

Statement of Additional Information

The Bill presents an important opportunity for the Australian Government to put in place a regulatory framework that can better foster product stewardship nationally. AgStewardship, an industry led initiative that has oversight of two of Australia's leading stewardship programs *drumMUSTER* and ChemClear, supports the objects of the Bill and its 3 tiered approach to voluntary, co-regulatory and mandatory stewardship streams. However, as indicated in our evidence and various submissions throughout the consultation process with the Department and the Committee, we believe the Bill can be improved through addressing issues of regulatory duplication and it can do more to help voluntary schemes address potential free-riders with imported products.

AgStewardship would like to submit a brief background on the organisation and our programs to demonstrate why their success is important to preserve and then to explain why programs such as these can be vulnerable to the costs of regulatory duplication.

AgStewardship began operating in April 2009 to bring a strategic focus to environmental stewardship in Australian agriculture. AgStewardship was formed by local government, farmers and agricultural chemical manufacturers. It is responsible for collecting a voluntarily applied levy (at 4c per litre), which is used to fund the *drumMUSTER* and ChemClear programs nationally in rural areas.

drumMUSTER was established in 1999 under the auspices of the Industry Waste Reduction Scheme, to which the National Farmers' Federation, Australian Local Government Association, Croplife Australia, Animal Health Australia and Veterinary Manufacturers and Distributors Association are signatories. In 2003, ChemClear was started to provide a safe disposal path for obsolete or unwanted agricultural chemicals after the ChemCollect program funded by state and federal jurisdictions wound up in 2002.

Through this partnership a network of over 700 collection sites has been established across rural Australia. This has been possible through establishing agreements with more than 460 rural councils, who also promote the services. Over 3000 local government employees have been trained to inspect and accept containers farmers return to the collection network and some 80 community groups also participate in supporting collections.

In 2009, a survey showed that 75% of agvet packaging waste that otherwise would have gone to landfill was diverted compared to when *drumMUSTER* began in 1999. This is made up of two

components. The first is the packaging that was avoided all together through manufacturer innovations (such as water-soluble packaging) and the use of bulk and multi-trip containers. The other component is the waste that entered the environment and was collected through the *drumMUSTER* program. In 2009 this was approximately 41% of the total tonnage of packaging waste generated by the agvet chemical industry in that year.

ChemClear has collected 250 tonnes of unwanted or obsolete farming chemicals from across rural Australia since it began in 2003. 98% of these have been recycled as fossil fuel replacement, providing an additional carbon footprint saving of 440 tonnes (equivalents).

These programs generate other benefits beyond the environmental, energy and waste management savings. They are also important to the reputation of the Australian agricultural sector, which represent approximately \$140 billion in production or 12% of our national GDP. They demonstrate Australia's commitment to responsible farming practices and there is a strong sense of ownership of *drumMUSTER* in rural communities.

Turning to the Bill, AgStewardship supports the objectives and criteria set out in the Bill, along with taking a graduated approach from voluntary through to mandatory product stewardship arrangements.

In order to achieve flexibility, the legislative framework needs to be sufficiently high level, relying on regulations to address specific product areas, which will be highly varied. Hence the much of the effectiveness of the Bill is contingent on the nature of those regulations, which are yet to be developed. Our submissions were formulated without visibility of the regulatory requirements and we look forward to extensive consultation on these matters at the appropriate juncture.

As outlined in our submission some product stewardship arrangements would fall under more than one regulator, such as the ACCC as governed by the Competition and Consumer Act. The *drumMUSTER* and ChemClear programs are cases in point and are required to gain authorisation for major and minor changes to their operations.

The resources required to obtain ACCC authorisation in addition to those underpinned by the Product Stewardship Bill would be considerable and may have three impacts without contributing to better stewardship outcomes.

Firstly, costs associated with duplication would be a major disincentive for industry to initiate stewardship programs or to participate in an accreditation system. Secondly, they could contribute

to losing ACCC authorisation if the resulting higher costs are sufficient to reduce the net public benefit the programs provide. Finally, higher costs may discourage participants from joining an existing stewardship program, or encourage existing participants to leave, reducing the reach and effectiveness of the program.

This does not include accreditation fees or costs for local government and participating manufacturers in providing data for meeting regulatory reporting requirements. This is a considerably sized group, with over 80 agricultural chemical manufacturers and suppliers participating in *drumMUSTER*, along with 460 plus councils and collection agencies across rural and remote Australia. Hence it is important to understand the complex nature of gathering data waste management programs will have in tracking their performance across numerous sites in urban and rural areas.

Unrealistic reporting requirements will put greater cost and operational demands on the waste management chain, such as processors and local government waste facilities, which ultimately would be passed onto the consumer in the form of higher costs. This in turn could introduce price differentials between free-rider producers and companies undertaking product stewardship, encouraging consumers to purchase cheaper, less responsible products.

Thus, for the Bill to be effective it must strike the right balance between transparency, the cost of data collection and the benefit it provides in obtaining better stewardship outcomes. This needs to include other regulatory requirements on a stewardship organisation. Whether the Product Stewardship regulation reporting requirements are similar to or different from existing regulation that may apply, it is still duplication and therefore reduces the efficiency of a legislative mechanism that seeks to foster voluntary stewardship schemes.

Another area where the Bill could impact on the operation of voluntary stewardship schemes is in setting performance targets. Targets need to be meaningful and realistic and should be able to be revised (upwards or downwards) in light of experience. For example, our programs are rural based. We do not have the advantages or curbside collection, densely populated centres where chemical waste is generated or established waste infrastructure networks. Nor is the waste we collect necessarily high in value. Thus our collection rates should be considered in this context, as opposed to urban based programs that collect materials that have a sought after commercial value.

Setting inappropriate targets may prove to be uneconomic and put the viability of the program at risk. In addition, the cost of obtaining them may exceed the ultimate environmental benefit.

Regulatory duplication also introduces the potential for increased operational inflexibility. For example, in the past when seeking to include non-hazardous farming chemical containers in *drumMUSTER* scheme a minor variation to the ACCC authorisation was required. Under the proposed Bill, authorisation may also be required from the accrediting authority or agency responsible for co-regulatory or mandatory arrangements.

Thus in this example, the Bill could result in an application process with two regulatory authorities for the same event, both likely to consider similar issues in granting the authority for operations to continue. This would further impede a scheme's ability to adapt to changes in the market place in a timely and cost effective manner.

AgStewardship suggests that this would be simply avoided through amending the Bill to recognise valid and current ACCC authorisations, be it a voluntary, co-regulatory or mandatory scheme.

To close, AgStewardship's *drumMUSTER* and ChemClear programs demonstrate the effectiveness of voluntary stewardship. The Bill can be a vehicle for promoting more voluntary stewardship, but its current form needs to be amended to avoid regulatory duplication, better achieve its objectives and help foster the success of existing and prospective voluntary schemes.