Performance Audit:
Implementing producer responsibility for packaging waste in Malta

EUROSAI WGEA
Waste Management Seminar
Tallinn

27 – 28 April 2016
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Background

- According to EU directives and national legislation, producers are obliged to shoulder responsibilities for their set waste targets.
- Efforts to establish the organisational, legal and infrastructural framework were ongoing since 2001.
- Recycling of packaging waste is critical for Malta due to limited, expensive and negative externalities of landfilling.
- In 2006, Malta received a pre-infringement letter regarding unattained EU targets.
- Environmental, social and financial costs of producer non-compliance are borne nationally.
Audit objectives

This audit sought to evaluate the extent to which Malta was being effective in implementing packaging waste producer responsibility through:

- Management of the implementation process
- Economic instruments used to incentivise producer responsibility
- Regulation and enforcement of producer responsibility
The implementation process

- Although the recycling of packaging waste increased, this still remained significantly below EU targets for 2009.

- Between 2005 and 2009 producers’ low recycling resulted in the resource loss of about 5.5 per cent of landfill space (54,000 cubic metres).

- The low rates of packaging waste recycled by producers resulted in Government incurring financial costs of over €9 million, which were eventually recovered through the Eco-Contribution system.
The role of economic instruments in producer responsibility (1 of 2)

Various difficulties hampered the implementation of producer responsibility for packaging waste:

- Removal of subsidies on landfill was delayed to prevent inflationary backlash and to ensure stakeholder buy-in
- In October 2009 landfill fees were raised from €0.77 to €20, but this is still around €10 per tonne short of landfilling costs
- Producers encountered practical implementation difficulties such as estimating packaging placed on the market, complex regulation, having sufficient capacity to comply and increase in costs to conform
- Protracted discussions between producers and Government stress producers’ difficulties to comply with relative regulations
Government sought to incentivise producers to recycle more through the Eco- Contribution system. The incentives entailed exemptions / refunds if recycling targets are attained.

<table>
<thead>
<tr>
<th>Positive results</th>
<th>Negative results</th>
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<tbody>
<tr>
<td>Substantial income for Government</td>
<td>A double obligation on producers</td>
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<tr>
<td>Significant increase in recycling</td>
<td>A standoff between Government and Industry</td>
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<td>60 per cent of total declared packaging waste was recycled</td>
<td>Perplexity in the definition in the Eco-contribution legal framework and the Producers Responsibility Directives</td>
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<td>Incongruity between the recovery targets laid down in the eco-contribution refunds legislation and packaging regulations</td>
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The regulation and enforcement role in producer responsibility implementation

- The number of producers registered with MEPA declined from 66 to 49 per cent between 2006 and 2008

- In 2008, only a minority (14.5 per cent) of producers had undertaken packaging waste recycling

- At the time, MEPA had not initiated any legal action against non-compliant producers as:
  - MEPA lacked the human resources needed to regulate
  - Regulator operates an annual reapplication systems which potentially magnify the work load unnecessarily
  - Fragmentation of data did not facilitate regulation and enforcement
Developments - Registered producers of packaging or packaging material

*Source: National Register of Producers of Packaging or Packaging Material & Annual Reports of Authorised Packaging Waste Recovery Schemes

Figures for 2014 & 2015 are provisional
Developments - Overall recovery and recycling rates
Overall conclusions

- The implementation of producer responsibility is gathering momentum. However, three main issues of contention remain:
  - Not all producers are shouldering their responsibility
  - A lack of separation of dry recyclables at household level
  - Enforcement constraints precluded higher compliance levels

- Imperfect synchronization between some economic instruments and the legislative framework

- Implementation remains hindered through administrative capacity constraints. The newly established Environmental Resource Authority is to focus more on enforcement

- Stakeholders reached a consensus on the Waste Management Plan for the Maltese Islands 2013 – 2020

- Despite increases in the volumes of recoverables and recyclables, performance remains below EU and national targets
Lessons learned

- Audit timing – significant developments were in progress
- Information availability – limited data availability on a number of aspects influenced audit objectives and scope
- Topic complexity – the legal framework deemed voluminous and complex
- Economic instruments – measuring short-term outcomes of economic instruments proved problematic
Thank you for your attention

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