

# Weee infrastructure & Compliance fee

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# The current system is not really fit for purpose!

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At the heart of the WEEE regulations is the principle “the polluter pays”.

A target is set on a yearly basis on the arbitrary principle of POM.

The producer pays for something they have no control over, to an administration business (PCS) that adds no value to the recycling process and is obliged by the system to be driven by cost.

The PCS is basically forced to use the cheapest recycler which means collecting the easiest volume.

Recyclers are driven to cut corners or use out of date machinery or run at a loss chasing volume instead of quality to cover high fixed costs.

The enforcement regime is very weak allowing “illegal” operators to flourish

The current e-waste infrastructure drives the 1st Law of Waste Dynamics that is “waste goes down the cheapest hole”

The whole governance system is back to front as the polluter is the consumer  
not the producer



# Compliance fee

- The compliance fee does not incentivise increased collections nor does it compensate the treatment industry for the lack of material collected.
- What is the compliance fee meant to achieve?
  1. Deliver more e-waste collected?
  2. Penalise under performing PCS's?
  3. Compensate the e-waste recycling industry for investing in the capacity that has not been collected.....
- Deliver more e-waste or penalise PCS's?
  - The total e-waste collected since 2016 has fallen in tonnage and % of POM
  - PCS behaviour has not altered
  - The compliance fee is spent on activities that obviously fail to achieve any real material benefit with regards collected e-waste.



# Compliance fee

- Increasing the compliance fee by a factor of 2x would certainly penalise those who fail to achieve their targets but it wouldn't materially increase overall e-waste collections.
- It will distort the financial market value of evidence as the holders of the waste will appreciate its greater value
- PCS's will simply still collect the easy to collect e-waste but pay more for it
  - They are not the collectors of e-waste nor the recyclers
  - They are administration businesses delivering the cheapest solution to their members
- The producers will pass this extra expense on to the customer
- **The hard to collect e-waste costs 3 or 4 times as much to collect and therefore can not be collected under the current system**
  - The bulk of this waste is not hoarded by the general public
  - Most goes in the black bin (proved by bottom ash from EfW residues.)



# The system has reached the end of its capability

- In 2021 PCS targets should remain as actually collected in 2019
- SMW producers fund at £10 per tonne POM an up front fee (circa £5m)
  - Adding for instance a 1p to cost of a kettle?
- 3 year fund created to collect hard to reach 10% to 20% SMW (15-27k t)
  - New door step collection service?
  - Recovery from black bin waste collections?
  - Etc.
- Totally new body to administer the fund and engage in the collection activity, targeted like other PCS's (in addition to 2021 PCS target)
  - 1 x Defra, 1 WSF chair, 1 x LARC, 1x AATF rep.
- New Body (Smew) must exclude already contracted WEEE
- Other eee category producers to pay £1 per tonne POM
  - This fund used to stimulate e-waste reuse





# Key challenges for treatment sector

- Recycling is a fixed cost business with specialist equipment - when demand drops below capacity recyclers are left in no win situation
  - The industry exists in a transactional rather than contractual marketplace
  - Specialist machinery cannot be easily redeployed for other purposes
  - If demand exceeds capacity the EA is forced to find alternative solutions
- As standards increase or new pollutants need extracting
  - Costs increase
  - Confused enforcement at local level by individual officers
  - 4 different regulatory bodies within UK hold different views
- The consequences of large step changes will be to damage the industry further as businesses are unable to fund large upgrades.
  - See transactional basis of business model
  - No business case can thus be developed to a potential lender
  - These assets are specific and hard to remove/ repurpose in event of a default of payment



# Changes to current system

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- Targets need to be longer term
- Producers should join a PCS for 3/5 years
- PCS's should be non-for-profit & only allowed to operate if they collect e-waste or better still only 2 or 3 and specific to a waste stream.
- PCS's should contract to local authorities for 3/5 years
- PCS's should contract to AATF's for minimum of 3 years
- In the event of a compliance fee, this should be used to support treatment facilities as well as encourage correct disposal.



# New WEEE infrastructure ?

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- Consumer to pay direct fee on purchase
- Watchdog to monitor whole system (multi reps)
- 1 or 2 non for profit PCS's possibly category specific who have to buy all e-waste at agreed rate, based on commodity price index
- Give e-waste a positive value
  - Local councils sell received e-waste to PCS to be collected
  - Retailers can only sell their collected e-waste to PCS at agreed rates and deliver into the designated AATF.
  - Entrepreneurs can set up local collection services and deliver into AATF's and get paid per stream of e-waste
- Premium paid for reuse of e-waste
- Fee to be linked to reuse

