



28 September 2018

Mr David Hatfield
Director Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Email: adjudication@acc.gov.au

Dear Mr Hatfield

The Australian Local Government Association (ALGA) appreciates the opportunity to make a submission in relation to the proposed application by AgStewardship Australia Limited for revocation of ACCC authorisation A91382 and substitution of replacement authorization AA1000429.

ALGA has consulted with its members State and Territory Local Government Associations in preparing the submission. Comments in this paper should be read in conjunction with separate submissions made by State and Territory Local Government Associations and councils.

Should you require any further information in relation to the matters raised in this submission, please contact Lauren Heritage-Brand on telephone (02) 61229400 or email lauren.heritage-brand@alga.asn.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Adrian Beresford-Wylie'.

Adrian Beresford-Wylie
Chief Executive



AUSTRALIAN
LOCAL GOVERNMENT
ASSOCIATION

Submission to the Australian Competition & Consumer Commission

**In response to AgStewardship Australia Limited
application for revocation of ACCC authorisation
A91382 and substitution of replacement
authorization AA1000429**

27 September 2018

1. INTRODUCTION

The Australian Local Government Association (ALGA) appreciates the opportunity to make a submission in response to the application for revocation and replacement of authorization A91382 by AgStewardship Australia Limited.

The information contained in this submission reflects consultation with State and Territory Local Government Associations. It does not, however, replace the individual views of those bodies, some of which may have made separate submissions during the public consultation process. As such, the information contained below should be considered as supplementary information.

ALGA is the national voice of local government in Australia, representing 537 councils across the country.

Local Government's Relationship with Product Stewardship Matters Generally

In structure, ALGA is a federation of state and territory local government associations. ALGA was established in 1947 and throughout its history has been closely involved in issues of national significance affecting the local government sector as a whole.

The interest and engagement of ALGA and the local government sector more generally on product stewardship matters has been ongoing since the introduction of the Product Stewardship Act, but has particularly focused at the end of life cycle stage, i.e. waste management.

With the recent developments affecting the waste and recycling industry – and more broadly, product stewardship – ALGA's Board confirmed its commitment to continuing and increasing the Association's input into national policy and advocacy in these fields on behalf of its member State and Territory Associations.

Due to the high level of sectoral involvement in waste management, ALGA regularly liaises with peak industry bodies that may be administered under the Act, such as co-regulatory and voluntary bodies administering television and computer waste and packaging. ALGA is also involved with AgSafe's drumMUSTER program, authorised under the ACCC as a voluntary program by AgStewardship Australia Limited, to which this submission relates.

ALGA also liaises with the Commonwealth Department of the Environment and Energy, other industry peak bodies and State and Territory Local Government Associations on an ongoing basis to ensure local governments are well informed and their interests considered in policy and program development in relation to product stewardship matters.

2. COMMENTS IN RELATION TO APPLICATION

ALGA notes the application states that the proposed increase levy from 4 cents per litre/kilogram to 6 cents per litre/kilogram will allow:

- meeting of the demand for price increases from contracted services, especially payments to processors faced with diminished returns from the prices paid for recycled plastic and a fall in demand for such material due to changed market circumstances;
- investment in additional infrastructure to fill gaps identified for collection sites for the drumMUSTER program;
- refurbishment of current drum cages at many of the container collection sites;
- information technology improvements to streamline payments to collection agencies, local councils and community groups;
- reinvigorated promotion of the programs to improve the programs' performance;
- budget allocations towards research into emerging trends in packaging and the changing market for recycled material, particularly the use of recycled materials;
- Fund additional collections including in remote areas for the programs; and
- continued development of relationships and agreements with community groups and resellers of Agvet chemicals to improve collection rates of containers and awareness of the programs and the benefits accruing to communities from successful voluntary stewardship programs.

ALGA supports a need for a fee increase in order for the scheme to operate effectively and sustainably.

Consultation with the local government sector indicates that infrastructure upgrades are required at some collection points and advice from State and Territory Local Government Associations is that many facilities are degraded and in need of significant upgrades.

Given that the application already points out that financial reserves have already been accessed to cover recent shortfalls, and the broad extent of goals outlined above intended for the scheme, and considering there is already evidence of not meeting goals/infrastructure services/standards, there are concerns that a 2c per litre/kilogram increase is unlikely to meet all of these outcomes

The 2c increase seems insufficient given that AgStewardship point out in their application that,

“the real value of the 4 cents has been degraded each year, and if CPI was applied across those years, the rate today would be close to 7 cents litre/kg.”

As such, an increase to 6 cents per litre/kg appears inadequate in light of the improvements proposed.

Re-authorisation is sought for five years. ALGA is concerned that if a 2c increase proves insufficient to provide for adequate infrastructure, as well as improve the promotion of the programs and raise awareness of collection points/events (another failing of the current program as indicated to ALGA by its member organisations) and the many other intended improvements listed above, then a five-year term will result in support and participation by the community and local government falling to unsustainable and irrecoverable levels.

Our recommendation would be to either:

- increase the fee to 6 cents per litre/kg with a shorter term of approval for 3 years to enable a review against cost viability and AgStewardship's ability to meet the goals outlined in the application

or

- increase the fee to 7 cents per litre for a term of 5 years.

3. CONCLUSION

Product stewardship is an important part of moving towards a sustainable future, with economic, social and environmental benefits. Delivery of nominated goals of stewardship schemes, and accountability when unable to do so, are important parts of maintaining community and industry confidence in product stewardship. As such, ALGA asserts that a fee increase is necessary for the scheme to continue, but the quantum and/or term proposed are unlikely to be sufficient, with failure to meet refurbishment requirements and infrastructure upgrades likely to have significant impact in the local government sector.

ALGA Secretariat
September 2018