real cost of e-waste recycling at the time of disposal.

Product Stewardship provides the optimum long-term solution for e-waste

- Product stewardship provides a permanent long-term solution where all the costs of e-waste collection, transport and recycling are met by electronic equipment suppliers; in effect, the cost of recycling becomes included in the price of new products.
- This is the approach adopted in most developed countries (especially Europe) and where effectively implemented avoids the need for any funding support from central government or local authorities. Voluntary user pays product stewardship schemes for e-waste have not succeeded anywhere in the world.
- As there is likely to be considerable synergy, New Zealand should pursue the co-regulatory approach implemented in Australia from 1 July 2012
- The co-regulatory approach requires suppliers of electronic equipment to take responsibility for funding and managing e-waste recycling schemes. This approach results in 'free drop-off' for the public at the end of life (EoL) recycling facility. This factor is critical to optimise public participation, maximise EoL collections rates, and thereby ensure:
 - The numerously documented and internationally accepted harm resulting from inappropriate disposal is avoided
 - The significant globally scarce resources in e-waste are used most efficiently and economies of scale are maximised and work to favour reducing the per unit recycling cost – thereby minimising any perceived burden of environmental compliance cost upon the general economy
 - Government regulations are necessary to ensure participation by all suppliers and prevent "free-riders" gaining a business advantage. Government regulation is also required to ensure minimum recycling standards, such as those now provided by the Australian and New Zealand eWaste standard, AS/NZS 5377, apply evenly to all participants in the e-waste recycling sector. The necessary transparency, traceability, accountability, quality assurance and 'all inclusive level playing field' required for New Zealand to meet fully its international obligations, can most effectively be implemented by backstop co-regulation of the product stewardship of e-waste

Central Government

- Government has supported e-waste awareness-raising schemes since 2007, including eDay, RCN e-Cycle, and currently is providing subsidies for analogue TV take-back schemes
- The Waste Minimisation Act (2008) provides the legislative framework for the development of product stewardship schemes – both voluntary and compulsory
- No voluntary product stewardship schemes have been developed for computer or TV equipment in the four years since the legislation was passed
- The Minister for the Environment (Hon Amy Adams) has provided direction to MfE to explore options for mandatory producer responsibility for electronic waste but there is no evidence of any progress being made

Local Authorities

- A number of regions have elected to support the establishment of a local e-Cycle collection centre and in some cases, are subsidising the cost of e-waste recycling
- Local authorities should not be subsidising e-waste recycling schemes, whether this is from ratepayers or from Waste Minimisation Fund returns, when international experience shows that product stewardship approaches work better
- Local authorities should limit any investment in short-term e-waste collection infrastructure, as this may not form part of longer term industry-funded scheme



Product Stewardship (Televisions and Computers) Regulations 2011

The Australian Government has made Regulations to support a national, industry-led scheme for recycling televisions and computers.

On 5 November 2009, all Australian environment ministers agreed to a new national policy on waste and resource recovery. The *National Waste Policy: Less Waste, More Resources*, endorsed by the Council of Australian Governments in 2010, sets a 10-year vision which puts the nation on a path to producing less waste and managing waste as a resource to deliver economic, environmental and social benefits.

Strategy one of the National Waste Policy relates to the principle of product stewardship, where responsibility for the environmental impacts of a product throughout its life cycle (from design to production through to disposal) is shared by everyone involved in the production, supply and use of that product.

Product stewardship takes many forms, for example when people recycle packaging or when companies re-design their product to reduce hazardous substances, they are being good product stewards.

All Australian environment ministers also agreed that televisions and computers would be the first products to be regulated, using a co-regulatory approach, under product stewardship legislation proposed in Strategy one of the Policy.

Co-regulatory approaches involve a combination of government regulation and industry action,

whereby government makes regulations that set the outcomes to be met, while industry funds and implements the scheme and has flexibility in determining how those outcomes are achieved.

PRODUCT STEWARDSHIP ACT

The *Product Stewardship Act 2011* (the Act) came into effect on 8 August 2011 and fulfils a key Australian Government commitment under the National Waste Policy. The Act seeks to address the environmental, health and safety impacts of products. The implementation of the Act will help reduce hazardous substances in products and in waste, avoid and reduce waste, and increase recycling and resource recovery.

The Act provides a framework for mandatory, co-regulatory and voluntary product stewardship.

NATIONAL TELEVISION AND COMPUTER RECYCLING SCHEME

The *Product Stewardship (Televisions and Computers) Regulations 2011* (the Regulations) came into effect on 8 November 2011 and support a co-regulatory recycling scheme for televisions, computers, printers and computer products.

In line with the aims of the National Waste Policy, the objectives of the Scheme are to:

- Reduce the amount of television and computer waste (particularly hazardous waste materials) for disposal to landfill;
- Increase recovery of resources from end-of-life television and computer products in a safe, scientific and environmentally sound manner;
- Ensure national coverage; and
- Ensure fair and equitable industry participation in the Scheme.

The Regulations aim to increase the recycling of covered products to 80 per cent in 2021-22.

PRODUCTS COVERED

The Regulations apply to televisions, computers, printers and computer products. Computer products include both internal parts of computers (e.g. motherboards) and peripherals (e.g. keyboards). In order to precisely identify the products in question, Schedule 1 to the Regulations specifies 75 tariff/statistical codes of relevant products and associated descriptions. These are the codes used by importers in Customs import declarations.

WHO IS REGULATED?

Only entities described in the Regulations have obligations under the Regulations.

The Regulations define liable parties as constitutional corporations that imported or manufactured in Australia products covered by the Regulations in the previous financial year.

To limit the impact of the Regulations on small business, the Regulations set thresholds that exempt companies that import or manufacture less than 15,001 computer products or 5,001 televisions, computers or printers from participating in the Scheme.

WHAT IS REQUIRED OF A LIABLE PARTY?

The Act requires liable parties specified in the Regulations to become a member of an approved co-regulatory arrangement.

An approved co-regulatory arrangement is a set of activities or measures designed to achieve the recycling targets and other outcomes in the Regulations. All arrangements must have an administrator, which is the body corporate responsible for administering the arrangement on behalf of members, and must ensure all reasonable steps are taken to meet outcomes specified in the Regulations.

Arrangements can have one liable party member or multiple liable parties participating.

Substantial civil penalties apply to a liable party that fails to become a member of an approved co-regulatory arrangement.

OUTCOMES

The Regulations specify three key outcomes to be achieved by approved co-regulatory arrangements namely: the provision of reasonable access to collection services in metropolitan, regional and remote areas, annual recycling targets and a material recovery target.

Reasonable access

The Regulations require each approved arrangement to provide reasonable access to collection services by 31 December 2013.

Reasonable access is defined in the Regulations by the following set of minimum requirements:

- For each metropolitan area, the number of collection services available in each financial year must at least equal the population of that area divided by 250,000 and rounded up to the closest whole number;



