

Agrecovery Veterinary Medicines Product Stewardship Advisory Group Terms of Reference

June 30, 2022



Purpose

This document describes the Terms of Reference for an Advisory Group established to elicit feedback and discuss scheme design considerations for the creation of an Agrecovery-led regulated product stewardship scheme for veterinary medicines.

1. Background

In August 2020, the Ministry for the Environment gazetted a 'Declaration of Priority Products Notice' under the Waste Minimisation Act which describes products that will require a product stewardship scheme to be in place. Regulations will subsequently be enacted "prohibiting the sale of a priority product, except in accordance with an accredited scheme". In short, the described products will not be able to be sold lawfully unless the sellers are 'members in good standing' of the accredited product stewardship scheme for their products, and are operating in accordance with the rules of the scheme.

The relevant priority product for veterinary medicines is "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."

In July, 2020 the Ministry gazetted a finalised 'General Guidelines for Product Stewardship Schemes for Priority Products Notice' which laid out its expectations and requirements for product stewardship schemes. These Guidelines are listed in the Appendix

2. The Approach

To meet the mandated requirements of a Product Stewardship Scheme, the 'Vet Meds' project is likely to take several years and involve two key phases:

1. *Stakeholder engagement, material flows and key design parameters:*

The first year of the planned project, to be completed by the end of 2022, focuses on:

- Keeping the industry informed as to progress towards regulated product stewardship.
- Forming a stakeholder advisory group for veterinary medicines to facilitate coordination and a cross-industry approach.
- Establishing processes for managing any commercially-sensitive and confidential information required for development of the scheme.
- Building an understanding of industry priorities, needs and key drivers.
- Understanding the roles that actors play in the veterinarian system, This will allow the advisory team to develop a scheme that fits the system, channels and users.
- Undertaking qualitative and quantitative analysis on veterinary medicines. Understanding the types and volumes of products and packaging, and the handling requirements for each.
- 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.
- Agrecovery implementing pilot schemes and sharing of trial data as appropriate.
- Identifying existing barriers to effective product stewardship for veterinary medicines and their packaging, and opportunities to address and remove 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, determining appropriate funding mechanisms and including all products over time.

While Agrecovery has limited funding to oversee and guide scheme development, the commitment, support and participation of all participants is essential. The focus in Year 1 of the project will very much be on ensuring a strong foundation for a resilient and robust scheme that can be built upon.

As we progress the project, the approach will be to be fair to all participants and have minimal disruption to the industry and product users.

2. *Scheme co-design*

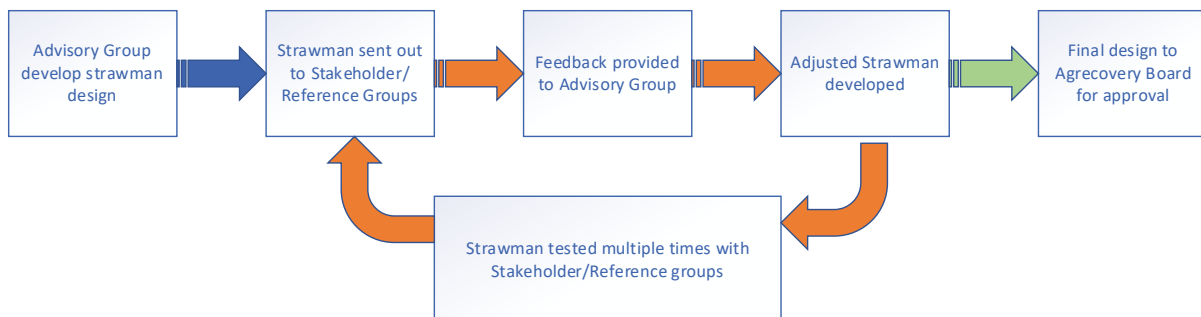
Year 2 of the project will focus on building upon the pilot scheme developed in year 1. This will be done by providing a more detailed scheme co-design that allows other Brands to introduce their products to the current scheme. The detailed activities to be undertaken in this

phase will be determined by what is uncovered in Year 1 but will need to focus on meeting the requirements of the guidelines issued by government to support scheme accreditation.

While Agrecovery is committed to operating the scheme, it has limited funding to contribute to the scheme development and will look to the Brands to provide funding once their products are being included within the scheme. Any developments costs that are not recovered, will be recovered in the final levy, whatever that may be.

The first activity that will be undertaken will be the establishment of an advisory group and a stakeholder/reference group. The advisory group will provide advice on the next steps of the scheme, whilst the reference and stakeholder groups will be the Brands and other parties that are required to make a scheme work. The role of the reference and stakeholder groups will be critical as they will provide feedback into the scheme development through regular engagements such as webinars and questionnaires.

The Advisory Group is assembled to provide input in the creation of the strawman and to consider the feedback against the strawman. This will be a repetitive process as we narrow down what can be successfully achieved with all participants and where any future investment would be required to include more plastics for recycling.



2. Function of the Advisory Group

The Advisory Group will be managed by Agrecovery. Agrecovery is responsible for the implementation of the Project and is the decision maker in the final design. The function of the Advisory Group is to provide advice and ensure that the views of each stakeholder and/or reference group are identified and taken into consideration in designing the scheme. This Advisory Group has a specific focus on veterinary medicines as defined by the priority product notice. The role of the Advisory Group is to pull together ideas on what is possible from a systems perspective, then test this with a wider audience. The role of the Advisory Group is not to develop and agree the scheme, this responsibility rests with Agrecovery.

The Advisory group is a smaller group of the stakeholder group who will use their subject matter expertise to help focus Agrecovery quickly on what is achievable.

3. Role of the Advisory Group

The role of the Advisory Group is to:

- Provide subject matter expertise to Agrecovery within the context of the Project Plan and background documentation.
- Define what information is required to support scheme design.
- Provide expertise in their field to drive knowledge about what can be done
- Assist in representing and communicating with brand owners.
- Provide advice to Agrecovery on key project decisions, documents, and issues, within the context of the Project Plan and background documentation.
- Participate in project meetings/teleconferences at key points.
- Assist Agrecovery in developing style, language and wording for any material that is distributed.

4. Role of the Stakeholder and Reference Groups

Agrecovery recognises the importance of bringing everyone along on the journey in developing the scheme and will seek to do this through consultation and regular communications. Information from the wider Stakeholder and Reference Groups will be critical in finalising what can be done and where the scheme can grow in the future. Because of this, Stakeholder and/or Reference Groups will be created.

The role of the stakeholder and/or reference groups is to:

- Test and challenge the thinking of the Advisory Board through workshops, questionnaires, webinars, online meetings, and feedback loops.
- Provide information and knowledge specific to their areas that will help the Advisory Board to develop concepts to test with the wider groups

5. General

5.1 Membership

The proposed Advisory Group and their stakeholder group are identified below:

Name	Organisation
Tony Wilson	Agrecovery
Jeff Howe	APHANZ
Sam Higgins	Animal Health Brand (MSD)
Recycler	Steve Mead
Processor	Trevor Sheldon
Collector	Neal Shaw
Guidelines expert	Fraser Scott
Jane Ough	Veterinarian Clinics Representative (NZVA)
Beck Smith	Farmer
Communications and Marketing	Chris Hamilton
Health & Safety	Isabella McIntyre

5.2 Membership expectations

Each Advisory Group member:

- Is aware of their responsibilities outlined above in section 4 of these Terms of Reference.
- Is able to provide constructive input and advice to the project.
- Is committed to fairly representing stakeholder opinion and to not unduly advance their own agenda or issues.
- Is committed to the project and understands the importance of their personal contribution to the outcomes and recommendations made to the Ministry.

5.3 Meeting Dates

- It is intended that the Advisory Group meet monthly, however this may change based on frequency of trials etc
- Meetings will likely be about two hours in duration but may vary based on content and need.
- In-person meetings will typically be held in Wellington.
- Dates TBC

5.4 Meeting structure

Advisory Group members will receive all materials for meetings at least two working days prior to each meeting. Each meeting will have specific objectives with minutes recorded and made available to Advisory Group members.

Feedback will also be sought between meetings when required.

6. Stakeholder and Reference Groups

The reference/stakeholder groups are key stakeholders or providers, who Agrecovery will rely on for input into the ideas and concepts that the Advisory Group develop. It is important that the stakeholder/reference group are able to provide thoughts and ideas into the design concepts that are being developed before further investment is undertaken.

Agrecovery envisages that there will be a number of different stakeholder and reference groups and these may change depending on the direction of the project. At this stage, there will be a Brands stakeholder group and several reference groups for the supply chain, collection network, recycling, and sorting. These reference groups may combine to discuss some of the options.

For the Brands stakeholder group, regular webinar meetings will take place. These webinars will provide an avenue for Agrecovery to discuss the current model and answer any questions.

The reference group will be provided regular updates with a feedback loop for their input. There will also be webinars and questionnaires at certain stages of the scheme design.

7. Confidentiality

The Advisory Group must have the ability to speak freely and frankly during meetings. The members will not, without each other's prior consent, copy or disclose any Confidential Information pertaining to the Project to a party outside of the meeting. The member disclosing any Confidential Information must identify it as such, either verbally or presented clearly on written documents; this information will be omitted from the minutes. Agrecovery is bound by confidentiality when discussing the project with stakeholders or any other third-party.

Advisory Group members will also be bound by the following Anti-Trust measures:

- 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 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.

Appendix

Who is Agrecovery

Agrecovery has managed and operated successful voluntary product stewardship schemes for agrichemicals and their containers in New Zealand since 2006. Operating under a mandate of addressing persistent on-farm waste issues, Agrecovery has consistently sought to expand its service delivery options and improve service delivery and efficiency. This refinement has been a consistent focus since the inception of the scheme. In this time, more than 3,000 tonnes of product packaging have been recovered and recycled, and more than 150 tonnes of unwanted agrichemicals have been collected and safely disposed of. Agrecovery delivers two product stewardship schemes:

1. The Agrichemical Container Collection Scheme, which receives and recycles agrichemical containers.
2. The Agrichemical Chemical Recovery Scheme, which receives and dispose of unwanted residual agrichemicals.

The Product Stewardship Guidelines

Expected Product Stewardship Scheme Effects

- Circular resource use
 - Continuous improvement in minimising waste and harm and maximising benefit from the priority product at end-of-life.

- Increasing end-of-life management of the priority product higher up the waste hierarchy to support transition to a circular economy in New Zealand.
 - Investment in initiatives to improve circular resource use, reusability, recyclability and new markets for the priority product.
- 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.
- Public accountability
 - Clear information to household and business consumers on how the scheme works, how it is funded, and how to find the nearest collection point.
 - Transparent chain of custody for collected and processed materials, to both onshore and to offshore processors, and published mass balances showing rates of reuse/ recycling or environmentally sound disposal of the priority products.
 - Publicly available annual reports that include measurement of outcomes and achievement of targets, fees collected and disbursed, and net cash reserves held as contingency.
- Collaboration
 - Optimal use of existing and new collection and processing infrastructure and networks, and co-design and integration between product groups.

Expected Product Stewardship Scheme Contents

- Governance
 - The scheme will be managed by a legally registered not-for-profit entity.
 - Annual independent audits will be conducted on scheme performance and included in scheme's annual reports to the Ministry for the Environment. The annual reports must contain the following:
 - financial performance and scheme cost-effectiveness;

- environmental performance; and
 - agreements with scheme service providers.
 - Governance arrangements will be established for the initial set up and ongoing development and operation of the scheme that are appropriate to the size and scale of the scheme.
 - All governance activities will adhere to the Commerce Commission guidelines on collaborative activities between competitors, including but not limited to considering the option of applying for collaborative activity clearance from the Commission for the scheme.
 - The scheme will be the only accredited scheme for that product, or
 - have agreements in place with other scheme managers to enable cooperation and cost-effective materials handling and to prevent confusion for household and business consumers; and
 - demonstrate how net community and environmental benefit (including cost-effectiveness and non-monetary impacts) will result from multiple schemes for that priority product.
 - Directors or governance boards will:
 - be appointed through an open and transparent process;
 - represent the interests of producers and consumers of the priority product and the wider community as informed by stakeholder advisory groups; and
 - follow governance best practice guidelines, for example the Institute of Directors of New Zealand Code of Practice for Directors, including for the identification and management of conflicts of interest.
- Scheme operations
 - Services (e.g. collection, sorting, material recovery and disposal) will be procured using transparent, non-discriminatory and competitive processes open to all competent entities whether existing, new entrant or social enterprise.
 - Clear, regular and open reporting and communication will be given to scheme participants and stakeholders.

- Processes exist to manage commercially confidential or sensitive information appropriately.
- All people involved in the scheme will have completed suitable training to complete their roles, including in best practice in prevention and reduction of harm to people and the environment.
- Ability to obtain new or existing permits held, for all necessary activities in New Zealand in relation to processing and potential export of priority products or their constituent components.
- Targets
 - All schemes will set and report annually to the Ministry for the Environment on targets that include as a minimum:
 - significant, timely and continuous improvement in scheme performance;
 - performance against best practice collection and recycling or treatment rates for the same product type in high-performing jurisdictions;
 - a clear time-bound and measurable path to attain best practice;
 - implementation phase-in to reflect availability of markets and infrastructure;
 - new product and market development to accommodate collected materials; and
 - measures for public awareness of scheme participant satisfaction and a record of response by the scheme to concerns raised.
 - Targets will be reviewed and adjusted no less than every three years from the date of accreditation, taking into account changes in the market, natural events and technology.

The gazetted guidelines also provide timelines in which accreditation or reaccreditation must be secured for priority products, as follows:

- 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.

The timeframe expectation for veterinary medicines is certainly one of the second two options, and is probably the second item on the list of three, indicating that accreditation must be sought within one year of completing the co-design process, which is not specifically time-limited. Clarification on this will be sought from the Ministry for the Environment, but previous indications are that the focus should be on a quality process rather than a hastily concluded one.