

AGRECOVERY PRODUCT STEWARDSHIP: HOUSEHOLD WEED & PEST CONTROL PRODUCTS

Industry Webinar
16 April, 2021

Antitrust Reminder

- Do not discuss with competitors your own, or a competitors' prices; do not discuss anything that might affect prices, such as costs, discounts, terms of sale, profit margins or any other competitively sensitive information. Do not discuss capacity or output.
- Do not stay at a meeting where any such talk occurs.
- Do not make general announcements or statements at about your business secrets, such as sales strategies, new product development, capacity expansion or restrictions, or any such intended activity.
- Do not talk about what your company plans to do in specific markets, or with certain classes of customers, or with regard to types of products.

How Regulated Product Stewardship Works

- Regulated by the Waste Minimisation Act 2008.
- The Environment Minister can declare products as ‘Priority Products’ if they may cause “significant environmental harm” as waste, offer significant benefits from safe disposal, and can be effectively managed under a product stewardship scheme.
- Happened in July 2020 for the first time
- Included ‘Agrichemicals and Their Containers’.

'Agrichemicals and Their Containers' Definition

All agrichemicals and their containers up to and including 1000 litres in size or equivalent packaging for dry goods that are used for:

- any horticulture, agricultural and livestock production, including veterinary medicines;
- industrial, utility, infrastructure and recreational pest and weed control;
- forestry;
- **household pest and weed control operations;** or
- similar activities conducted or contracted by local and central government authorities.

This includes but is not limited to all substances that require registration under the Agricultural Compounds and Veterinary Medicines Act 1997, whether current or expired, and their containers (packaging), which are considered hazardous until they have been triple-rinsed.

How Regulated Product Stewardship Works

- Once declared, the Gov-Gen may make regulations to prohibit “the sale of a priority product, except in accordance with an accredited scheme”.
- This is the intended outcome – no sale except in accordance with the scheme.
- Structure and nature of scheme to be gazetted as ‘Guidelines’ for a scheme – issued July 2020.
- Can be accredited with deviations, but need Waste Advisory Board approval, and a good reason!

The Guidelines

- Based on extensive industry consultation.
- Designed to be commercially pragmatic, but ensure *actual* product stewardship.
- Quite detailed and prescriptive, with a big emphasis on good governance and transparency.
- Agrecovery in a strong position to proceed and has existing structures that can be extended.

The Guidelines – Expected Product Stewardship Scheme Effects

- **Circular resource use**
 - Continuous improvement.
 - End-of-life management higher up the waste hierarchy.
 - Investment in initiatives to improve reusability, recyclability and new markets.
- **Internalised end-of-life costs**
 - Costs met by fair product or producer fees.
 - Free and convenient collection.
 - Collection and management of legacy and orphaned products.
- **Public accountability**
 - Clear information.
 - Transparent chain of custody for collected and processed materials.
 - Publicly available annual reports.
- **Collaboration**
 - Optimal use of existing and new collection and processing infrastructure

The Guidelines – Internalised End-of-life Costs

- “Full net costs for stewardship of priority products at end of life met by **product or producer fees** proportional to the producer’s market share and ease of reuse or recyclability of their product.”
- “**Free and convenient collection** of the priority product for household and business consumers at end-of-life, including rural populations.”
- “Collection and management of **legacy and orphaned priority products** fully or substantially funded by the scheme.”

The Guidelines – Expected Product Stewardship Scheme Contents

- **Governance**
 - The scheme will be managed by a not-for-profit entity.
 - Annual independent audits will be conducted on scheme performance.
 - Governance arrangements will be appropriate to scheme size and scale.
 - All governance activities will adhere to Commerce Commission guidelines.
 - The scheme will be the only accredited scheme for that product.
 - Directors / boards appointed through due process, representative, best practice.
- **Scheme operations**
 - Services transparent, non-discriminatory and competitive processes.
 - Clear, regular and open reporting and communication.
 - Commercially confidential or sensitive information is managed appropriately.
 - All people involved in the process are suitably trained.
 - All necessary permits held or obtainable.
- **Targets**
 - Appropriate targets must be set and performance measured.
 - Targets will be reviewed and adjusted no less than every three years.

Timeframes – Accreditation Applications Expected...

- “Within one year from the date of priority product declaration for product categories with existing accredited voluntary schemes that wholly or substantially cover that priority product;”
- **“Within one year from the date of priority product declaration or co-design recommendations to the Government, whichever is later, for product categories not substantially covered by voluntary accredited schemes for which a co-design process has commenced; or”**
- “Within three years from the date of priority product declaration for all other priority product categories.”

So, the process is...

- Agrecovery is leading scheme development, and plans to operate a scheme, subject to feasibility.
- TNC is contracted to lead the process.
- An Industry Advisory Group will be required (**very soon!**) to provide input and guidance in the process.
- A scheme will be designed based on the guidelines and timeframes stated, subject to feasibility.
- Industry input, effort and information will be critical.

Industry Advisory Group

- Provide guidance, feedback and expertise
- Provide product sales, ingredient and packaging information to support activity prioritisation and scheme design.
- Assist in representing and communicating with brand owners.
- Participate in project meetings/teleconferences at key points.
- Assist in the development of scheme design recommendations.

Project Plan – Year 1

- Focus on Stakeholder engagement, material flows and key design parameters.
- Keeping the industry informed.
- Forming a stakeholder advisory group.
- Establishing processes for managing commercially-sensitive and confidential information required for development of the scheme.
- Building an understanding of industry priorities, needs and key drivers.
- Undertaking qualitative and quantitative analysis on products.
- Understanding the types and volumes of products and packaging, and the handling requirements for each.

Project Plan – Year 1

- Understanding users and channels to market.
- Mapping existing services, activities and behaviours in terms of product and packaging waste management.
- Determining fair and reasonable criteria for prioritising products to focus on, and selecting focus products for development.
- Small-scale pilot trials and sharing of trial data as appropriate.
- Identifying existing barriers to effective product stewardship for household weed and pest control products and their packaging, and opportunities to address barriers.
- Identify potential collection, recycling or safe disposal options.
- Determining initial design requirements for a product stewardship scheme and creating a plan for finalising development.

Project Plan – Year 2

- Focus on the detailed scheme co-design process and implementing the practical and logistical activities that would be required to initiate a new scheme.
- The detailed activities to be undertaken will be determined by what is uncovered in Year 1.
- While Agrecovery is committed to operating the scheme, it has determined that any development funding required for the scheme will need to come from industry beyond the conclusion of Year 1 of the project.

Key Issues and Challenges

- Range of user types and channels to market.
- Definitional issues – e.g. fly sprays? (probably)
- Wide range of products and materials – how will we categorise and prioritise these?
- Lack of knowledge on existing waste behaviours.
- Hazardous nature of products and handling challenges.

Key Issues and Challenges

- Recycling may not be the goal.
- How will freeriders be dealt with?
- Who will pay levies? Likely ACVM registrant.
- What will levies look like?

Levy Structure? More complex than this!

	Containers up to and including 60L	Containers over 60L and less than 1,000L	IBCs
Container Collection Levy	0.100	0.025	0.020
Chemical Disposal Levy - Chemicals unlikely to be presented for disposal (Group 1)	0.010	0.010	0.010
Chemical Disposal Levy - Chemicals with lowest disposal cost (Group 2)	0.030	0.030	0.040
Chemical Disposal Levy - Chemicals with higher disposal cost (Group 3)	0.040	0.060	0.060

Next Steps

- Need to assemble and convene Advisory Group and meet in May – who should be on this?
- Categorising and prioritising products.
- Gathering sales and product packaging data.
- Current waste behaviours.
- Product trials.
- Communicating with brands.

Questions?