COMMISSIONER FOR
BETTER REGULATION

GPO Box 4379
Melbourne Victoria 3001
Telephone: 03 9092 5800

28 August 2017

Mr Paul Smith
Deputy Secretary
Energy, Environment and Climate Change
Department of Environment, Land, Water and Planning
Level 1, 8 Nicholson Street
EAST MELBOURNE VIC 3002

Dear ~~Mr Smith~~ Paul,

POLICY IMPACT ASSESSMENT FOR WASTE MANAGEMENT POLICIES TO MANAGE E-WASTE

I would like to thank your staff for working with the Office of the Commissioner for Better Regulation on the preparation of the Policy Impact Assessment (PIA) for the proposed new *Waste Management Policy (E-waste)* 2018 and amendments to the existing *Waste Management Policy (Siting, Design and Management of Landfills) No. S264*, designed to implement the Government's commitment to ban e-waste from landfill.

As you know, under an agreement between the Environment Protection Authority and my predecessor organisation, independent advice is provided on the adequacy of analysis presented in PIAs prepared in Victoria, analogous to that given for Regulatory Impact Statements. In doing so, the Commissioner's role is to advise on the adequacy or otherwise of the discussion and analysis presented in the PIA overall, rather than the merits or otherwise of policy or regulatory proposals. To be adequate, the analysis presented in a PIA should be logical, draw on relevant evidence, be transparent about any assumptions made, and be proportionate to the proposal's expected effects. In other words, the PIA needs to provide relevant background to enable informed community consultation on the proposal.

I am pleased to advise that the final version of the PIA received by us on 21 August 2017 meets the adequacy standard.

The PIA deals with the management of e-waste generated by households and businesses — a diverse waste category ranging from frequently-disposed consumer products to long-lived specialised business equipment. These include:

- large appliances like refrigerators and microwaves
- small appliances like toasters and coffee machines
- IT and communications equipment
- home entertainment equipment and powered toys
- power tools
- lighting
- medical devices
- batteries (those from small appliances, through to those in hybrid and electric vehicles, up to large scale storage devices) and
- solar photovoltaic panels.

By volume, e-waste currently comprises approximately one per cent of waste going to landfill, but is one of the fastest growing waste streams. By content, e-waste can range from recoverable materials like steel, aluminium, glass and plastics, through to hazardous materials like cadmium, chromium, mercury and other toxic and/or corrosive chemicals. Only around half of all e-waste generated in Victoria is currently subject to any recycling. To address community concerns associated with e-waste in landfills, the objectives of the proposal in the PIA are to:

- increase the recovery of resources contained in e-waste by increasing opportunities for, and incentives to, recycle e-waste
- reduce harm to the environment and human health from disposal of hazardous components of e-waste
- support jobs and investment in the recycling industry.

The PIA considers several options to achieve these objectives, concluding that a combination of options, both regulatory and non-regulatory, is preferred. The preferred approach involves a comprehensive ban on disposal of all e-waste to landfill in combination with a 'medium' level of access to collection services (with access to upgraded transfer stations, and periodic collection events) for metropolitan and regional areas of Victoria.[1]

The cost benefit analysis in the PIA covers the period 2017-2035. The preferred policy package has estimated total costs of $266.8 million over these 18 years for the Victorian community as a whole (in present value terms relative to business-as-usual), while generating estimated total benefits of $280.1 million. It is estimated that relative to business-as-usual, approximately 573,000 tonnes of e-waste will be diverted from landfill using the preferred option, between 2019-2035.

The costs will be borne mainly by generators of e-waste: businesses and households (related to sorting and transport of e-waste to transfer stations); and by state and local governments funding infrastructure upgrades to transfer stations. While the details are to be finalised, the State Government has allocated $15 million over four years to design and implement the improved collection network. Other costs are associated with Department funded education and information campaigns to promote the recycling of e-waste by households and businesses.

The PIA outlines the reasons why the Government intends to contribute to these costs, largely related to private sector businesses involved in recycling and reprocessing being unable to capture the benefits of the infrastructure investment in transfer stations and the cost of promotional activities to generate sufficient commercial return. Further, the complementary regulatory powers required (i.e. to ban the disposal of all e-waste in land fill sites) are beyond the remit of private businesses, yet they support the supply of e-waste from consumers to reprocessors. Nevertheless, the PIA does signal that increased cost recovery from reprocessors at transfer stations may be possible in future.

The analysis suggests that almost all (94 per cent) of the quantified benefits accrue to the reprocessors of e-waste in the form of the value of material recovered, with a residual representing the avoided landfill costs and avoided health and environmental impacts (3 per cent each).

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[1] In the modelling undertaken for the PIA, the 'medium' level of access provides 99 per cent of the metropolitan population with an e-waste collection service that is accessible within 10km or 20 minutes of driving time each way in non-peak hour traffic. For regional populations, 88 per cent would have access to an e-waste collection service within a town they are living in or are in the immediate vicinity of.

In the analysis included in the PIA, however, the mix of e-waste items is expected to change over time with household appliances and tools expected to form a relatively higher share of the volumes processed, but with relatively lower resource value. As such, while the costs of the preferred option are expected to continue to grow steadily, the benefits are expected to peak in the early to mid-2020s and decline thereafter. From 2035, the PIA claims that there will be net costs year on year, but this estimate is sensitive to the prices ascribed to the materials recovered.

The PIA includes a discussion of some of the risks associated with implementing the preferred policy package, such as the incentive to dump or stockpile e-waste in locations other than landfill to avoid the costs associated with the landfill ban. The extent to which this occurs could undermine the expected benefits of the policy. The Department has, therefore, outlined measures in the implementation plan as well as its evaluation strategy to manage and monitor these risks.

Should you wish to discuss any issue raised in this letter, or subsequent changes to the proposal arising through the public consultation process, please do not hesitate to contact me on (03) 9092 5800.

Yours sincerely

Anna Cronin
Commissioner for Better Regulation