4 March, 2009

The Presiding Commissioner
Annual Review of Regulatory Burdens on Business
Productivity Commission

Dear Sir or Madam

Re: Submission to the Annual Review of Regulatory Burdens on Business:
Social and Economic Infrastructure Services.

We congratulate the Government of South Australia on their vision and leadership in environmentally responsible approach to waste management.
We are particularly pleased that the South Australian Government has decided to ban Mercury containing lighting waste from landfill and we sincerely hope that this excellent initiative will be followed with a similar action by all other States and Territories of Australia.

CMA Ecocycle is the only EPA licensed Mercury recycler in Australia. The company operates a State of the Art Mercury recycling facility, in Campbellfield, Melbourne ,Victoria. The plant is equipped with Swedish MRT made Mercury processing and distillation equipment and machinery, capable of processing all Mercury containing lighting waste generated in Australia and in New Zealand.

CMA Corporation invested in excess of $ 10 million in the Campbellfield plant and equipment alone. In addition to the main processing plant, CMA Corporation also operates collection and processing facilities in every state and territory of Australia, providing an infrastructure capable of efficient and cost effective collection, processing and recycling of Mercury containing lighting waste generated in any part of Australia and New Zealand.

Australia generates about 70 Million units of Mercury containing lighting waste P.A, consisting of approx. 50 Million Fluorescent Tubes and 20 Million HIDs and at this stage, small number of CFLs. About 90% to 95% of all lighting waste originates in the commercial and industrial sectors (street lighting, factories, offices, public buildings, sporting facilities, public car parks, etc). And less than 10% of the total comes from the domestic sector.

The main reason for the large discrepancy between the volumes of waste generated by the industrial and commercial sectors, compared to the domestic sector is the fact that commercial and industrial sectors carry out regular re-lamping, every 2-3 years, while in the domestic sector, the lights are only

changed when they burn out. Also, at this stage the main source of light in the domestic sector is the Incandescent type, which does not contain Mercury.

Currently only about 2% of this waste is being recycled. The rest is land filled. The reason for such a poor recycling performance is the fact, that currently this type of waste can legally be disposed into landfills. Landfill disposal costs about 3c/kg, while recycling costs about $2.50/kg, so recycling companies, such as our Company CMA Ecocycle, cannot compete with landfill. Just our company alone, has invested in excess of $10 Million into plant and recycling machinery, which is largely under-utilized and running at a considerable loss.

Broken down into material components, the 70 Million units of lighting waste each year generated in Australia represents:

18,400 t Glass
500 t Aluminium
500 t other metals
700 t Phosphor powder
2.3 t Mercury

Apart from the fact that this waste is the main source of Mercury contamination of our landfill sites, we are also discarding valuable, energy- intensive raw materials, which if collected and recycled would annually account for 27,500 t of Greenhouse gas reduction, and the energy saved would represent 5,620 cars off the road or electricity sufficient to power 6,200 average households.

These quantities will be increased further by additional 83-86 Million units of CFLs following the Government's intended phase out of incandescent lights, in 2010. This will add: 2,800 t of waste to the current level, or broken down into its individual waste components**:**

980- 1,260 t Glass
1,540-1820 t Ballast
56-84 t Phosphor powder
415-430 kg Mercury

However, because of the average 5 year working life expectancy of CFLs, this waste will not be generated till 5 years after the Incandescent lights phase out.

Some of the major challenges facing our Governments in finding practical, cost effective and “user friendly” solutions to keeping Mercury containing lighting waste out of our landfill sites are:

1. How to fund the collection and recycling of lighting waste from the domestic, residential sector.

2. How make sure that the collected waste is actually recycled and not transported into other States, for landfill disposal, where it is still legal.
3. Not to over-regulate the process.

No doubt, that there are other issues which will have to be addressed, but we see the above 3 points as the most important, which we wish to cover in our submission.

Funding: Ideally, what we would like is a National landfill ban and recycling legislation covering all sources of Mercury containing lighting waste. However we do understand that there are a number of funding and logistical issues relating to the domestic sector to be still resolved. However, in view of the fact that the domestic sector is only a minor contributor to the total lighting waste, we believe that the situation would be much more manageable and that the task of the Government in mandating recycling and banning Mercury containing lighting waste from landfill would be made much easier, if the Government delayed legislating on the household, domestic sector, till the issues of collection and financing are resolved.

We have at least 5 years to find solutions to the funding and collection issues. In the mean time, residents who wish to recycle their end of life, Mercury containing lights, could do so, by taking advantage of an increasing number of local Council collection initiatives and programs, using a number of Government managed drop off points, point of sale, retail outlets drop of points as well as private company free collection and recycling programs (i.e. CMA Ecocycle collection and recycling program).

Our experience as a recycler shows that Australian businesses and organizations are quite happy to budget and pay for the waste they generate and we have not encountered any resistance to our recycling fees. This is especially true for ISO 14 001 accredited companies and organizations, which under their charter, have to recycle their waste if a practical and a cost effective method is available to them.

The cost of recycling Mercury containing lighting is only about 1.5% of the retail value for CFLs and about 5% for Fluorescent Tubes and if the labor component for their installation and removal was also included, the recycling cost would be even lower. We expect that with increased volume, the cost of recycling will also come down.

We do not support across the board recycling levy, at the point of importation. A significant percentage of lights are being imported into Australia as fixtures. Lights are also being imported from a number of Asian countries, under various classifications, which are difficult to account for at the point of importation. For these reasons, a levy at the point of importation would crate an uneven playing

field and would be difficult to administer. But we do see a merit in imposing a recycling levy at a point of sale at retail outlets. Such levy, by its nature would exempt industrial and commercial sectors and would only apply to the domestic consumption, because industrial and commercial users do not source their lighting products from retail outlets.

A point of retail outlets levy would be equitable, because all suppliers who sell into the Australian market would be treated equally. Such levy would be relatively easy to administer and the revenue from it could be used to finance collection programs by the retailers themselves or by local councils.

While a number of retailers may be willing to subsidise recycling of lights dropped off into their stores by their customers, simply due to the fact that person who drops off an item for recycling, say at a Bunnings store, will very likely also go into the store and buy something, so the store benefits. Likewise, many local councils would be happy to finance a recycling program from the rates revenue, we believe that a recycling levy at a point of sale would be an added, very strong incentive for most retailers and municipal councils.

Mandating recycling and landfill ban for Mercury containing lighting waste generated by the commercial and industrial sectors could be implemented immediately. Such action would take care of more than 90% of the problem. Legislation covering the domestic sector should be delayed till the commencement of the incandescent lights phase out. Delaying the inclusion of the domestic sector in the recycling legislation would give the private sector stake holders (CMA Ecocycle, Lighting Council Australia,, other waste management companies such as SITA, Veolia, TPI , etc. involved in the collection of Mercury containing lights) time to demonstrate to the Government that they have the plant, the technology, the resources and the structure for a nation-wide, efficient and a cost effective collection and recycling system, into which the domestic sector could be smoothly integrated when ready.

Preventing the Mercury containing lighting waste collected in SA from being transported interstate for landfill disposal: there are and always will be unscrupulous operators in the industry, who will charge their customers a recycling fee but will opt for a cheaper and therefore a more profitable option of landfill disposal, in a State or a Territory, where such practice is still legal or at least, due to lack of monitoring and enforcement, possible.

Such practices can be prevented by mandating that the collection and the recycling of Mercury containing lighting waste is only carried out by licensed operators.

All private and public businesses ,Government departments, Local councils, etc, which collect and supply Mercury containing lighting waste for recycling are

issued by the recycler, with a Recycling Certificate, as a proof that all their lighting waste was recycled in line with the relevant EPA requirements.

The danger of overregulation: currently fluorescent tubes, CFLs, HID lamps and other Mercury containing lights can freely be transported, stored and sold throughout Australia, without any restrictions or regulations (apart from having to meet product performance standards). Likewise, when these products reach their end of productive life, they can be thrown into general rubbish or by a resident into a wheelie bin and taken to landfill in the State where the waste originated or interstate. If such waste is heading for a landfill disposal, there is no regulation what so ever. New or end of life Mercury containing lights can freely, without any regulation be transported within a State or inter-state.

However, there is a tendency, that once a product is identified as a waste, even if unbroken it is no more hazardous and no more dangerous to handle than a new product, suddenly such waste can only be handled by a licensed operator, transported only on a licensed vehicle and its transport, storage and disposal are restricted, regulated, reported and each such step attracts a set fee.

A good example of such practice, specifically in respect to Mercury containing lighting waste, is the current situation in ACT, which like SA, is attempting to ban this type of waste from landfill.

Under the current rules, an electrician or electrical contractor, who say changes fluorescent tubes in a supermarket, can put them straight into a dump master bin and they end up in landfill or possibly take them straight to the tip himself. In contrast, a licensed recycler such as CMA Ecocycle must operate in licensed premises, must have a schedule 4 license and, our vehicles must also be licensed. We must also have a poisons control permit, we have to have annual emission testing as well as meet stringent storage and handling guidelines. If we were to transport such waste Canberra to Sydney, then we also need EPA Interstate authorization. This authorization stipulates that any waste bought into NSW or other State for processing must not end up in landfill.

This kind of over-regulation becomes counter productive, making the very process it is to support and encourage, expensive and tied up in a red tape. It actually favors the landfill disposal, which it was to prevent.

Thanking you,

With Kind Regards,

Peter Bitto