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Director
Product Stewardship Policy Team
Department of Sustainability, Environment, Water, Population and Communities
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Dear Sir/Madam

Australian Industry Response to Consultation Paper on the Proposed Model for Accreditation of Voluntary Product Stewardship Arrangements

The Australian Industry Group (Ai Group) welcomes the opportunity to comment on the Consultation Paper on the Proposed Model for Accreditation of Voluntary Product Stewardship Arrangements. Ai Group also participated in consultations conducted in October 2011.

Ai Group is a peak industry association in Australia which along with its affiliates represents the interests of more than 60,000 businesses in an expanding range of sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries. The businesses which we represent employ more than 1 million employees.

Voluntary Product Stewardship Framework

Ai Group welcomes the acknowledgement in the consultation paper (p 8) that a Voluntary Product Stewardship framework must incorporate flexibility in the requirements for accreditation in recognition that “product stewardship may be more advanced in some sectors compared with others. They may also vary in their focus in addressing all or part of the lifecycle for a particular product(s).” As stated in the consultation paper (p 4) “Voluntary product stewardship can take many forms. It may have a whole of lifecycle focus, or a focus on fixing a specific problem related to part of a product’s lifecycle.”

Compliance Costs

The discussion paper notes that a key issue arising from consultations conducted in late 2011 was the need to minimise the administrative burden (for government, industry and other organisations involved). However, Ai Group is concerned that the proposed design of the voluntary framework will not deliver on this objective.

Ai Group is further concerned that the significant application costs (ranging from \$13,470 for one part of the lifecycle up to \$15,298 for 3 parts of the lifecycle), the proposed requirement that arrangement administrators re-apply for accreditation every 5 years, combined with the significant compliance costs, will prove prohibitive for many potential applicants.

▪ **Requirement to Deliver Best Practice Outcomes**

The discussion paper proposes (p 15) that an applicant be required “to demonstrate that it is currently achieving and will maintain best practice outcomes, or will achieve best practice outcomes relating to product stewardship within the period of accreditation, proposed to be five years.”

“To meet this requirement, an applicant would need to show that the product stewardship outcomes of their arrangement (identified as measurable targets and annual reporting milestones) are equivalent to or better than outcomes of similar product stewardship activities for comparable classes of products in Australia and internationally (where applicable). This will require the applicant to undertake, and provide the results of research into comparable product stewardship activities in Australia and overseas. Supporting documentation including links to any reports or information cited in the research will need to be supplied as part of the application to assist with verification of the claims made.” (p 14-15)

The discussion paper goes on to say that “In situations where no comparisons can be made to other arrangements, applicants will need to provide information to support this and justify why their proposed outcomes represent best practice outcomes or a step change improvement in the Australian context. “

Ai Group is concerned that the requirement to demonstrate best practice outcomes may impose unduly onerous costs on applicants for accreditation. Ai Group recommends that, rather than require applicants to demonstrate best practice, a more appropriate threshold would be to require applicants to demonstrate a step change improvement in the Australian context.

Ai Group further recommends that detailed guidance be provided to potential applicants on the information required to substantiate a step change improvement.

▪ **Assessment of whole of lifecycle impact**

The consultation paper states that applicants must “provide assurance that the voluntary product stewardship arrangement will result in an overall benefit to the environment or human health and safety over the lifecycle of the product. This requirement is proposed to ensure that arrangements will not cause greater harm overall across the lifecycle of the product, by considering any foreseeable adverse or unintended impacts arising from the arrangement.” (p17)

The consultation paper further states that, “The requirement will not involve a full lifecycle analysis to be undertaken but rather a general assessment by the applicant of foreseeable impacts and benefits resulting from the product stewardship activities of the arrangement.” (p17)

Ai Group supports the intention that applicants not be required to undertake full lifecycle analysis. The costs and complexity of undertaking full lifecycle assessments would be prohibitive to many potential applicants and exacerbate the already significant costs of applying for accreditation.

It is essential that detailed guidance be provided to applicants as to the information requirements to that must be met to provide the required assurance that the arrangement will result in overall benefit.

▪ **Requirements for reporting and application for re-accreditation after 5 years**

Ai Group supports annual reporting on the achievements against agreed milestones for accredited voluntary arrangements. Such reporting arrangements should be designed to minimise administrative burdens both on the arrangement administrators and the government.

Subject to provision of satisfactory reporting, Ai Group questions the intention that “To maintain accreditation following [the 5 year] period the Administrator will need to re-apply for accreditation. This will involve an assessment by the department to determine if the arrangement meets the eligibility and accreditation requirements, consistent with the assessment processes (and applicable fee) for Activity 1.” (p 36)

Ai Group proposes that a simplified and least costly process for renewal of accreditation be developed.

▪ **Requirements for risk management plan**

Applicants will be required to submit “a risk management plan containing information on key and potential risks associated with the arrangement’s implementation and how these will be managed.” (p 18)

It is essential that guidance is provided on what such plans should incorporate. This guidance should be tailored to the various forms of potential voluntary arrangements.

Use of Logo

It is acknowledged in the discussion paper (p 22) that use of the proposed product stewardship log may “serve as the primary incentive for interested parties to seek accreditation.” However, given the proposal that “the logo will not be allowed for use on products, product packaging, and transport (e.g. on trucks)” (p23) it is difficult to see how use of the logo will in fact confer any benefit on accredited arrangements, or at least benefits commensurate with the cost of applying for and retaining accreditation.

Products, packaging and transport signage are a primary mechanism for businesses to convey information on the benefits of their product offering. A restriction against use of the logo in such circumstances will undermine the value of use of the logo and is likely to be a significant disincentive for arrangement administrators to apply for accreditation. It also would seem to run counter to the intention of the logo to communicate to others that the voluntary arrangement has been independently assessed as being credible by the Australian Government.

Multiple arrangements

Ai Group supports the intention that multiple arrangements could be allowed under a voluntary product stewardship arrangement, subject to the requirements that applicants demonstrate:

- Why an arrangement should be considered for accreditation alongside an existing accredited arrangement; and
- The outcomes of the proposed arrangement are equivalent or complementary to the outcomes of the existing accredited arrangement(s).

Public comment

Applicants will need to demonstrate “that the outcomes of the arrangement will:

- (a) reduce the impact that products have on the environment, throughout their lives; and or
- (b) reduce the impact that substances contained in products have on the environment, and on the health and safety of human beings, throughout the lives of those products.

In satisfying the above requirement, it is proposed that applicants will need to show that one or more of the following activities, as outlined in section 4 of the Act, are being addressed:

- (a) avoiding generating waste from products
- (b) reducing or eliminating the amount of waste from products to be disposed of
- (c) reducing or eliminating hazardous substances in products to be disposed of
- (d) managing waste from products as a resource
- (e) ensuring that products and waste from products are reused, recycled, recovered, treated and disposed of in a safe, scientific and environmentally sound way.” (p 12-13)

Given the above requirements and the voluntary nature of the schemes, Ai Group considers that inclusion of a public comment period will add additional costs with little or no additional benefit.

Definition of operational arrangement

The consultation paper proposes (p 14) “that an arrangement must be operational in order to obtain accreditation. This requirement has been included to reduce any potential risks to the integrity of the framework and the logo which may arise as a result of accrediting arrangements that may subsequently fail after, or before, commencing operations.”

The consultation paper (p 14-15) puts forward two options for the minimum requirement for definition as operational:

- an arrangement that can demonstrate that it has been undertaking product stewardship activities for a minimum period of time (e.g. 12 months) and can therefore show a track record of performance; or
- an arrangement that is established but has not yet commenced full implementation of product stewardship activities. Such arrangements would be expected to provide evidence that they have established arrangements relating to governance, financing, logistics, and risk planning and management.

Ai Group considers that the voluntary product stewardship framework should have the flexibility to accredit both existing and proposed arrangements. In some instances, businesses may be reluctant to commit financial and other resources to a product stewardship scheme without assurance that the scheme has achieved accreditation.

Conclusion

Ai Group is concerned that the proposed design of the voluntary framework will not deliver on the objective of minimising the administrative burden associated with it.

Ai Group is further concerned that the significant application costs, requirement to re-apply for accreditation every 5 years, combined with the significant compliance costs, will prove prohibitive for many potential applicants.

Rather than require applicants to demonstrate best practice, Ai Group recommends that applicants instead be required to demonstrate a step change improvement in the Australian context.

Ai Group further recommends that detailed guidance be provided to potential applicants on the threshold information required for accreditation of voluntary arrangements.

Yours sincerely,

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