EPHC

Industry Discussion Paper on Co-regulatory Frameworks for Product Stewardship

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EPHC
Environment Protection and Heritage Council

Note

This paper is provided as a basis for discussion and does not necessarily reflect the views of the Environment Protection and Heritage Council (EPHC) nor any member government.

The contents of the paper should not be used for any purpose other than as a basis for providing comments to the EPHC.

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Co-regulatory Frameworks for Product Stewardship

An industry discussion paper

Industry Discussion Paper on Co-regulatory Frameworks for Product Stewardship

Purpose

Australian businesses, across a wide range of sectors, have been working to reduce the environmental impacts of their operations and products. In many sectors industries have, or are developing, voluntary product stewardship schemes.

Product Stewardship is an approach that recognises that manufacturers, importers, governments and consumers have a shared responsibility for the environmental impacts of a product throughout its full life cycle. Product Stewardship schemes establish a means for relevant parties in the product chain to share responsibility for the products they produce, handle, purchase, use and discard. Governments are keen to support manufacturers and importers of products in these efforts.

This paper sets out a co-regulatory approach as one option for governments to support industry in working with other parts of the community to deliver better environmental outcomes through product stewardship. This co-regulatory approach involves a mix of voluntary industry-led initiatives, supported by a government regulatory safety net designed to ensure that businesses joining industry schemes are not disadvantaged in the marketplace.

The proposed co-regulatory framework aims to achieve a nationally consistent approach to product stewardship for targeted products - ensuring that the whole Australian community enjoys the same standard of environmental protection, while minimising the compliance burden for industry.

While this discussion paper sets out how governments envisage co-regulation working, it does not commit governments to a particular course of action. The paper has been discussed and approved for public release by the Environment Protection and Heritage Council, which includes all Federal, State and Territory Environment Ministers.

Throughout the paper there are boxed questions, which identify key areas on which governments are seeking comment and feedback. Comments are welcome on other aspects of the proposal as well.

Feedback on this paper is sought by 25 February 2005 (see page 9). Following feedback on this discussion paper, a detailed formal proposal will be developed and released for consultation.

Why is action needed?

The products that we all use in our homes and businesses can have a range of negative impacts on the environment, which can also lead to lost economic opportunities. These can include:

- too much energy and water used in manufacture;
- natural resources used in a wasteful or inefficient way;
- generation of unwanted by-products;
- excessive energy use and pollution associated with the use of the product; and/or
- waste generated when it is eventually disposed of.

To address the issue, industry, governments and individuals are already making and managing products more sustainably. In some cases, businesses may incur extra costs in acting to protect the environment. In some cases, there will be a clear financial benefit.

Because of this, businesses need the confidence of knowing that they are competing on a level playing field. Companies that do not participate in an industry product stewardship scheme (or 'non-participants') may gain an unfair competitive advantage in the market place. By regulating non-participants, governments will give industry the certainty that there will be no competitive advantage to those who are not meeting their environmental obligations.

The proposed product stewardship framework will promote sustainable development by:

- improving the efficiency of resource use in products;
- increasing resource recovery;
- minimising the generation of waste (including hazardous substances);
- improving the management of post-consumer waste;
- reducing the risks to human health from poor management of products; and
- incorporating product management costs into consumer price signals.

In addition to these sustainability goals, the proposed national approach to product stewardship will provide certainty and consistency to Australian industries operating in national and international marketplaces. Governments at all levels in Australia have already been working with industries to develop better whole-of-life product management through voluntary agreements. Where progress has not been made, some governments are considering a fully regulatory approach. For example, the New South Wales Government has put in place a stronger regulatory regime, with the option to deal with priority products through a mandated Extended Producer Responsibility Scheme.

In addition to these domestic initiatives, a number of product stewardship and similar developments are happening internationally, requiring changes to product design and supply chain management, including end-of-life recovery. The European Union (EU) has taken action to develop both co-regulatory and fully regulatory models that have driven environmental improvements to product management in Europe. Similar moves have been taken in some Asian countries and North American states and provinces.

As technology-takers and small-scale product manufacturers in the global market place, Australian firms will be exposed to product stewardship initiatives around the world. It is important for Australia to develop a national approach to product stewardship that fits with the Australian context while maintaining consistency with other approaches being taken internationally.

Do you think that it is appropriate for governments to regulate companies who may gain a competitive advantage by not participating in voluntary product stewardship schemes where other companies in their sector have agreed to do so, so as to ensure an equivalent acceptance of environmental responsibility by all companies?

Product Stewardship Approaches

Product stewardship can be implemented in a number of ways, with different levels of industry and government involvement. In increasing order of government involvement, the possible models for product stewardship are:

- non-intervention (i.e. business as usual);
- voluntary industry initiatives;
- voluntary industry-government agreements;
- co-regulatory approaches (discussed in this paper); and
- fully regulatory schemes.

Each approach has both advantages and disadvantages and some may be more appropriate for particular types of product. It is not expected that the proposed co-regulatory model would be optimal for every industry sector, but it has been designed to be appropriate for a wide range of products.

Under a co-regulatory model, it is proposed that industry will be able to take the primary responsibility for their own products. As businesses understand their own sector and products best, they are best placed to develop the most appropriate product stewardship schemes for their sector.

The threshold criteria at Attachment A will help to determine the types of product for which a co-regulatory approach may be most suitable and this paper explores the co-regulatory approach in more detail. It is expected that all the approaches listed above will continue to be used in Australia, as appropriate, and this paper is not intended to reduce the use of purely voluntary industry schemes or different product stewardship approaches.

Co-regulation

Co-regulation for product stewardship is an approach involving some form of government regulatory action in support of specific industry product stewardship schemes. Recently, two industry sectors (the tyre industry and the television industry) have approached governments seeking help in developing product stewardship schemes for their sectors. Specifically, these sectors have proposed that governments develop a 'regulatory safety net' to ensure that non-participants do not gain a competitive advantage. This combination of industry self-regulation and government regulation is called co-regulation. While there are differences in how each sector will manage its environmental commitments, there are also some similarities in the product stewardship schemes that each have proposed.

The co-regulatory approach is not a completely new idea in Australia. The National Packaging Covenant, supported by the Used Packaging Materials National Environmental Protection Measure (NEPM), is an existing example of co-regulation. While the National Packaging Covenant would not necessarily be a model for the proposed co-regulatory framework described in this paper, experiences with the National Packaging Covenant will act as an example to help to inform governments and businesses drafting future agreements.

Broadly speaking, where an industry sector has developed a voluntary product stewardship scheme to deliver the outcomes set out in a Product Stewardship Agreement, any business in that sector would be able to participate. In some circumstances, a business, or group of businesses, may prefer to develop their own alternative scheme, delivering equivalent environmental benefits to a broader industry scheme. All schemes would need to be approved under the Agreement and, once approved, would be known as "approved schemes".

Multiple approved schemes would normally consist of either a single company with an effective, existing product stewardship scheme or a group of companies with a niche product that requires different treatment to achieve optimal environmental outcomes. Such alternative scheme participants would be required to make an equitable contribution to the recovery of historical and orphaned products (e.g. based on market share) where appropriate.

If a company is not willing to participate in an approved scheme they would be considered a 'non-participant' and would be subject to government regulatory action. That is, they would be required to meet mandatory product stewardship requirements set out in legislation.

How might co-regulation work in your sector?

Are there other successful co-regulatory approaches to product stewardship locally, or overseas, which could be useful in helping to design future co-regulatory product stewardship schemes? If so, how could these be applied to improve the proposed model for Australia?

Co-regulation – when is it appropriate?

As co-regulation would not be suitable for every industry sector, threshold criteria have been developed to indicate when it may be appropriate to use a co-regulatory approach to product stewardship. These are at <u>Attachment A</u>. These criteria would be used in determining whether a proposal from a specific industry sector is suited to co-regulation. If the criteria are not satisfied, then a different product stewardship approach would be more appropriate.

While it is expected that industry sectors would usually initiate a product stewardship initiative, there are circumstances in which governments may initiate negotiations with industry on developing a co-regulatory product stewardship scheme. In these circumstances, the threshold criteria may also be used to determine circumstances where governments may initiate a product stewardship agreement with an industry sector.

Once the Threshold Criteria have been satisfied and an industry sector has been assessed as suitable for co-regulation, a voluntary Product Stewardship Agreement would be negotiated. Prior to commencing negotiations with governments, an industry sector would need to develop a clear and reasonable definition of the products that would be covered by a Product Stewardship Agreement.

While there would be a great deal of flexibility in determining how a particular industry scheme would operate under a Product Stewardship Agreement, a number of Guiding Principles would be used to steer development. The Guiding Principles provide some level of surety about the approach and philosophy for the design of a scheme. However, government and industry would need to work in partnership to determine the details of a viable scheme for a particular sector. <u>Appendix A</u> also includes these Guiding Principles.

In addition to these threshold criteria, governments would also need to assess whether the cost of safety net regulation is proportionate to the environmental benefits to be gained. Any substantial costs to governments arising from this co-regulatory approach would be recovered through the proposed industry scheme and safety net regulation rather than by an imposition on taxpayers.

Will the Threshold Criteria be suitable for determining if an industry sector is suitable for co-regulation?

Are there any other factors that need to be considered that are not addressed in the threshold criteria, or in the Guiding Principles?

How might co-regulation operate?

The proposed approach would establish a generic framework that can cater for a range of future voluntary product stewardship approaches, where appropriate, by attaching product-specific schedules which reflect the particular Agreement with each sector.

The framework for co-regulation of a specific sector is made up of two parts:

- a voluntary **Product Stewardship Agreement** negotiated and signed by industry association and/or individual producers in an identified sector and governments – through the Environmental Protection and Heritage Council (EPHC); and

- a **Regulatory Safety Net** comprising laws that would be implemented either through State, Territory and/or Commonwealth legislation.

The relationship between the different parties and agreements has been represented in a diagram at Attachment B.

This section provides detailed information on how voluntary schemes and the regulatory safety net will operate and interact. To assist in visualising how this might actually work in practice, two case studies (for tyres and television are included in Attachment C). These case studies are illustrative only and they do not necessarily reflect the views of any Government on schemes for these industries. They are not put forward as actual proposals for consultation, however they do illustrate some of the elements that are being considered by each sector might work and how the voluntary safety net components might interrelate.

The Product Stewardship Agreement

Under the proposed co-regulatory model, an industry sector and Australian governments would negotiate a Product Stewardship Agreement.

The Product Stewardship Agreement would include:

- the outcomes and targets expected of signatories;
- key performance indicators (KPIs) used to measure them, and timeframes for delivery;
- data collection, auditing and reporting requirements;
- the role and representation of a stakeholder forum; and
- procedures for reviewing and, if necessary, terminating an Agreement.

The Agreement would describe how the industry would meet its commitments (i.e. ‘approved schemes’). Once a Product Stewardship Agreement has been signed, day-to-day management of the scheme would be the responsibility of an organisation appointed, funded and managed by industry. This organisation would be transparent and accountable, and have clearly defined operational responsibilities. Both the television and tyre sectors have proposed that a Producer Responsibility Organisation (PRO) would manage their schemes, but other sectors could propose a different type of organisation to fulfil this role.

Substantive issues relating to the overall operation of the scheme would be decided by the parties, who could include both those with direct implementation responsibilities and other key stakeholders committed to supporting the scheme. The Product Stewardship Agreement would also establish a Stakeholder Forum. Its role would be to provide a forum for decisions on issues impacting on the operation of the specific product stewardship scheme and advice to EPHC on the effectiveness of the scheme. Membership would be open to government (including local government), industry representatives from the approved schemes and recyclers. Environmental and community organisations could also be represented on this group.

Where a Product Stewardship Agreement has been signed, governments would enact legislation to ensure non-participants do not undermine the voluntary scheme. It is intended that the majority of companies in the identified sector would participate in the voluntary approach. The framework for co-regulation would be designed to make participating in industry run schemes a less onerous and less costly option for individual companies than being regulated as a non-participant. In this way, the sector will retain the flexibility to meet the agreed targets and outcomes in their own way and will minimise the number of companies regulated as non-participants - reducing the cost and administrative burden for governments and business alike.

The main difference for individual companies that choose to sign up to the Product Stewardship Agreement, rather than be subject to the Regulatory Safety Net, will be the extent to which they can share the obligations, and hence the financial implications of product stewardship. For example, under a Product Stewardship Agreement, signatories can share some of their product stewardship responsibilities by joining a collective approved scheme. For examples of what this could mean for individual companies within specific sectors, refer to the case studies in Attachment C.

Regulatory Safety Net

The Regulatory Safety Net would only regulate a company within the sector that was not a member of an approved scheme. A company could become subject to the requirements of the regulatory safety net through choosing not to join a voluntary industry scheme, or though expulsion from such a scheme through a failure to meet its defined obligations (eg defaulting on fee payment, data collection, reporting, etc).

In the case where a significant number of signatory companies leave or are expelled from approved schemes, or where the agreed outcomes are not reached in the specified timeframes, governments would have the option to dissolve the Product Stewardship Agreement and investigate alternative regulatory options, including full regulatory approaches where appropriate.

In order for government to provide a regulatory safety net to support industry voluntary schemes, governments will need to enact legislation. While this may conceivably be done by either the Australian Government, or the various state and territory governments acting alone, a scheme will work best where the strengths and constitutional capacity of each level of government are harnessed. Using an existing mechanism for achieving a consistent approach throughout Australia would be to develop a new National Environment Protection Measure (NEPM).

A NEPM is a broad standard-setting statutory instrument established under the National Environment Protection Council Acts of each jurisdiction. The preparation of NEPMs is governed by the NEPC Acts and is subject to an open and transparent public consultation process. Jurisdictions then implement agreed NEPMs through mechanisms such as policy or regulation.

A NEPM on co-regulatory product stewardship would establish a national framework and principles. When a Product Stewardship Agreement is signed, a product-specific schedule would be added to the NEPM. At a minimum, a product-specific schedule would trigger the regulatory safety net by recognising the relevant Product Stewardship Agreements.

The product-specific schedule to the NEPM would describe the specific commitments that a company caught by the safety net would need to deliver. A company caught by this safety net would be required to deliver equivalent environmental outcomes as the industry scheme at its own cost, and under the supervision of a regulator.

While the detail of safety net regulations would depend on the nature of the product, they may include:

- a product end-of-life take-back scheme;
- company specific annual reporting requirements;
- a product labelling requirement;
- some form of non-taxation financial imposition (such as a financial guarantee in support of a take-back scheme).

Would the obligations described under the safety net encourage companies to sign up to a Product Stewardship Agreement for their sector?

Should the regulatory safety net apply to all companies not part of a voluntary industry scheme, or should there be exemptions?

Comments

Governments are seeking comments on the co-regulatory framework described in this discussion paper *"Co-regulatory Frameworks for Product Stewardship"* from organisations and individuals with an interest in the management of products in Australia. These comments will assist Governments in preparing any subsequent proposal, which will then be circulated for further public consultation.

Comments on this paper must be received by 5:00 pm on Friday 25 February 2005 and should be sent to:

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Guide for making a submission

If you are preparing a submission in relation to this paper, please include the following information along with your comments/suggestions:

Name and contact details

- Your name;
- Your address;
- A telephone number;
- Your company or organisation (where applicable); and
- Your email address (if you have one)

This will allow us to contact you if we have any questions.

Privacy

Submissions will not be treated as confidential unless agreed on the basis of clear justification from the submitting party.

ATTACHMENT A

Threshold Criteria

Any proposed industry scheme or schemes must:

1. Clearly identify the environmental, social and economic costs and benefits arising from the proposed scheme, that promote sustainable development of product stewardship (as outlined on page 3).

2. Clearly demonstrate that without supporting safety net regulation, the proposed industry scheme(s) would suffer from a limited ability to deliver effective outcomes and that potential members of the industry scheme would suffer a competitive disadvantage.

3. Be viable and consistent with relevant domestic legislation and other government policies, including sustainable development and competition policies.

4. Where required, include a commitment by the specific industry sector to provide aggregated quantitative information on product life cycles.

5. Have the commitment and participation of a substantial segment of the industry sector. This could be achieved through the combined membership of individual and collective schemes. (Note: what represents a “substantial segment” of an industry sector will need to be determined on a sector-by-sector basis).

6. Be national in scope, with the possibility of staged rollout in certain circumstances where the need is clearly justified and the timelines for rollout are agreed between industry and governments.

7. Allow membership of the proposed scheme to be open to all relevant industry parties to avoid creating barriers to market entry and disadvantage to small businesses.

8. Be designed and implemented in such a manner as to be consistent with Australia’s international obligations, e.g. under trade and environment agreements.

Guiding Principles

The Guiding Principles set the framework within which an industry scheme and Product Stewardship Agreement is negotiated between government and an industry sector.

The Principles recognise that the regulatory safety net described in this paper is designed only for sectors where a substantial segment of the industry sector supports an industry product stewardship scheme, and therefore only a minority of companies or companies representing a small market share in that sector would be likely non-participants.

The development of an industry scheme and Product Stewardship Agreement would be in accordance with the following Guiding Principles:

1. The national significance and environmental impacts of resource inefficiencies and post-consumer waste for the specific industry sector is clearly demonstrated.

2. The outcomes to be achieved must lead to improved environmental quality through:
   - improving efficiency of resource use in products;
   - increasing resource recovery;
   - minimising the generation of waste (including hazardous substances);
   - improving management of post-consumer waste;
   - reducing the risks to human health from poor management of products; and
   - incorporating product management costs into consumer price signals.

In addition, the development process should:

3. Apply equally to the entire industry, including importers and domestic manufacturers of products so as to be consistent with Australia’s trade obligations.

4. Achieve national coverage, taking into consideration the possibility of a staged roll-out where necessary.

5. Clearly define the products within an industry sector to which the Product Stewardship Agreement applies, and any thresholds or exclusions that apply.

6. Clearly define responsible parties subject to the scheme(s) and Product Stewardship Agreement. Ensure that membership to a scheme is accessible to all responsible parties.

7. Achieve a high level of participation and/or support from stakeholders, including local governments, the recycling industry, and consumer groups as relevant to a particular industry sector.

8. Establish a process for the developing and reviewing performance measures and targets in the Product Stewardship Agreement, which includes, but is not limited to:
   - performance measures relating to levels of collection, recycling and resource recovery;
   - orphan and historical waste;
   - design for environment;
   - minimisation of hazardous waste;
   - more sustainable management of waste; and
   - recycling industry development as applicable to the industry sector.

9. Ensure the Product Stewardship Agreement takes into consideration such issues as domestic responsibilities in waste management, economic efficiencies, access to services, social equity, international commitments and other government policies or legislation relevant to the industry sector.

10. Ensure the Agreement enables the effective co-existence of individual and collective schemes, with individual schemes required to demonstrate the same level of achievement and risk management as the main collective scheme.

11. Ensure the Product Stewardship Agreement clearly sets out what constitutes non-compliance and the consequences of non-compliance, by members of an industry scheme.

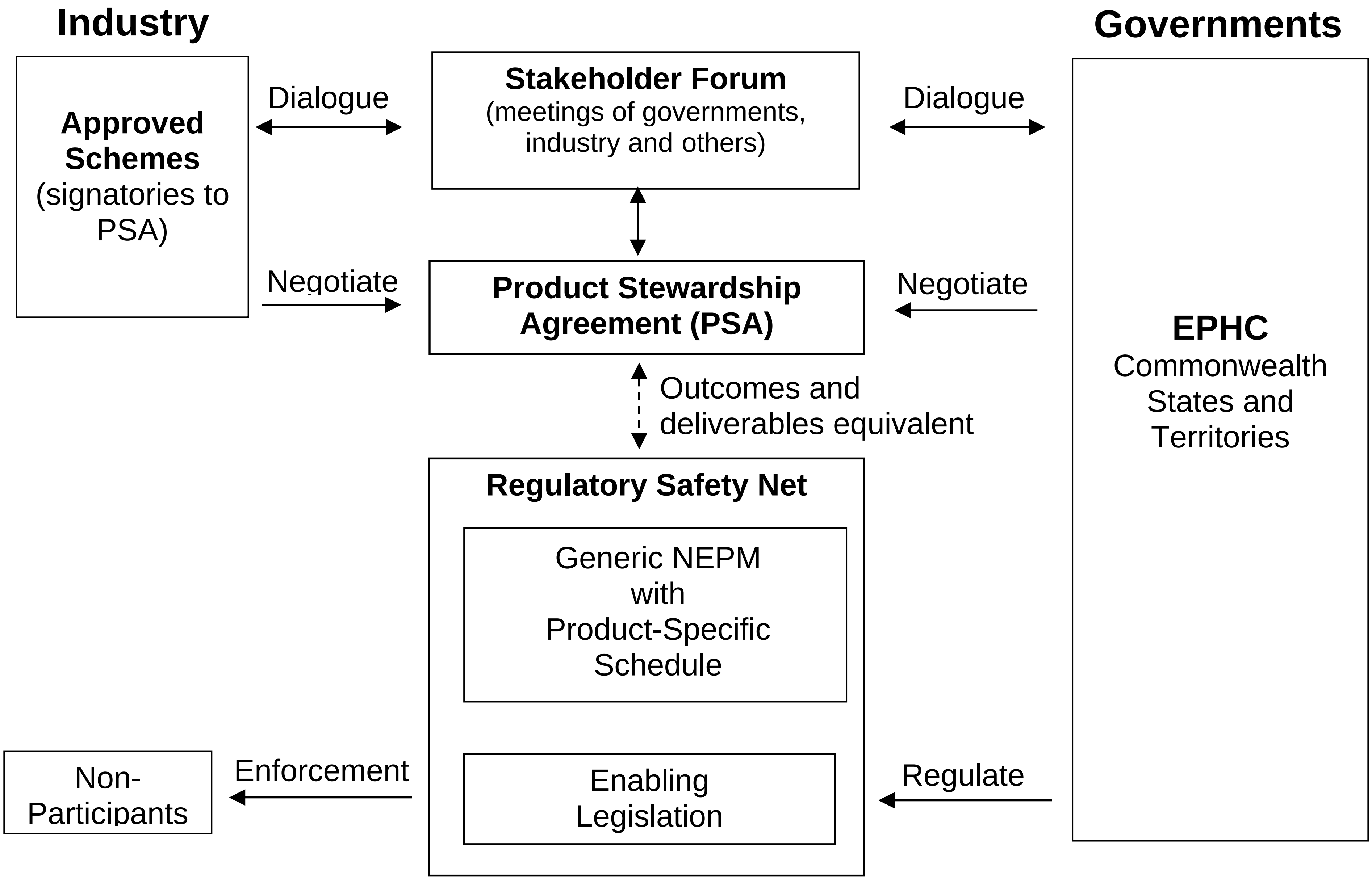
12. Establish a forum involving the signatories to the Product Stewardship Agreement, and other relevant stakeholders, for regular consultation and discussion on implementation issues and advice to Government on the effectiveness of the Product Stewardship Agreement and approved scheme(s).

In addition to the above Guiding Principles, governments will also need to consider:

13. The need to maintain a level playing field for industry, taking into account the costs of self-regulation.
14. Establishing the means to effectively identify and potentially regulate responsible parties not participating in product stewardship for targeted product categories within Australian jurisdictions.
15. Enacting and implementing a regulatory safety net at the Commonwealth, and/or, State and Territory levels. The safety net may be complemented by other measures taken by governments to achieve the most efficient and effective outcome, having regard to the nature of the industry concerned.
16. Ensuring that the safety net regulation is supportive of and complementary to the Product Stewardship Agreement and only captures those that are not a member of an approved industry scheme.
17. Setting out obligations in the regulatory safety net that will act to prevent non-participants from gaining any competitive advantage, and will act to encourage participation in an industry scheme.
18. Allowing for cost recovery by governments and the fair apportionment of costs to industry schemes and regulated non-participants.
19. Including the provision for risk management to guard against failure of both self-regulating and regulated parties.
20. Clearly setting out what constitutes non-compliance and the consequences of non-compliance for regulated non-participants in the regulatory safety net.
21. Including clear provisions for governments to repeal a regulatory safety net if an industry sector has failed to meet its obligations. In such cases governments may consider alternative regulatory approaches.
22. Subjecting any development process to a Council of Australian Governments (COAG) regulatory impact assessment.

Product Stewardship Co-Regulatory Model

ATTACHMENT B



ATTACHMENT C

Tyres Case Study

Implications for companies:

Voluntary	Product Lifecycle	Regulated Non-Participant
Company pays fee to Producer Responsibility Organisation (PRO), including cost per equivalent passenger unit (EPU) fee each tyre produced or imported. PRO also uses a fixed portion of the levy for management, public awareness and	**Costs**	Company shows a financial guarantee to the regulator equivalent to the cost of recycling the number of tyres produced/imported. The company will be required to pay an administrative fee.
For each EPU tyre produced or imported, the company pays a levy to the PRO. Each company must also collect and supply data to the PRO for reporting purposes.	**Manufacture / Import**	Company must show a valid product stewardship scheme at least equivalent to the voluntary scheme or be required to take back the equivalent number of tyres as imported for recycling or reuse. Company must also submit data to the regulator annually.
At point of sale, PRO will inform retailers and, through them, consumers about the tyre product stewardship scheme. Encouragement should be given to retailers to clearly distinguish any fee for tyre collection.	**Retail**	Same as voluntary.
PRO may choose to undertake awareness raising in the community about product stewardship including where to take tyres at end-of-life.	**Use**	Same as voluntary.
PRO is not responsible for the collection network. The established collection network will remain self-funding. The PRO may pay a subsidy for collections of tyres from defined rural and remote areas.	**Collection**	The company is not responsible for tyre collection generally. However, the company will have to contribute to a share of the additional costs or arrange collection from defined rural and remote areas.
The PRO will meet agreed targets for levels of recycling and reuse of tyres. The PRO will be responsible for auditing, verifying and reporting the results.	**Recycling/ Reuse**	The company will meet targets for tyres recycled or reused according to their market share. The company would also be responsible for auditing, verifying and reporting the results.
The PRO will pay a benefit for tyre-derived fuel or tyre derived products at the time of sale for the end-use product or reuse. Benefits will only be paid for products/reuses that have been approved under the PSA on a per-EPU basis.	**Benefits**	A recycling or reuse company under contract to a regulated non-participant or independent product stewardship scheme will not be eligible for benefit payments.

Implications for consumers:

Voluntary	Product Lifecycle	Regulated Non-Participant
Design changes for product stewardship of tyres is not being pursued in this scheme, so consumers will see no change.	**Design**	Same as voluntary.
For consumers, there should be no change in the brands in the market.	**Manufacture**	Same as voluntary.
At point of sale and advertising, the consumer may be informed about the product stewardship scheme and may also be requested to pay an additional collection fee. Consumer information may also include details about product stewardship.	**Retail**	At point of sale, the consumer may be informed about product stewardship and provided with specific take-back information for a brand of tyre.
For consumers, there will be no change in the use of tyres.	**Use**	Same as voluntary.
Flow on effects may ultimately lead to recyclers/reusers, who receive a benefit, paying collectors for used tyres. Consumers of tyres who replace their own tyres will be able to drop their tyres off at the same places as present.	**Collection**	Companies will need to provide regulators with a plan for how they will collect tyres or pay for tyres to be collected and recycled/ reused.
Users have access to information about what happens to tyres through the PRO annual reports.	**Recycling/ Reuse**	Users may have access to information about tyres through the company annual report and consumer information/advertising.
Users have access to information about the success of the scheme through PRO annual reports.	**Benefits**	

Television (TV) Case Study

Implications for companies:

Voluntary	Product Lifecycle	Regulated Non-Participants
Company pays fee to Producer Responsibility Organisation (PRO), including cost per unit fee for collection & reprocessing based on number of TVs produced/imported. The PRO also uses the levy for management, public awareness and reporting.	**Costs**	Company pays administrative fee to regulator for costs of oversight of scheme plus all costs of meeting mandated obligations under safety net.
Based on PRO feedback and working on agreed outcomes in the Product Stewardship Agreement, individual companies (domestic and importers) improve TV design eg for easier disassembly and recycling, using less materials, less toxic substances (lead, cadmium, mercury).	**Design**	Individual company (manufacturer or importers) required to produce a plan for approval indicating how it will improve TV design to meet the same agreed outcomes as Voluntary Agreement, eg more recyclable, fewer toxic substances.
For each TV produced or imported, the company pays a levy to the PRO. Each company must also collect and supply data to the PRO for reporting purposes.	**Manufacture**	Company must organise contracts for transport, collection, processing and disposal of the equivalent percentage of their annual TV production. It must also pay its share of recovering historic and orphaned TVs (calculated on market share). Company must also collect annual data and submit this to the regulator.
At point of sale, PRO responsible for ensuring consumer is provided with information about what to do with TV at end-of-life and that collection is free. Levy cost passed on to consumer; docket may itemise levy amount.	**Retail**	At point of sale, company is responsible for ensuring consumer is provided with information about what to do with TV at end-of-life. Additional costs incurred by company would be passed on to purchaser.
PRO is responsible for raising awareness about members product stewardship including where to take TVs at end-of-life.	**Use**	Company is responsible for raising awareness of their specific scheme including where to take TVs at end-of-life.
PRO is responsible for ensuring a collection network is established and achieving the negotiated targets. In practice, the end-user will take the TV to a transfer station or other nearby collection site, where it is accepted free of charge.	**Collection**	Company is responsible for ensuring a collection service/network is established and maintained to collect TVs from wherever they are sold and for achieving equivalent recovery targets as the Voluntary Agreement, including a share of historic and orphaned products.
PRO is responsible for ensuring all collected TVs are processed and that best practice recycling and targets are achieved. In practice, the PRO will negotiate national or regional contracts with qualified recyclers. The PRO will be responsible for auditing, verifying and reporting the results.	**Processing**	Company is responsible for ensuring all collected TVs are processed and that recycling targets are achieved. In practice, this will mean contracting a recycler to undertake the processing according to best practice. The company would also be responsible for auditing, verifying and reporting the results.
PRO is responsible for safe disposal of residual materials. In practice, the contracted recycler would be obliged to follow best practice, with the PRO responsible for auditing and reporting.	**Disposal**	Company is responsible for safe disposal of residual materials. In practice, the contracted recycler would be obliged to follow best practice, with the company responsible for the cost of auditing and reporting.

Implications for consumers:

Voluntary	Product Lifecycle	Regulated Non-Participants
From the perspective of consumers, TVs will not change significantly in terms of look and function.	**Design**	Same as voluntary.
For consumers, there should be no change in the brands in the market.	**Manufacture**	Same as voluntary.
At point of sale and advertising, consumer will be informed that the TV can be returned to specific collection sites free of charge at end-of-life and that recycling cost is included in the cost of the TV (recycling cost may be itemised on the docket). Consumer information may also include details about product stewardship, environmental attributes of TV and why it is important to return for recycling.	**Retail**	At point of sale, consumer will be informed about collection channels and that the cost of recycling is included in the cost of the TV (cost will vary for different companies depending on how they choose to meet the mandatory outcomes). Additional consumer information provided will mirror commitments under the voluntary scheme.
TV users will receive information about where to take their TV at end-of-life (and why) through a variety of information channels. Users will be surveyed about their behaviour to best determine how best to get information to users and how to motivate users to participate in the scheme.	**Use**	Companies will need to inform users about how to return their TVs. These efforts will need to be vigorous enough to generate mandated return rates or the company will be in breach of their obligations and subject to infringement provisions under safety net.
The user takes the TV to a transfer station or other nearby collection site, where it is accepted free of charge.	**Collection**	Companies will need to provide regulators with a plan for how they will collect TVs. Approved recovery systems will need to be convenient and accessible but will vary. Possible approaches may involve the user taking the TV to a nominated collection point or calling a number and arranging a pick up from their door.
Users have access to information about what happens to the collected TVs through the PRO annual reports.	**Processing**	Users have access to information about collected TVs through company annual report and consumer information/advertising.
Users have access to information about what happens to the collected TVs through the PRO annual reports.	**Disposal**	Users have access to information about collected TVs through company annual report and consumer information/advertising.

ATTACHMENT D

Glossary

Approved Scheme A product stewardship scheme that has been approved under a Product Stewardship Agreement by the Environment Protection and Heritage Council (EPHC). Approved Schemes may be operated by an independent Producer Responsibility Organisation or by another organisational model.

Co-regulation A model for the governance of an industry incorporating both self-regulating and regulated segments of that industry (the latter captured by a regulatory safety net).

Environment Protection and Heritage Council (EPHC) A council made up of all Australian Environment Ministers. The EPHC will sign Product Stewardship Agreements and thereby approve schemes for the purposes of exempting them from the regulatory safety net.

Historical Product A product which was put to market prior to the date that any co-regulatory safety net was brought into force for that specific sector.

National Environment Protection Measure An instrument that sets out the requirements of a regulatory safety net and coordinates the various implementation instruments in each jurisdiction.

Non-Participant A company belonging to an industry sector for which an Approved Scheme and product-specific Schedule exists, but who is not participating in voluntary self-regulation.

Orphan Product A product for which the responsible party (eg manufacturer or importer) no longer operates in the Australian jurisdiction, or for which the responsible party cannot be identified.

Producer Responsibility Organisation (PRO) An independent, not for profit organisation established by industry to better manage the impacts of products. A Producer Responsibility Organisation operating in a co-regulatory environment would be established under a Product Stewardship Agreement.

Product-specific schedule An attachment to a statutory instrument (eg a framework NEPM), detailing what is required for Product Stewardship of a product or group of products (as this would vary depending on the product characteristics and the relevant sector’s Product Stewardship Agreement).

Product stewardship An approach which recognises shared responsibility for the environmental impacts of a product throughout its full life cycle, including end of life management, and seeks to reduce adverse impacts and internalise unavoidable costs within the product price, through action at the point(s) in the supply chain where this can be most effectively and efficiently achieved.

Product Stewardship Agreement (PSA) An agreement between an industry sector and the EPHC on a co-regulatory framework to facilitate product stewardship.

Regulatory safety net A legislative instrument use in co-regulation, which imposes a specific product stewardship obligations or penalties on responsible parties who have chosen not to participate in industry self regulation. A regulatory safety net is assumed to be comprised of one Nationally Coordinating Instrument and various Implementing Instruments, the latter which would be enacted at the Commonwealth, State or Territory level.

Stakeholder Forum A policy advisory body, incorporating a wide range of stakeholders, which sets goals and monitors the outcomes of a PRO.