



The *Product Stewardship Act* is ripe for review to address the full scope of what Australia needs, says RUSS MARTIN.

## An auspicious time for change

**T**here has never been a more exciting time to be a consumer – new technologies, innovative products and so much great stuff to buy and use.

But there is a catch: all that stuff gets chucked out at some stage. In Australia we dispose of more than 50 million tonnes of waste a year, around half of which ends up as landfill.

Our love of technology and new products (Australia has one of the highest tech turnover rates in the world) means that our waste streams are increasingly complex and contain more and more different materials. Inevitably, some of these products and materials are difficult to handle and potentially hazardous, and managing them is an increasingly costly business for governments, industry and communities.

The idea of product stewardship and extended producer responsibility (EPR) is that responsibility for managing these problems is allocated to those who are best able to do something about them. Typically, this can mean those who make, import, sell, use or dispose of products. This makes product stewardship not only an efficient way of improving the environmental performance of products, but also the perfect vehicle for cash-strapped governments wanting to keep down the cost of managing waste.

There are reasons to be optimistic about product stewardship in Australia. Federal Environment Minister Josh Frydenberg led a big agenda on waste and product stewardship at the Meeting of Environment Ministers in November 2016, including discussion of packaging, tyres, microbeads and plastic bags. The Minister holds the keys to Australia's legislative framework on product stewardship, the *Product Stewardship Act* 2011, and has the



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opportunity to build on the work of his predecessor, Greg Hunt, in revamping the National Television and Computer Recycling Scheme (NCRS) and bringing much needed momentum to emerging waste challenges like microbeads and lithium ion batteries.

Product stewardship and EPR have seen significant growth in program development and implementation in the past few years. Also, after extensive international review and consultation, in 2016 the OECD released updated guidelines on key issues and potential benefits and costs associated with product stewardship and EPR programs.

### **NO SINGLE BEST-PRACTICE MODEL**

While there are only a few basic approaches with EPR, there are many variants and no one particular 'best practice' model. Approaches must be tailored to local needs, the needs of various stakeholders and the stated objectives.

In Australia, the *Product Stewardship Act* requires a five-year review which was only announced on 10 March. Conducting the review as a priority could help address a plethora of social, economic and environmental issues and result in additional economic development and job creation.

The Act was intended as a framework for product stewardship and it has enabled some meaningful improvements, but its objects and criteria for designating priority products do not reflect the full scope of product stewardship.

The review should question how well the Act has achieved its objectives and the role for product stewardship in addressing identified needs, as well as revisit the principal objectives of product stewardship. Businesses potentially affected by product stewardship should also have the opportunity to examine its fit with their core business activities and environmental responsibilities.

Through objective analysis of domestic and international programs and policies, plus meaningful stakeholder engagement, the Act's review could create greater sharing of responsibility and opportunities both within and beyond Australia's borders.

## UNDERSTANDING PRODUCT STEWARDSHIP AND EPR

EPR was intended to reduce environmental impacts of products (primarily through redesign) by shifting physical and/or financial responsibility of post-consumer products to the producers.

Product stewardship models may be voluntary or have a regulatory underpinning that helps address 'free riders' that benefit from having a scheme in place without making a contribution. Most international models are EPR, which almost always has a regulatory underpinning that designates affected products and requires certain actions of producers or first importers placing those products on the market. According to the OECD, about 400 EPR systems are currently in operation globally, and most of these are the 'traditional' EPR model. In comparison, Australia has to date taken more of a light-touch approach and most schemes are voluntary.

Although product stewardship is intended to reduce negative impacts to human health and the environment across supply chains (primary objectives under the Act), programs have focused mainly on recycling and material recovery with some proportion of these efforts funded by industry.

In addition to recycling, important product stewardship factors include product design, material selection, consumer usage, consumer education and reuse where possible. The role of product stewardship in delivering innovative collection and processing



practices, improved economies of scale, urban mining, wealth from waste and 'smart city' growth opportunities should also not be overlooked.

## SOME KEY CONSIDERATIONS

How can we understand and integrate global compliance requirements in addition to those in Australia, but go beyond to explore new opportunities? Collective EPR and product stewardship approaches tend to focus on achieving compliance with targets or key performance indicators at the least cost. While this will always be integral, there is more that can and should be done.

How can we build upon the recycling and product stewardship initiatives already in place in Australia? For one thing, we need to better recognise that recycling is important and popular with stakeholders, but represents only one aspect of product stewardship.

Program implementation has led to eventual improvements in Australia's co-regulatory approaches. The Australian Packaging Covenant now incorporates sustainable packaging guidelines. Also, the NTCRS has had adjustments to recycling targets and to better consider reuse.

Paint represents around 80 percent of the cost of many council household hazardous waste programs, so having the new voluntary national product stewardship approach for paint, Paintback, should allow for either cost reduction or, more likely, the ability to collect other problematic substances without increasing collection costs. Although local government cost savings were ultimately considered in developing the scheme, paint was designated as a priority product under the Act for reasons other than cost.

The costs of properly managing mattresses have long been a concern



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Act's Product Stewardship Advisory group established to advise the Minister on priority products was abolished in 2014. This meant the mechanism for identifying priority products shifted more towards state and territory governments' nominating particular end-of-life products that may warrant further investigation through the priority list. How can Australia gain better insights on particular industries and put them on notice that they are being considered for product stewardship in a more transparent way? How can the Act best be used to drive the meaningful progression of product stewardship for priority products? How can local governments and their residents be more effectively engaged?

Local governments and their ratepayers stand to benefit the most from product stewardship. Local government collections could also be expanded to include more materials in conjunction with existing product stewardship schemes and assist in providing 'one-stop' collection locations.

What opportunities are there to incorporate social entrepreneurs and social enterprises to provide additional job creation and training into social benefits? An estimated 20,000 social enterprises exist in Australia. Most (73 percent) are small businesses and most have an objective of providing meaningful employment opportunities. Recovery targets for the NTCRS were adjusted in part to better consider social enterprises, but opportunities to change were minimal as social enterprise is not reflected in the Act's objects and criteria.

**LESS 'TRADITIONAL' PRODUCT STEWARDSHIP**

The Act's review should also consider how to address changing product types, products for which safe management and disposal are more important than recycling or for which recycling is not a viable option, complex products resulting in conflicting objectives and other difficult circumstances that may arise.

For example, redesign, reuse and recycling are not viable options for unwanted medicines and sharps, given specific medical and regulatory requirements. All existing programs for these items focus on ensuring proper management and disposal through incineration or landfilling in the interests of consumer safety and the environment.

Product stewardship programs need to be able to address new, potentially complex items such as the latest self-injection devices for diabetics. Such devices contain a (potentially contaminated) needle, a battery or two, electronics and plastics that can all be managed separately, but in different, potentially competing ways.

No one can do any of this on their own, and no single approach is likely to solve all identified problems. For example, the Ellen MacArthur Foundation found that by 2050, there will be more plastic than fish (by weight) in the oceans. Addressing such a significant concern requires addressing consumption, litter, recycling and disposal in comprehensive and meaningful ways.

While plastic bag bans, microbead bans and beverage container deposits are all likely to have some benefits, their geographic coverage is still limited and they only address some of the range of plastic contamination sources. There will still be plenty of plastics entering the marine environment and causing significant environmental harm that remain to be addressed.

Product stewardship can be an effective approach for reducing potential harm to human health and the environment across supply chains when tailored to local circumstances. The pending review of the Act provides an excellent opportunity for Australia to build on past and present product stewardship initiatives if we effectively address the right questions as part of the review. ■

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of Australian local governments and reprocessing capacity is now available in Australia. However, mattresses cannot currently be designated as a priority product under the Act because costs do not factor into the Act's objects or criteria.

While producers are increasingly willing to pay fair costs associated with product stewardship, they also expect greater control over programs and opportunities to hold competitors accountable. Placing products on the Australian market should incur an appropriate degree of responsibility and some flexibility in how to achieve program objectives, but not an obligation to shoulder the burdens of others. A review of the Act should address voluntary, co-regulatory and regulatory approaches, as well as the circumstances under which each approach works best.

How should we prioritise items to target with product stewardship? The