



**Product
Stewardship
Centre of
Excellence**

MEDIA RELEASE

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Roping in the Free-Riders: 10 practical strategies

The Product Stewardship Centre of Excellence today released an **Overcoming Free-Riders White Paper** setting out ten practical strategies to overcome the problem of free-riders.

Free-riders are businesses or organisations that benefit from product stewardship activities without contributing to their development, implementation, financing or operation.

In a recent survey of stewardship schemes in Australia, free-riders were identified as one of the three biggest challenges alongside logistics and governance.

Product Stewardship Centre of Excellence Director Dr Damien Giurco said the presence of free-riders not only threatens the effectiveness of existing product stewardship schemes but can also undermine new and emerging product stewardship schemes.

Free-riding occurs for a range of reasons, including businesses not wanting to commit until competitors do, the 'branch office problem' where international decision makers don't buy into a stewardship approach in Australia, or businesses prioritising their own internal initiatives.

"Sometimes there is a genuine lack of awareness, break downs in communication between a scheme and relevant businesses, or delays in reaching internal agreements within businesses regarding participation," Dr Giurco said.

The Overcoming Free-Riders White Paper was written by Dr Nick Florin, Research Director, and Dr Taylor Brydges, Research Principal, from the Institute of Sustainable Futures, University of Technology, Sydney. The White Paper is based on studies of product stewardship programs, extended producer responsibility schemes and voluntary environmental programs from 200 peer-reviewed academic articles from around the world.

"Through this work, we identified practical strategies for addressing free-riders and applied them to the Australian context. It is important to note that often a combination of these strategies working in tandem is required to reduce instances of free-riding," Dr Giurco said. The ten strategies are:

1. **Ensuring broad industry engagement** - a key way to address free-riders is to bring them into the scheme design process as early as possible.
2. **Promoting cost-efficiency through scheme design** - ensuring fees are fair and appropriate for businesses based on aspects such as market share and/or alignment with other industry initiatives or programs.
3. **Demonstrating the business case** - it should be made clear to industry actors that the costs of non-participation (through developing, administering, collecting and recycling in an

independent scheme) is likely to be higher than participating in a collective scheme.

4. **Unlocking privileged access to new markets** - government incentive programs or access to tender opportunities can require participation in a product stewardship scheme as a condition of procurement.
5. **Addressing orphan waste** - it is important for schemes to have mechanisms to identify and manage historical sources of orphan waste and eliminate the introduction of new orphan waste.
6. **Bestowing reputational rewards** - Membership in a scheme can serve as a quality signifier that can be used in branding and promotional materials, separating members from non-members. Government accreditation of a stewardship scheme can serve as an additional quality seal or logo.
7. **Instilling confidence and accountability through third-party monitoring** - External auditing and monitoring activities support transparency and ensure participants are acting in a responsible manner.
8. **The power of peer pressure** - Separating the “good” from the “bad” helps to ensure that free-riders are excluded from the reputational benefits created by a scheme.
9. **Embracing circular design** - Improvements in product design can hold significant value in reducing end-of-life management costs, as well as encouraging competitive advantage through innovation.
10. **Celebrate the wins** - It is important to highlight the achievements, benefits and effectiveness of product stewardship schemes for all of the different actors involved, which not only rewards scheme participation but can also encourage free-riders to formally engage with a scheme

“The free-rider problem is acute for voluntary schemes. Where industry inaction or dysfunction means a voluntary scheme is not possible, the Australian Government has the option for regulatory interventions as a means of maximising industry-wide involvement in product stewardship schemes,” Dr Giurco said.

A copy of the Product Stewardship Centre of Excellence Overcoming Free-Riders White Paper can be downloaded [here](#).

“The Product Stewardship Centre of Excellence can support industries and schemes as they work to address free-riders. This includes through one-on-one mentorship activities, as well as through our growing list of webinars, case studies, policy briefings and more,” Dr Giurco said.

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About the Product Stewardship Centre of Excellence

The Product Stewardship Centre of Excellence was established in December 2020 by a consortium of UTS Institute for Sustainable Futures, the Australian Industry Group and Cox Inall Communications in partnership with the Australian Government through the Department of Agriculture, Water and the Environment.

The Centre holds the required knowledge and expertise in product stewardship scheme design and implementation, education, training, research, policy, community engagement, supply chains, logistics, government liaison and business engagement.

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