



September 2018

Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). MWAC is a standing committee of WALGA, 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) as well as a number of Local Government representatives. 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, this Submission is yet to be considered and endorsed by MWAC. The ACCC will be informed of any changes to this Submission following consideration by the Municipal Waste Advisory Council on Wednesday, 24 October.

Executive Summary

drumMUSTER and ChemClear are well established examples of Voluntary Product Stewardship Schemes. These Programs provide for the collection of used, unwanted, empty agricultural and veterinary chemical containers and chemicals through the collection of a voluntary levy on manufacturers and suppliers of these chemicals.

Feedback provided by Local Government on the overall approach taken by AgStewardship Australia to the design and implementation of the drumMUSTER and ChemClear Programs, indicates that there is support for the continuation of these Programs and the proposed increase of the levy.

The success of the drumMUSTER and ChemClear Programs relies heavily on maintaining a good working relationship with Local Government. The declining collection rate of eligible containers identified in the Application, shows there is a need for a refreshed approach. It is recommended that the scope of eligible containers and chemicals is reviewed to ensure these Programs adequately incentivise and fund the recovery of these agvet materials.

The current scope of material collected is having a detrimental impact on Local Government managed collection points, with ineligible material regularly received. Additionally, the Programs could be expanded to improve geographical coverage and provide for on-farm inspections and collections. Changes in the type of plastics and the containers that are used in the manufacture of agvet chemical may affect the future viability of the drumMUSTER and ChemClear Programs. To inform decision making on the best way to address this issue, there is a need for an independent assessment of all agvet chemicals and containers entering the market, rates of usage and the amount of material available for collection.

In developing this Submission, the Association has sought feedback directly from those Local Governments that have participated in the drumMUSTER and ChemClear Programs over the last 10 years, to inform the ACCC's consideration of public benefits and detriments. Responses were received from 42 Local Governments, which is a response rate of 53.8% of Local Governments currently participating in these Programs.

1. Introduction

Local Government supports Product Stewardship Schemes where industry takes either a physical or financial responsibility for their products at end of life. The drumMUSTER and ChemClear approaches to Voluntary Product Stewardship have fulfilled this outcome, with the financial costs of managing eligible chemical drums largely covered by the drumMUSTER Program. However, the eligibility criteria and funding structure of the ChemClear Program are widely considered to present a barrier to the recovery of Group 2 Chemicals.

The ACCC has provided the Association with an extension to comment on AgStewardship Australia's Application (the Application) for re-authorisation. The extension is appreciated, as it has provided the Association with the ability to seek and compile Local Government feedback on the operation of the drumMUSTER and ChemClear Programs. This information will provide the ACCC with a better understanding of the benefits and detriments of these Programs.

This Submission includes a short review of AgStewardship Australia's Application along with the benefits and detriments of the drumMUSTER and ChemClear Program based on the feedback provided by Local Governments.

2. Review of AgStewardship Australia's Application

The re-authorisation of the drumMUSTER and ChemClear Programs, and the increase in the levy, is supported by Local Government as a means of:

- Addressing the immediate financial pressures facing these Programs
- Improving the geographic coverage of, and access to, these Programs
- Providing additional collection services
- Upgrading existing collection infrastructure and signage
- Streamlining payments to collection agencies, Local Governments and community groups
- Improving the promotion and awareness of these Programs
- Funding research into emerging trends.

However, it is considered that the Application to the ACCC could have been strengthened by the provision of further detail on how improved coverage and access to services will be delivered, and in what jurisdictions. AgStewardship Australia has only provided evidence that the increased levy will cover expenditure on current activities, and allow for an increased collection rate from 47% to 58% of eligible containers. It is not clear how the increased collection rate will be achieved¹. It is important that the increased levy is expended on activities that increase the amount of material collected, rather than the administrative functions of AgStewardship Australia.

The Association notes that aside from the increase to the levy, no further changes are proposed to the authorised conduct. As drumMUSTER and ChemClear do not fall under the legislative remit of any other government agency, it is strongly suggested that the ACCC considers the benefits that could be provided to the community by:

- Reviewing the eligibility criteria and funding structure of ChemClear, to ensure this Program adequately incentivises and funds the recovery of both Group 1 and Group 2 chemicals.
- Requiring that an independent assessment occurs of all agvet chemicals and containers entering the market, rates of usage and the amount of material available for collection. This approach would be more comprehensive than the current approach where AgStewardship Australia / AgSafe undertakes surveys of participating companies on a limited scope of material.
- Specifying that AgStewardship Australia must provide long term trends on the amount of chemicals and containers collected in each jurisdiction, in addition to the number of active sites in each jurisdiction. This would ensure that the drumMUSTER and ChemClear Programs retain a national focus, and that benefits are equitably distributed across Australia.

¹ Page 4, AgStewardship Australia (2018). Application for Revocation and Substitution of Authorisation A91382. Available online. <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/agstewardship-australia-limited>.

The success of the drumMUSTER and ChemClear Programs relies heavily on maintaining a good working relationship with Local Government. The declining collection rate of eligible containers identified in the Application, shows there is a need for a refreshed approach to these Programs. Figure 1 shows information from the both the 2013 and 2018 Application regarding the total amount of containers collected through drumMUSTER. As the current amount collected only represents a collection rate of 47% of eligible material, it is strongly suggested that the ACCC carefully considers the detriments and proposed solutions included in Section 3.3 of this Submission.

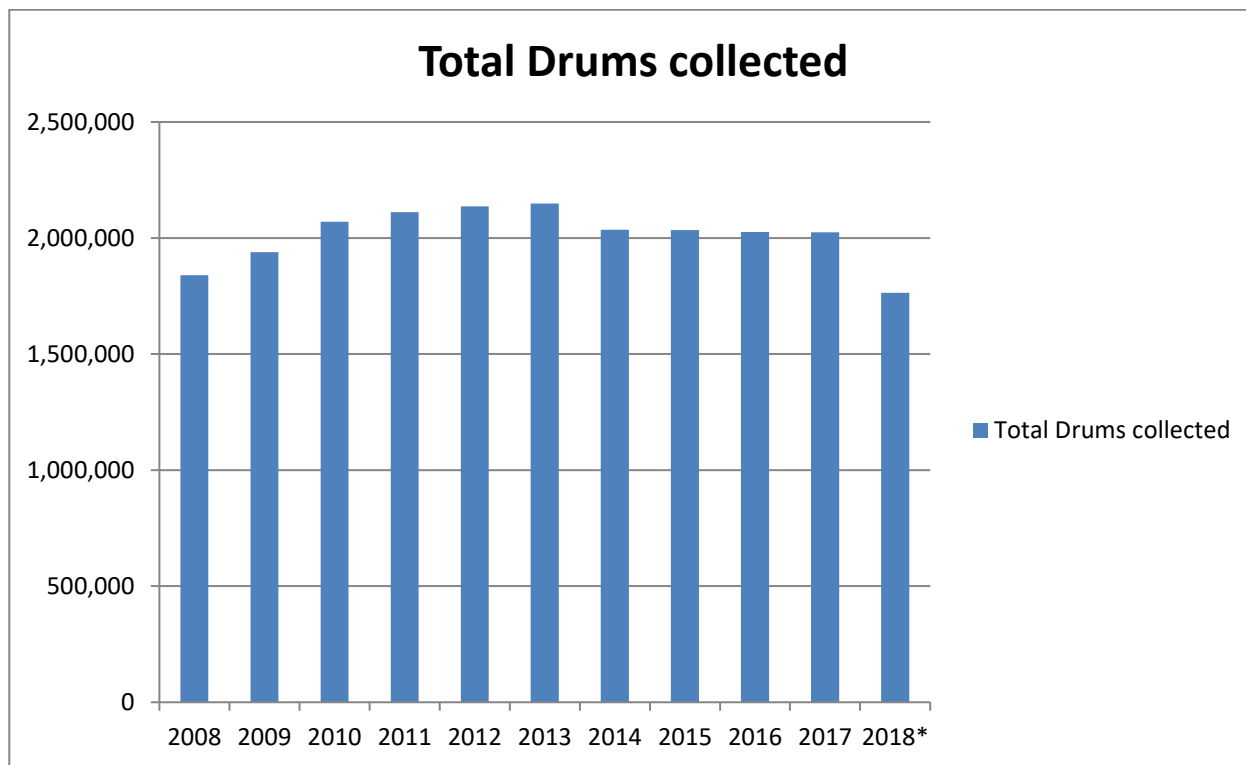


Figure 1: Total containers collected through the drumMUSTER Program.
**Estimated final collection numbers for 2017/18 are forecast to be approximately 2,000,000 once all collection data is received.*

3. Local Government Feedback

3.1 Degree of Local Government Involvement

In reviewing the 2013² and 2018³ Applications presented to the ACCC by AgStewardship Australia, it is not apparent if the number of drumMUSTER collection points and ChemClear collection events in each jurisdiction has remained static or changed over time, as the previous Application only presented National figures. The Application (pg 12) to the ACCC indicates there were 120 active drumMUSTER sites in Western Australia as of 23 July 2018. Information provided to the Association by AgStewardship Australia and Local Government outside of the ACCC process, shows there are currently 78 Local Governments in Western Australia with active drumMUSTER collection sites operating in their local area. While the majority of these sites are managed by Local Government, there are some instances where Local Governments have handed the management of drumMUSTER collection sites and/or ChemClear collection events to local community groups.

² AgStewardship Australia (2013). Application for Revocation of A91105 and Substitution with a New Authorisation. Available online. <https://www.accc.gov.au/system/files/public-registers/documents/D13%2B121488.pdf>.
³ AgStewardship Australia (2018). Application for Revocation and Substitution of Authorisation A91382. Available online. <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/agstewardship-australia-limited>.

The Association surveyed the 78 Local Governments that had either active drumMUSTER sites, and/or had previously participated in the ChemClear Program to gather feedback on their experiences with these Programs over the last 10 years. Officers from 42 of the 78 Local Governments provided a written response through either a survey (40) or direct email (2) on the operation of these Programs. This is a response rate of 53.8% of Local Governments participating in the Programs.

Local Government respondents to the survey reported undertaking a range of activities in support of the drumMUSTER Program, including:

- 40/40 had provided a collection site(s)
- 33/40 had promoted a collection site to the community
- 26/40 had implemented measures to that ensure containers accepted on site met collection requirements
- 32/40 had facilitated the storage of accepted containers
- 36/40 had liaised with drumMUSTER inspectors / collection contractors.

Of the 40 responses received, 14 respondents indicated that their Local Government had not had any involvement with the ChemClear Program over the last 10 years. 2 respondents were either unsure, or did not have information available, on how their Local Government had previously participated in the ChemClear Program. 26 respondents indicated that their Local Government had been involved, with 18/26 providing a temporary site for a collection event, 16/26 promoting a collection event to the community and 5/26 providing staff to assist with operating a collection event.

3.2 Benefits of the drumMUSTER and ChemClear Programs

Local Governments clearly see a value in the drumMUSTER and ChemClear Programs, with all respondents indicating that their Local Government had received some form of benefit:

- 39/40 respondents indicated there had been a reduction of used containers and unwanted chemicals disposed to landfill / the environment
- 33/40 respondents indicated these Programs assisted with providing services to the community
- 26/40 respondents indicated these Programs had increased community awareness of local recycling options
- 24/40 respondents indicated that the use of a more controlled collection process had reduced occupational and health risks
- 16/40 respondents indicated these Programs had assisted with compliance.

Another benefit that was identified by multiple respondents, was the ability of these Programs to raise valuable funds for local community groups and engage the community on waste and recycling issues. In some cases, Local Governments indicated that they had delegated drumMUSTER inspection services, and/or the operation of ChemClear collection events (and the resulting income) to local community groups such as the local P&C, Lions Club or Men's Shed.

All respondents were in agreement that the discontinuation of these Programs would have an impact on their Local Government:

- 40/40 respondents indicated there would be an increase in drums and chemicals disposed of to landfill / inappropriately
- 33/40 respondents indicated there would be a reduction in services provided to the community
- 28/40 respondents indicated there would be an increase in occupational and health risks associated with managing agricultural chemicals
- 26/40 respondents indicated there would be a reduction in community awareness of local recycling options.

Local Government respondents agreed that drumMUSTER had provided a recycling pathway for eligible empty agvet chemical containers, and that ChemClear had minimised the potentially dangerous build-up of unwanted agvet chemicals on farms. 20/40 Local Government respondents stated that these Programs were working well from an operational perspective. Specific commentary

was provided on the value of the Program to rural communities and the high levels of support amongst local farmers.

Examples of specific feedback received from Local Government

Local Government 1

The Local Government facility has a cage for aggregating clean, eligible, containers for DrumMuster at our community drop off centre. Though it is not heavily used, the service they offer is critical to the surrounding (but declining) turf farms, veterinary services and market gardens in the area. DrumMuster is a vitally important service in the rural areas and I support their ongoing recycling initiatives.

Local Government 2

The Shire includes large areas of significant agricultural productivity; this results in significant amounts of agvet chemicals being used. Without drumMUSTER and ChemClear the waste (containers and unused chemicals) would contribute significantly to waste requiring management within the Shire, rather than having the expert input of those programs to remove these wastes from the Shire. Field operatives/contractors of both programs have been truly peerless in their abilities to make the operation work on the day – no matter what the challenge thrown up at them (even being inadvertently locked into one of our more remote transfer stations!) 6c a container is nothing to pay for the service they provide.

Local Government 3

Drum muster works well in our district. We run two collections and a community group run the other one. They are easy to manage and well attended.

3.3 Detriments of the drumMUSTER and ChemClear Programs

The ACCC has previously considered detriments associated with the drumMUSTER and ChemClear Programs in 2009 and 2013, with a particular focus on the scope of eligible containers and community access to these Programs⁴. The Association considers that the ACCC should take a proactive role in addressing the issues outlined in this section of the Submission, as it is the only Government entity that has capacity to influence these Programs. As these Programs are Voluntary Product Stewardship Schemes, and have not been accredited under the legislative framework of the *Product Stewardship Act 2011*, there are no other legislative measures in place to address performance. The declining collection rate of eligible containers (currently 47%) provides a strong case for careful consideration of alternative approaches to improve the performance of these Programs.

Scope of eligible materials

Over a quarter of Local Governments who responded to the survey reported that the scope of eligible containers and chemicals was having either a detrimental impact on their operational activities, or presented a barrier to participation. Local Government respondents considered that the scope of eligible containers, and chemicals, needed to be expanded to address these issue. Examples were provided of situations where containers with worn labels and/or a range of ineligible plastic containers and packaging (including grain bags and 1,000 litre IBC's) had been disposed of inappropriately at drumMUSTER collection sites – with the Local Government left to manage this material. The eligibility criteria and funding structure of the ChemClear Program are widely considered to present a barrier to participation. There is a need for to ensure this Program adequately incentivises, and covers the costs of, recovery of both Group 1 and Group 2 chemicals.

It is worth noting that the type of material entering the market is changing. The Application to the ACCC states that changes in the types of plastics and containers that are being used in the manufacture of agvet chemical containers may affect the future viability of the drumMUSTER and ChemClear Programs. To pre-empt any detrimental impact on the Programs, there is a need for an independent assessment of all agvet chemicals and containers entering the market, along with the rates of usage and the amount of material available for collection. This approach would be more

⁴ ACCC (2013). Final Determination. Available online. <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/agstewardship-australia-limited-revocation-and-substitution-a91382>.

comprehensive than the current approach where AgStewardship Australia / AgSafe undertakes surveys of participating companies on a limited scope of material.

On farm inspections and collections

8 Local Government respondents stated that the Programs should be expanded to include on-farm inspections and collections. This approach could reduce detrimental impacts on Local Government managed sites, and better engage users of agvet chemicals that are not interacting with drumMUSTER collection sites and ChemClear collection events due to issues with convenience.

Geographical coverage

2 Local Governments stated that improvements should be made to the geographical coverage of these Programs, with particular reference to ChemClear. It was not considered practical for users of agvet chemical to wait 2-3 years for a collection event to be arranged in any given region. An alternative solution was suggested, where a permanent collection point is provided in a region for the disposal of known Group 1 chemicals.

Examples of specific feedback received from Local Government

Local Government 4

Have gotten out of drumMUSTER because we do not have trained inspectors anymore and were let down badly by the drum collection after we had received them. In fact there was a time we waited over 2 years for shredded plastic drums to be collected. We waited so long that the bulka bag holding the shredded plastic drums had deteriorated. Also we do not collect many drums at our site. As such it is not worth the time and energy to collect especially when we have other collection points within 50 kms that collect in the thousands of drums as opposed to our hundreds over 3-4 years. Collect all chemical containers not just those who have signed up to drumMUSTER.

Local Government 5

ChemClear needs to be better advertised in advance to registration cut off. The cost to the individual may deter some farmers disposing of the chemicals that incur a fee and they may dispose incorrectly.

Local Government 6

drumMUSTER

The Shire arranged for Claw Environmental to come on site around June this year and chip up a load of containers at both our collection sites. These chippings were stored in a bulker bags and have been on site since then. Because the bags have been out in the weather for so long they are starting to degrade and in fact the one at the landfill site fell over in a large wind and as a result tore a number of holes which the plastic chipping escaped from. Our landfill operators had to spend a couple of hours cleaning up the site and transferring the plastic to other wool bale bags. I am concerned that when the bag at the transfer station finally gets picked up it will also tear open causing the plastic to leak. I have contacted both DrumMUSTER and Claw Environmental to try and arrange a pick up, but to no avail. Each time I make contact I get told they are not in the region and they will be there soon. This is the first issue such as this that I have experienced with DrumMUSTER and Claw Environmental. Up until now the program has been great with little to no issues.

ChemClear

I have had one issue with a farmer that does not have fax or internet access so he was unable to complete the Application on line. When he rang ChemClear they told him he needed to find someone that could email the Application on his behalf. In this instance I was able to fill out the Application on his behalf and email it from the Shire, but I am a little concerned that if a less 'environmentally conscious' farmer came upon the same difficulties he may just throw the chemical out in the back paddock. I think at times some of these departments/programs forget that the country areas are not so technologically capable and appropriate alternative assistance needs to be offered.

Local Government 7

I think it should be put back onto the manufactures to inherit the containers not local government, eg take back to where you bought from. They then ship to manufacturers. eg ag companies like landmark etc.

3.4 Condition of drumMUSTER Collection Infrastructure

Respondents to the survey were asked to provide feedback on the condition of the drumMUSTER collection infrastructure within their Local Government areas.

- 11/40 respondents stated that signage and fencing is in an **excellent** condition, location optimal
- 26/40 respondents stated that signage and fencing is in a reasonable (**satisfactory**) condition, location suitable
- 1/40 respondents stated that signage and fencing need to be upgraded, location suitable (**below average**)
- 2/40 respondents signage does not exist or is very faded, fencing is inadequate, location is not suitable (**poor condition**).

In addition to these responses, photographs of Program related infrastructure were received from 2 Local Governments.



Figure 2: drumMUSTER Collection Point (Shire of Narrogin).

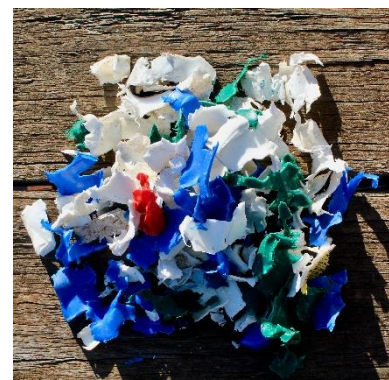


Figure 3 and 4: ChemClear Crew, drumMUSTER Plastic Chips (Shire of Manjimup).



Figure 5: drumMUSTER Plastic Chips in bulka bags (Shire of Manjimup).

3.5 Costs to Local Government

AgStewardship Australia have publically stated that drumMUSTER has saved Local Governments more than \$32 million in landfill costs, by collecting and recycling in excess of 32 million drums⁵. It is difficult to determine if this statement is accurate, as the methodology used to arrive at this conclusion is not publically available. In considering the Application, the Association recommends that the ACCC considers the costs presented by these Programs to Local Government across a range of other areas:

- **Administrative costs:** staff time spent responding to enquiries, liaising with collection contractors
- **Promotional costs:** updating website, design, printing and distribution of fliers / posters
- **Operational costs:** inspection services, sorting / storing containers, traffic management
- **Infrastructure costs:** container storage, signage.

32/40 respondents stated that a reimbursement had been received for their participation in the Programs. Of the 32 responses, 20 provided further information on the degree to which this reimbursement had covered Local Government administrative, promotional, operational and infrastructure costs. While 5 respondents thought that the reimbursement received had covered these costs, 12 respondents did not. Local Governments were predominately concerned with operational costs. Some Local Governments have addressed this issue by working collaboratively with local community groups, and providing any reimbursement to these organisations.

One Local Government reported difficulties with securing a contractor to undertake drum inspections due to the small cost per drum that is received in return. The recent removal of the travel allowance for inspectors has reduced the attractiveness of participating in the drumMUSTER Program. It is therefore recommended that contractors are paid a minimum fee for undertaking inspection services, with an additional price per drum.

⁵ AgSafe (July 2018). Media Release. Available online. <http://www.drummuster.org.au/2018/07/24/media-release-drummuster-has-now-collected-over-32-million-drums/>.

Figures 6 to 9 show the estimated costs to Local Government of participating in these Programs for the 2017/18 Financial Year. Comparisons are provided as a percentage of respondents - across administrative, promotional, operational and infrastructure cost categories. For administrative costs, the majority of respondents indicated a cost of less than \$1,000. For promotional costs, 33% of Local Government respondents reported no costs, 41% reported costs of less than \$1,000. Compared with other areas of expenditure, operational costs were the highest reported category of expenditure for most Local Government respondents. Some Local Governments also reported costs associated with infrastructure, however 48% of the respondents reported there had been no expenditure in this category. For all expenditure categories, between 17 – 21% of Local Government respondents were unsure of the costs associated with participating in these Programs.

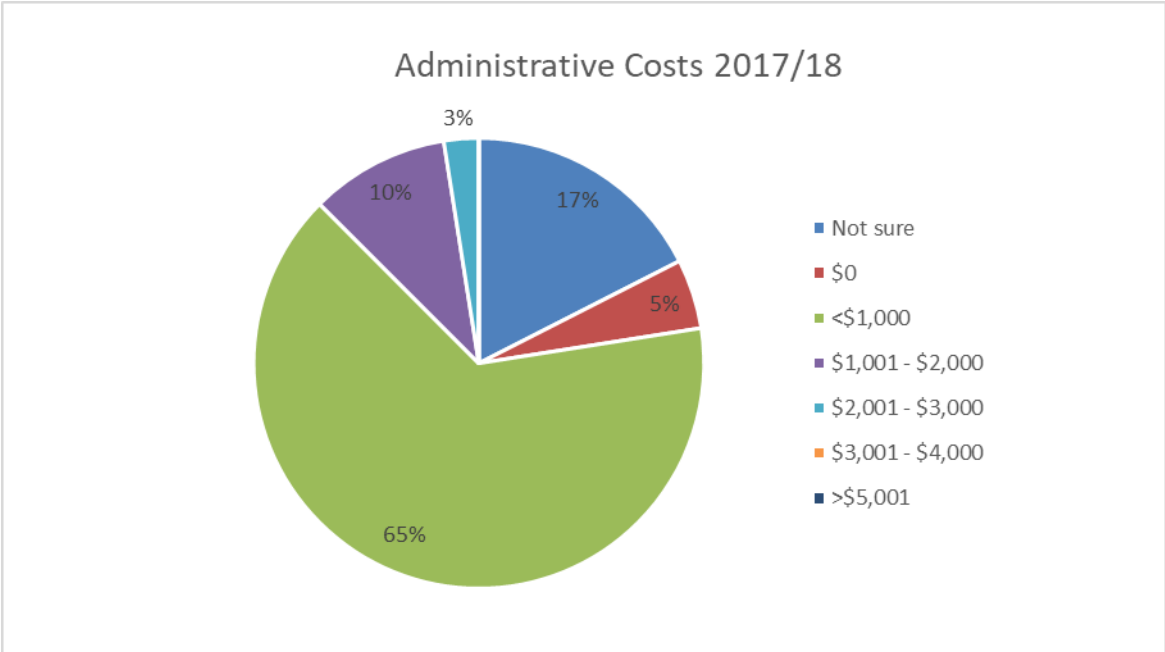


Figure 6: Administrative Costs reported by Local Governments for the 2017/18 Financial Year.

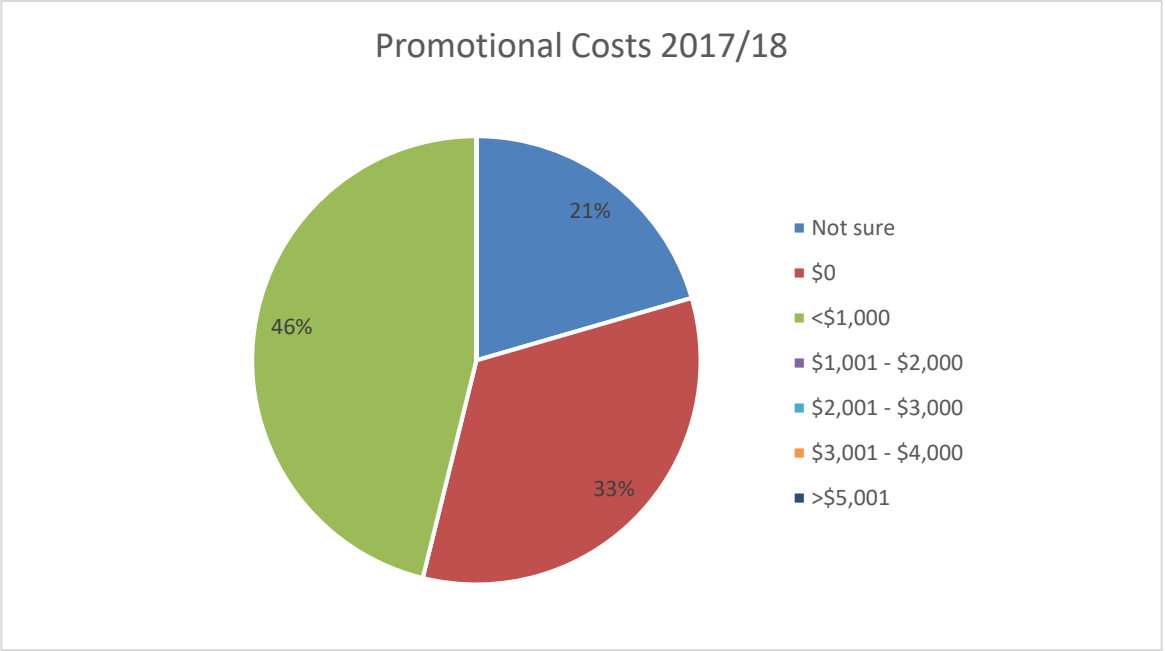


Figure 7: Promotional Costs reported by Local Government for the 2017/18 Financial Year.

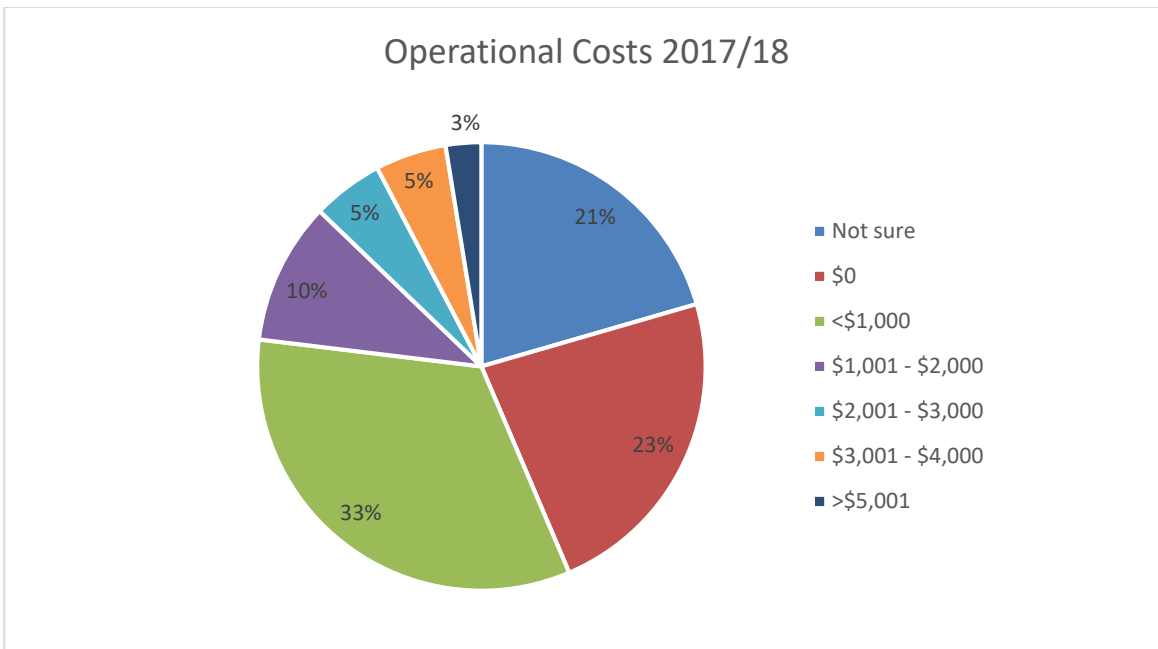


Figure 8: Operational Costs reported by Local Government for the 2017/18 Financial Year.

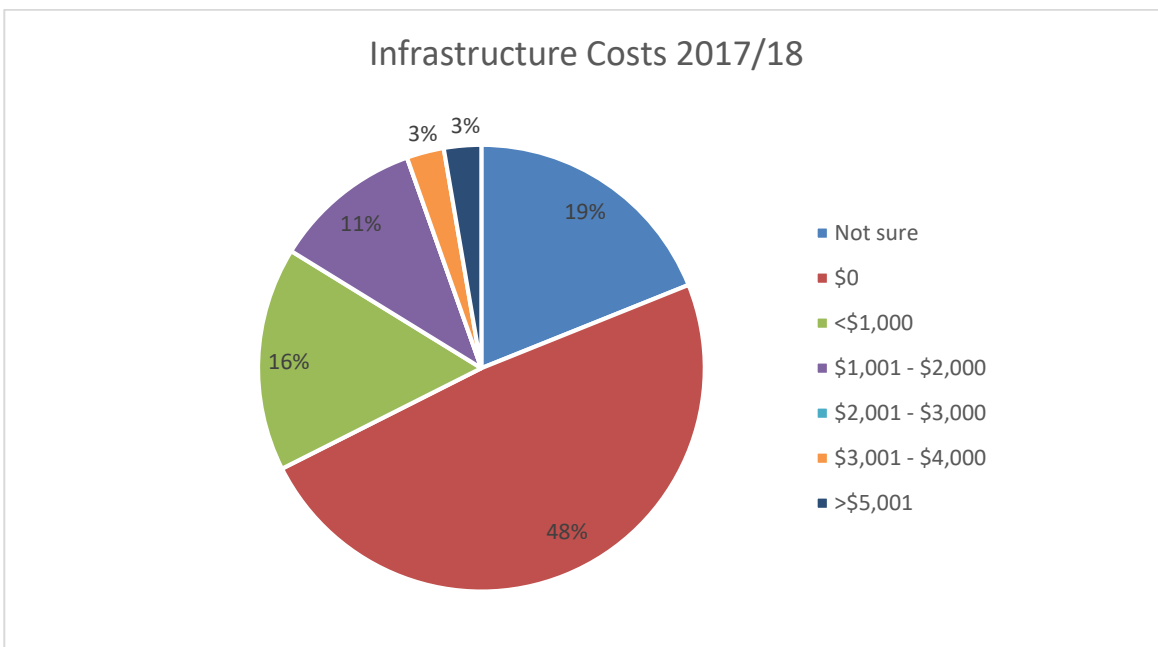


Figure 9: Infrastructure Costs reported by Local Government for the 2017/18 Financial Year.

4. Conclusion

Local Government supports the continuation of the drumMUSTER and ChemClear Programs, along with the proposed increase to the levy.

The success of the drumMUSTER and ChemClear Programs relies heavily on maintaining a good working relationship with Local Government. The declining collection rate of eligible containers identified in the Application, shows there is a need for a refreshed approach. Consideration must be given to reviewing the scope of eligible containers and chemicals, expanding the geographical coverage of the Programs, and providing for on-farm inspections and collections. There must also be a review of the reimbursement paid to Local Government / contractors.

The Association looks forward to working with AgStewardship Australia in the future on the continued implementation of the drumMUSTER and ChemClear Programs. Local Government considers these Programs to be particularly successful examples of Voluntary Product Stewardship Schemes.