

15 April 2024

Committee Secretary
Waste Reduction and Recycling Policies
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600
AUSTRALIA

Waste Reduction and Recycling Policies Inquiry Submission from the Product Stewardship Centre of Excellence

Dear Committee

This submission is made on behalf of the Product Stewardship Centre of Excellence, an independent not-for-profit charity. The Centre exists to facilitate the avoidance and reduction of waste and create positive environmental and social outcomes through sustainable design, resource conservation, reuse, repair, and recycling.

Our submission seeks to highlight the critical importance of effective product stewardship in preventing and reducing waste, increasing recycling, reuse, repair as well as removing unsafe chemicals, conserving resources, decarbonising the economy and fast-tracking Australia's transition to a circular economy by 2030.

Product stewardship is a cross-cutting approach that has relevance across the terms of reference for the inquiry on waste reduction and recycling policies. This submission also identifies the current barriers in Australia to designing and implementing more effective product stewardship schemes and initiatives nationwide.

About the Product Stewardship Centre of Excellence

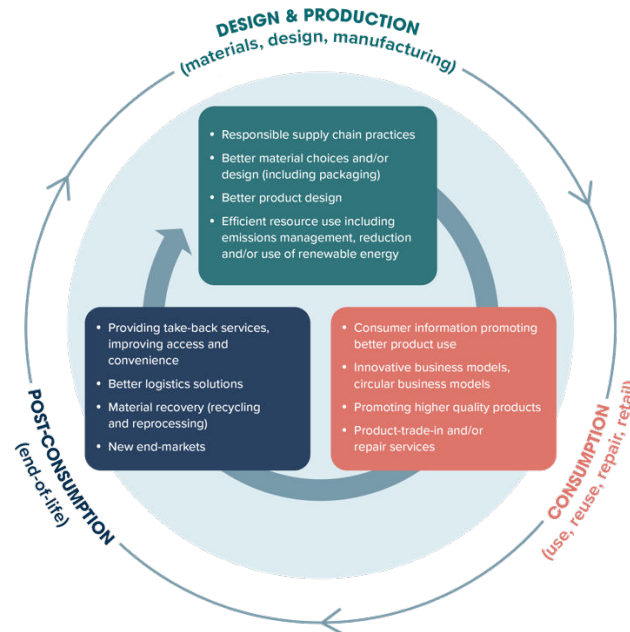
The Centre helps businesses, industries, associations and product stewardship organisations to adopt a strong lifecycle approach to deliver their ESG and circular economy objectives. The Centre also provides independent advice and guidance to the Federal Government on priority areas for stewardship action and reports annually on product stewardship activity in Australia, including its benefits and effectiveness. These insights support policymakers, brands, manufacturers, and retailers in making informed decisions around product stewardship initiatives. More information about the Centre can be found here: <https://stewardshipexcellence.com.au/>

What is Product Stewardship

Product stewardship is producers¹ taking primary responsibility (including financial and operational) for minimising the environmental and human health impacts of products and materials they put on the market by implementing various actions across the entire product lifecycle. Refer Figure 1. below.

¹ Producers are those organisations placing products onto the market including brands, importers and retailers

Figure 1. Product stewardship activities across the product and material lifecycle



Importantly, product stewardship not only shifts the economic burden of the environmental and human health impacts of products away from governments and the broader community to the producer and user. It significantly increases the investment by the private sector into activities to prevent and reduce waste. As illustrated by extended producer responsibility (EPR) schemes such as the National Television and Computer Recycling Scheme, the Oil Product Stewardship Scheme and the state-based Container Deposit/Return Schemes. In each case the producers are investing tens to hundreds of millions of dollars per annum to collect and recycle products at end-of-life to keep materials circulating in the environment.

Producer action at just the end of a product's life is limited in effectively reducing and preventing waste. Action, investment and innovation are required urgently across all three phases of the product lifecycle – Design & Production (materials, design, manufacturing), Consumption (use, reuse, repair, retail) and Post-Consumption (end of life) to deliver the objectives of the Australian Government's Recycling and Waste Reduction Act 2020 (RAWR Act).

Product stewardship provides a clear pathway for businesses and governments to operationalise circular economy objectives to design out waste and pollution, keep products and materials circularity in the economy and restore the environment, and goes beyond the typically nebulous language that accompanies claims and pledges about circularity. Product stewardship is also a very specific and practical solution to ensuring that ESG is applied at the product level.

Why Product Stewardship?

Product stewardship is a proven effective approach for managing and reducing the environmental and human health impacts of products, packaging, and materials throughout their lifecycle as illustrated in the recent study on the Benefits and Effectiveness of Product Stewardship by the

Centre in partnership with the Institute for Sustainable Futures, University of Technology Sydney. In Australia, the benefits of industry funded product stewardship initiatives are significant and wide ranging as demonstrated in this recent research project.

Product stewardship has promoted circular design making products more durable, less hazardous, and more recyclable. It has also led to improved production practices, contributed to CO2 mitigation, and resulted in the diversion of hundreds of thousands of tonnes of used chemical drums, tyres and machine lubricants to mobile phones, televisions and computers from landfill and increased recovery of materials available for manufacturing. All of these predominately funded by industry with minimal investment from government.

The Need for Systems Thinking applied to Product Stewardship

Authentic product stewardship squarely places responsibility and accountability for the environmental and social impacts of products across their entire lifecycle on the producers and brands. It is not this diluted notion of *shared* roles, which often fails to delineate who *owns* these impacts, be they solid and hazardous wastes at end of life, carbon emissions, or the specification of unsafe chemicals, finite resources or non-renewable inputs at the design and production stage.

The Centre's extensive experience across industries and sectors, as well as our applied research findings underscore the relevance and role of product stewardship. Policy-makers and some industries are realising that an effective product stewardship approach on-the-ground, needs to place environmental and human health objectives at the centre of how we develop, implement and monitor initiatives and schemes. When executed well, product stewardship delivers a wide variety of benefits and positive impacts including:

- Environmental — eliminating hazardous materials, conserving resources and materials, preventing and reducing waste, and reducing greenhouse gas emissions
- Social — improving workers' health and safety across the supply chain, and increasing accessibility to repair services and collection points for recycling
- Economic — job creation, upskilling, reskilling, and creating new markets for recovered materials

Characteristics of Effective Product Stewardship

Recent research by UTS Institute for Sustainable Futures and the Product Stewardship Centre of Excellence, on the annual performance data of stewardship initiatives and survey findings identified the following five essential characteristics to effective stewardship.

1. **High levels of industry or business investment and participation** where regulation is the best solution for ensuring high levels of industry investment and participation.
2. **Clearly defined objectives** — Measurable environmental, social, and economic performance indicators demonstrate benefits and allow for continual assessment of the effectiveness.
3. **Good governance** — This includes well-defined roles and responsibilities and ensures transparency through public reporting.
4. **Use of financial incentives** — to drive behaviour change of businesses, consumers, repairers, collectors, sorters, and recyclers
5. **Effective marketing and communications** — leading to high awareness and increased user participation

The research project represents a landmark study of the benefits and effectiveness of product stewardship in Australia and includes six distinct reports available at www.stewardshipexcellence.com.au.

They provide an important and timely evidence base as governments, businesses and the community place greater emphasis on creating a sustainable future. The six reports are:

- 1. Evaluating Stewardship Benefits and Effectiveness, Summary Report** provides an overview of the research findings including extent of product stewardship activity, benefits, levels of engagement, challenges and future opportunities.
- 2. Product stewardship benefits assessment 2022: General population report** based on a survey of 1,000 Australians to measure awareness and understanding of product stewardship. A key finding was that product durability and longevity are key purchase considerations for consumers.
- 3. Product stewardship benefits assessment 2022: Business report** based on interviews with 600 Australian businesses found that businesses are most engaged with product stewardship activities that relate to the production stage of the lifecycle, especially consideration of improved material choices and responsible supply chain practices.
- 4. Product stewardship benefits assessment 2022: Local Government report** based on a survey of 89 local government staff to assess awareness and understanding of product stewardship among staff and assess the nature of their engagement with product stewardship initiatives.
- 5. Effectiveness and Benefits of Product Stewardship: Themes from 60 Qualitative Interviews with Stewardship Actors and Experts.** This report found the key environmental performance indicators reported ranged from diverting materials from landfill (e.g. material recovery, product repair and reuse, recycled content in products); preventing waste (e.g. making products more durable, dematerialising packaging); reducing greenhouse gas emissions (e.g. powering supply chains with renewable energy); and conserving natural resources (e.g. substituting virgin materials with recycled materials, using less water and energy).
- 6. Environmental, social and economic benefits of product stewardship initiatives in Australia:** A survey of publicly reported environmental, social and economic performance data for 106 product stewardship collective schemes and individual business initiatives which provides insights into what makes product stewardship schemes successful. This data is made available on the [Product Stewardship Gateway](#), a detailed database of existing and emerging product stewardship initiatives run by industry sectors and businesses in Australia.

Improving the environmental and social outcomes of Product Stewardship

As part of the evaluation of product stewardship benefits and effectiveness the Centre and ISF UTS identified the following major barriers and solutions to addressing these:

Barriers	<p>Low rates of business investment and participation in existing and emerging industry-led and funded voluntary schemes i.e. free riding.</p> <p>Overemphasis on end-of-life interventions <i>(i.e. lack of action to design out waste and keep products circulating in the economy for longer)</i></p>
Solutions	<p>Fast track current regulatory reform underway for small electrical and electronic products, photovoltaic systems, packaging and plastics.</p> <p>Regulate existing voluntary industry schemes Government establish co-regulatory rules under the Act for the existing tyre, battery, bedding schemes and the emerging clothing and end of life vehicles voluntary stewardship schemes to increase industry participation and investment from 50% to 90% and to expand scheme activities that avoid and prevent waste generation in product design and manufacture and consumption by requiring reuse of recycled materials, elimination of unsafe chemicals and hazardous substances, increased product durability, upgradeability, modulatory and repairability. This is especially relevant where voluntary schemes are not performing effectively. High performing industry-led, voluntary schemes should continue but be accommodated in future regulated schemes to ensure transparency, accountability and genuine circularity.</p> <p>Support the design and establishment of emerging schemes Government provides conditional investment and co-funding to industries to design and establish whole of lifecycle schemes (including the required recycling infrastructure) for plastics in agriculture (including silage wrap), treated timber, absorbent hygiene products, child car seats, commercial furniture, sporting footwear and equipment, and resilient flooring.</p>
Estimated Costs	<p>Regulate existing voluntary industry schemes 5 million over two years</p> <p>Support the design and establishment of emerging schemes \$6 million over two years</p>

Barrier	Low business and consumer awareness and understanding of product stewardship
Solutions	<p>Business awareness and training program Invest in the ongoing development of the Product Stewardship Centre for Excellence business outreach, engagement and online training and professional development program for producers, manufacturers, brands, importers, distributors, and retailers.</p> <p>Consumer awareness of product stewardship Establish a grant program that co-funds existing product stewardship schemes marketing and promotion of their scheme to consumers as well as co-fund existing schemes and to increase consumer access.</p>
Estimated Costs	Business awareness and training program \$250,000 per annum for two years (i.e. \$500,000)

Barrier	Inconsistency in reporting (including poor data collection)
Solutions	Product Stewardship Gateway Invest in the further development of the <u>Product Stewardship Gateway</u> ² functionality and development of a product stewardship data collection and reporting standard. The purpose of the gateway is to track, analyse and report on the benefits of product stewardship at a national, state and local government level; to increase business and consumer awareness and knowledge of product stewardship activity; to evaluate effectiveness of initiatives and to identify opportunities for manufacturers, brands, importers, retailers, product stewardship organisations, service providers, researchers and government (at all levels) to learn and improve.
Cost	<u>Product Stewardship Gateway</u> \$400,000

Closing comments

The Recycling and Waste Reduction Act (2020) is the regulatory mechanism to implement product stewardship effectively in Australia. Unfortunately, Australian Governments have failed to leverage the Act to its fullest due to lack of resourcing and priority.

As illustrated, regulated product stewardship schemes are the most effective way to deliver the Australian government's waste reduction, recycling and circular economy policies. They unlock significant private sector investment into product stewardship actions that significantly minimise the environmental and human health impacts of product across the entire lifecycle. It also provides a practical pathway for businesses and governments to deliver systemic change necessary to achieve a circular economy including decarbonising the economy, conserving resources and removing unsafe chemicals by 2030. Ongoing consultation and engagement with all actors, including businesses, governments and NGOs, will be vital, but not an end in itself.

By establishing product stewardship rules under the Act, the government is creating a level playing field for producers to invest in actions that will enable the necessary systemic whole of product lifecycle changes for the Australian government to achieve its circularity, waste reduction and recycling policies.

The Centre would welcome the opportunity to present to the Senate Committee in more detail.

Yours sincerely,



Rose Read
Director

² The Product Stewardship Gateway is a publicly accessible online database of over 100 existing and emerging product stewardship initiatives in Australia that includes their publicly reported environmental, social and economic outcomes.