



Australian Government

Department of Sustainability, Environment,  
Water, Population and Communities

# National Waste Policy: Less Waste, More Resources

**CONSULTATION PAPER ON THE PROPOSED MODEL  
FOR ACCREDITATION OF VOLUNTARY PRODUCT  
STEWARDSHIP ARRANGEMENTS**

February 2012



**Consultation Paper on the  
Proposed Model for Accreditation  
of Voluntary Product Stewardship  
Arrangements**

February 2012

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# 1 Overview

Product stewardship is an approach to managing the impacts of different products and materials. It acknowledges that those involved in producing, selling, using and disposing of products have a shared responsibility to ensure that those products or materials are managed in a way that reduces their impact, throughout their lifecycle, on the environment and on human health and safety.

In 2009, the Environment Protection and Heritage Council endorsed the *National Waste Policy: Less waste, more resources*<sup>1</sup> (the National Waste Policy). A key commitment under strategy one of the National Waste Policy was to establish a national framework underpinned by legislation that supports voluntary, co-regulatory and regulatory (mandatory) product stewardship and extended producer responsibility schemes to provide for the impacts of products being responsibly managed during and at end of life. On 8 August 2011, the *Product Stewardship Act 2011* (the Act) came into effect satisfying this commitment.

To fulfil the voluntary provisions in Part 2 of the Act, a Ministerial Determination will be developed. The Ministerial Determination will include more detail on the accreditation of voluntary product stewardship arrangements for classes of products. Together, the Act and the Ministerial Determination will provide a legislative framework for organisations to seek accreditation for a voluntary product stewardship arrangement that may cover all, or part, of the lifecycle of a product.

The aim in establishing a framework for accreditation of voluntary product stewardship arrangements is to further the objects of the Act by:

- providing an avenue for recognising and encouraging product stewardship without the need to regulate
- providing assurance to the community that voluntary product stewardship arrangements are achieving real and effective outcomes

Applicants who successfully obtain accreditation will be granted use of the Australian Government's product stewardship logo. This will enable those involved in an accredited arrangement to:

- communicate to others that their arrangement has been independently assessed as being credible by the Australian Government
- obtain national recognition for their arrangement.

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<sup>1</sup> EPHC (2009) *National Waste Policy: Less Waste, more resources*. Environment Protection and Heritage Council, November.

This paper serves as the basis for consultation with industry, community and government about the proposed model for accreditation of voluntary product stewardship arrangements. In particular it details:

- who may apply for accreditation
- the requirements to obtain accreditation
- how accreditation may be reviewed or cancelled
- how the fees for accreditation are to be determined.

Feedback on this paper is sought by 27 March 2012. Feedback gained will be used to refine the accreditation model and inform the development of the Ministerial Determination for the accreditation of voluntary product stewardship arrangements.

## 2 Background

In Australia, and internationally, product stewardship has been adopted to manage the impacts of different products and materials. Some of the key drivers for the development of product stewardship arrangements have included hazards in products, costs imposed on local governments, lack of capability to safely manage specific forms of waste, international agreements, increasing prices for raw materials, the scarcity of resources, changing community values and limited space for landfill. Consequently, product stewardship arrangements vary in what they aim to achieve.

Voluntary product stewardship can take many forms. It may have a whole of lifecycle focus, or a focus on fixing a specific problem related to part of a product's lifecycle. More and more, organisations are participating in voluntary product stewardship as part of their environmental or corporate strategies. There are already a number of voluntary product stewardship activities being undertaken across Australia such as the collection and recycling of newspapers, recycling of mobile phones, and design and manufacturing of improved PVC products.

Australian Government accreditation of product stewardship arrangements facilitates public recognition for organisations that are striving for real and effective outcomes, while informing the community about successful product stewardship activities.

For the purposes of this paper an arrangement is defined as a set of activities or measures designed to achieve the outcomes for which accreditation has been sought (such as a recycling target or reduction in the use of hazardous substances in a product).

### 2.1 National Waste Policy

The impetus for developing a framework to accredit voluntary product stewardship arrangements arose from commitments under the National Waste Policy.

On 5 November 2009, all Australian governments, through the Environment Protection and Heritage Council (EPHC), agreed to a new national policy on waste and resource recovery, the National Waste Policy. The National Waste Policy sets the strategic agenda for reducing waste and managing waste as a resource to deliver economic, environmental and social benefits to 2020. In August 2010, the policy was endorsed by the Council of Australian Governments (COAG).

The National Waste Policy sets out six key directions and 16 strategies for all governments to pursue over ten years.

The commitment to develop national legislation to support product stewardship is identified under strategy one:

The Australian Government, with support of the state and territory governments, will establish a national framework underpinned by legislation to support voluntary, co-regulatory and regulatory product stewardship and extended producer responsibility schemes to provide for the impacts of a product being responsibly managed during and at end of life.<sup>2</sup>

This commitment has been realised through the commencement of the Act. Further information about the National Waste Policy can be found at:

[www.environment.gov.au/wastepolicy](http://www.environment.gov.au/wastepolicy)

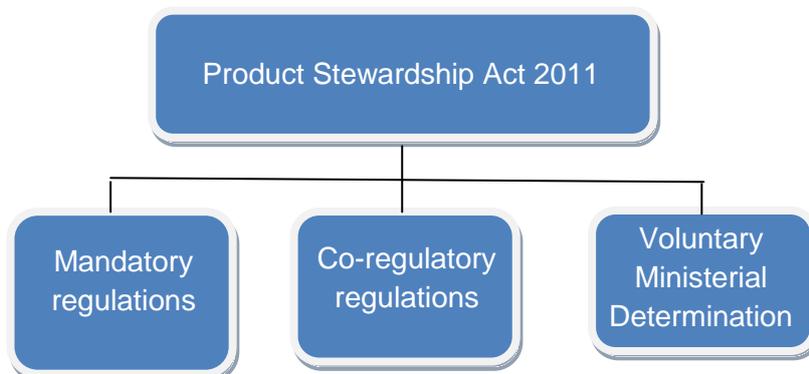
## 2.2 Product Stewardship Act 2011

The Act came into effect on 8 August 2011. Its objectives are to:

- reduce the impact that products have on the environment, throughout their lives
- reduce the impact that substances contained in products have on the environment, and on the health and safety of human beings, throughout the lives of those products
- contribute to Australia meeting its international obligations concerning the impacts referred to in the above two matters
- contribute to reducing the amount of greenhouse gases emitted, energy used and water consumed in connection with products and waste from products.

Provisions have been included that allow for the development of product-specific regulations for mandatory and co-regulatory product stewardship schemes and a Ministerial Determination for voluntary product stewardship (refer Figure One).

*Figure One Product stewardship legislative framework*



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<sup>2</sup> EPHC (2009:9)

**Voluntary** product stewardship involves parties voluntarily seeking accreditation by the Australian Government of a product stewardship arrangement. Under the Act, participation across an entire industry in a voluntary product stewardship arrangement is not required. A fee for assessing applications is payable.

**Co-regulatory** product stewardship involves a combination of industry action and supporting government regulation, with regulation used to ensure that all liable parties<sup>3</sup> participate. Under this approach, government sets outcomes and requirements to be met, while industry has flexibility about how these are met.

**Mandatory** product stewardship involves more prescriptive legislative requirements than co-regulatory approaches. The regulations for mandatory schemes will specify both the outcome and the way in which the outcome will be met.

Further information on the Act can be found at

<http://www.environment.gov.au/settlements/waste/product-stewardship/index.html#act>

The focus of this paper is on the proposed model for the accreditation of voluntary product stewardship arrangements under the Act.

### 3 Voluntary product stewardship in the context of the Act

As noted in the Overview, Part 2 of the Act provides for the accreditation of voluntary product stewardship arrangements. The aim in establishing a framework for voluntary product stewardship accreditation is to further the objects of the Act by:

- providing an avenue for recognising and encouraging product stewardship without the need to regulate
- providing assurance to the community that voluntary product stewardship arrangements are achieving real and effective outcomes.

In the context of the Act, the accreditation of voluntary product stewardship occurs when self-selected organisations seek, and are granted, accreditation from the Australian Government for voluntary product stewardship activities. This approach differs from co-regulatory and mandatory arrangements where participation is mandated and enforced using regulations.

Applications for accreditation of a voluntary product stewardship arrangement may be submitted by an incorporated body. This may include for example, a product stewardship organisation, industry body, or individual company.

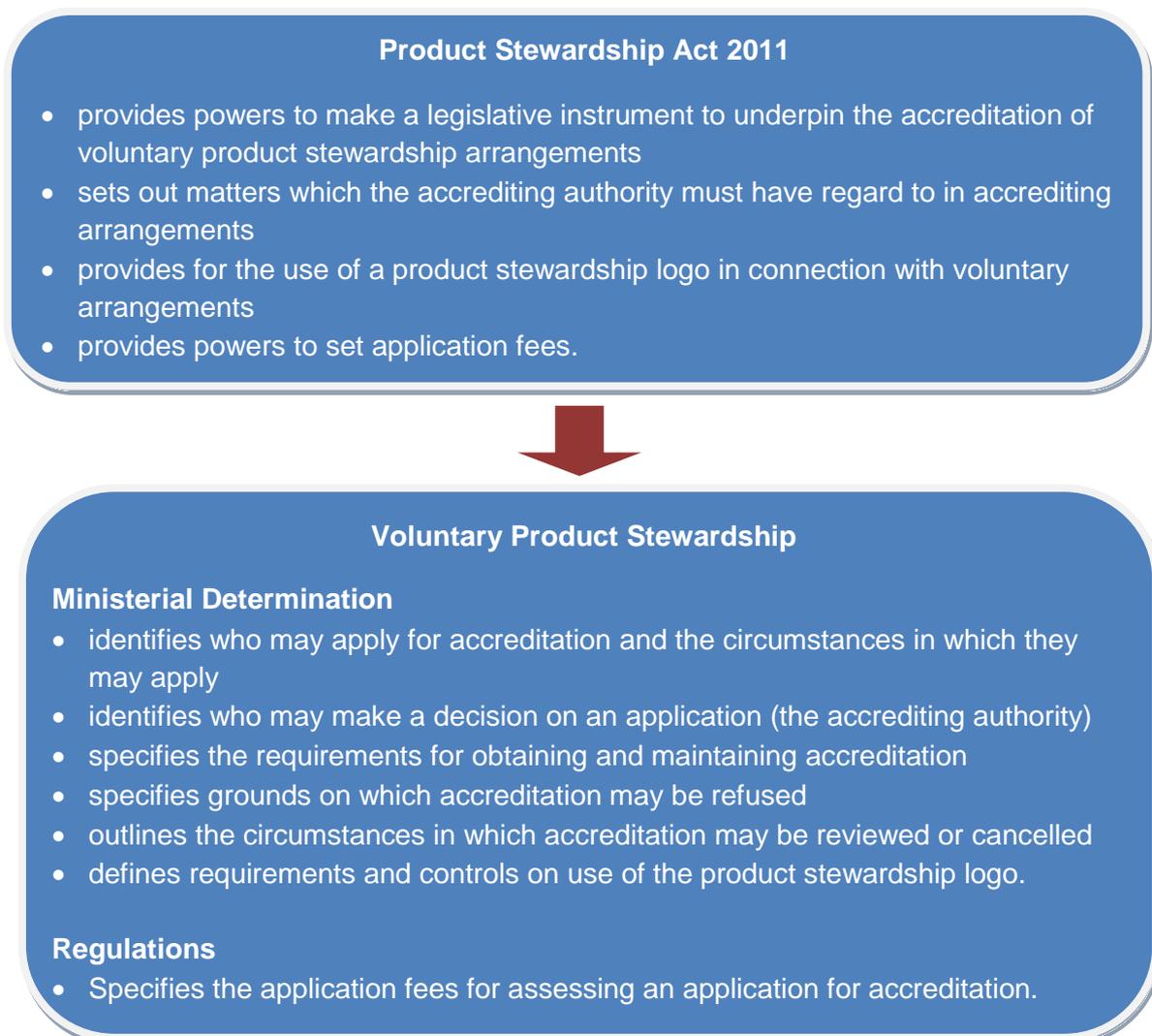
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<sup>3</sup> A liable party can include an importer, manufacturer, distributor or user to which obligations and requirements established under a scheme apply.

The accreditation of a voluntary arrangement will be dependent on the applicant's ability to demonstrate how it and the arrangement meet the eligibility and accreditation requirements. Some of these requirements have been specified within the Act, such as demonstrating that the arrangement will further the objects of the Act and that the product stewardship criteria are satisfied in relation to the class of products. The 'class of products' will be determined by the type of product stewardship arrangements that come forward. For example, it could be broad (e.g. paper products) or narrow in scope (e.g. newspapers). Other eligibility and accreditation requirements will be set out in the Ministerial Determination.

Figure Two summarises the legislative framework underpinning the proposed voluntary product stewardship model and includes an overview of the obligations and requirements specified in the Act and proposed Ministerial Determination.

*Figure Two Summary of voluntary product stewardship legislative framework*



The Act provides for the use of a product stewardship logo by accredited voluntary arrangements. The logo will help Administrators (i.e. the entity responsible for administering an accredited arrangement and ensuring that agreed outcomes are achieved) communicate their commitment to effective product stewardship. It also identifies Australian Government support.

The Ministerial Determination will specify what is required to obtain voluntary product stewardship accreditation and the circumstances under which accreditation may be reviewed and cancelled. It will also detail the conditions of use for the product stewardship logo.

Application fees relating to assessment and accreditation will be specified in separate regulations. This is consistent with the National Waste Policy, which states that accreditation of voluntary arrangements will be on a cost recovery basis through a fee-for-service, consistent with the Australian Government's Cost Recovery Policy.

## 4 Overview of the proposed model for accreditation of voluntary arrangements

In developing the model for voluntary product stewardship, consideration was given to the feedback gained through public consultation in November 2010 on the development of the Act. Additional feedback has also been obtained through consultation with key industry stakeholders and local, state and territory government representatives through targeted workshops and meetings between October and December 2011.

These consultations highlighted several key areas for further consideration including:

- minimising the administrative burden (for government, industry and other organisations involved)
- protecting the product stewardship logo
- ensuring accredited arrangements are credible.

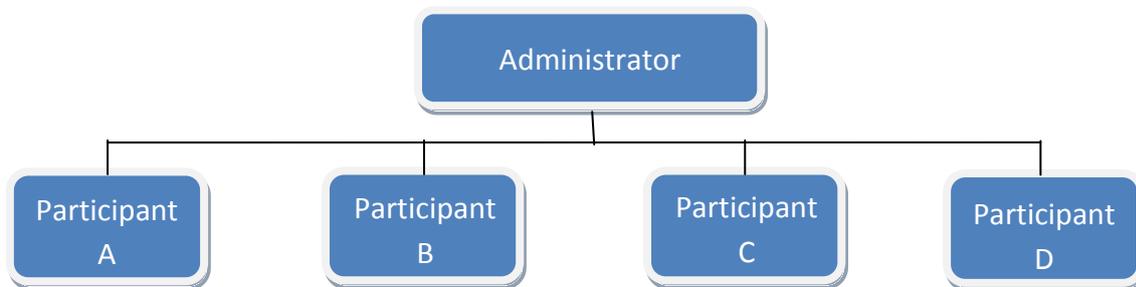
Flexibility in the requirements for accreditation was also recognised as important. This is because product stewardship may be more advanced in some sectors compared with others. They may also vary in their focus in addressing all or part of the lifecycle for a particular product(s).

### *Structure of voluntary product stewardship arrangements*

Voluntary product stewardship arrangements can be structured in a number of ways. One example is where an Administrator manages a product stewardship arrangement on behalf of its participants to achieve agreed product stewardship outcomes (refer Figure Three). In this scenario, the Administrator would have responsibility for managing the arrangement, collecting information from its participants and/or service providers and monitoring and reporting on the arrangement's performance.

Participants may contribute funds or undertake activities to support the implementation of an arrangement. Some arrangements may also have a representative body, such as a board, to support and guide them.

*Figure Three Example of a multi-member voluntary product stewardship arrangement*



Other structures may not have participants and involve only an individual organisation as the Administrator.

### ***Process for accrediting arrangements***

The proposed process for accrediting voluntary product stewardship arrangements is shown in Figure Four below. To obtain accreditation the applicant will need to show that it satisfies a number of:

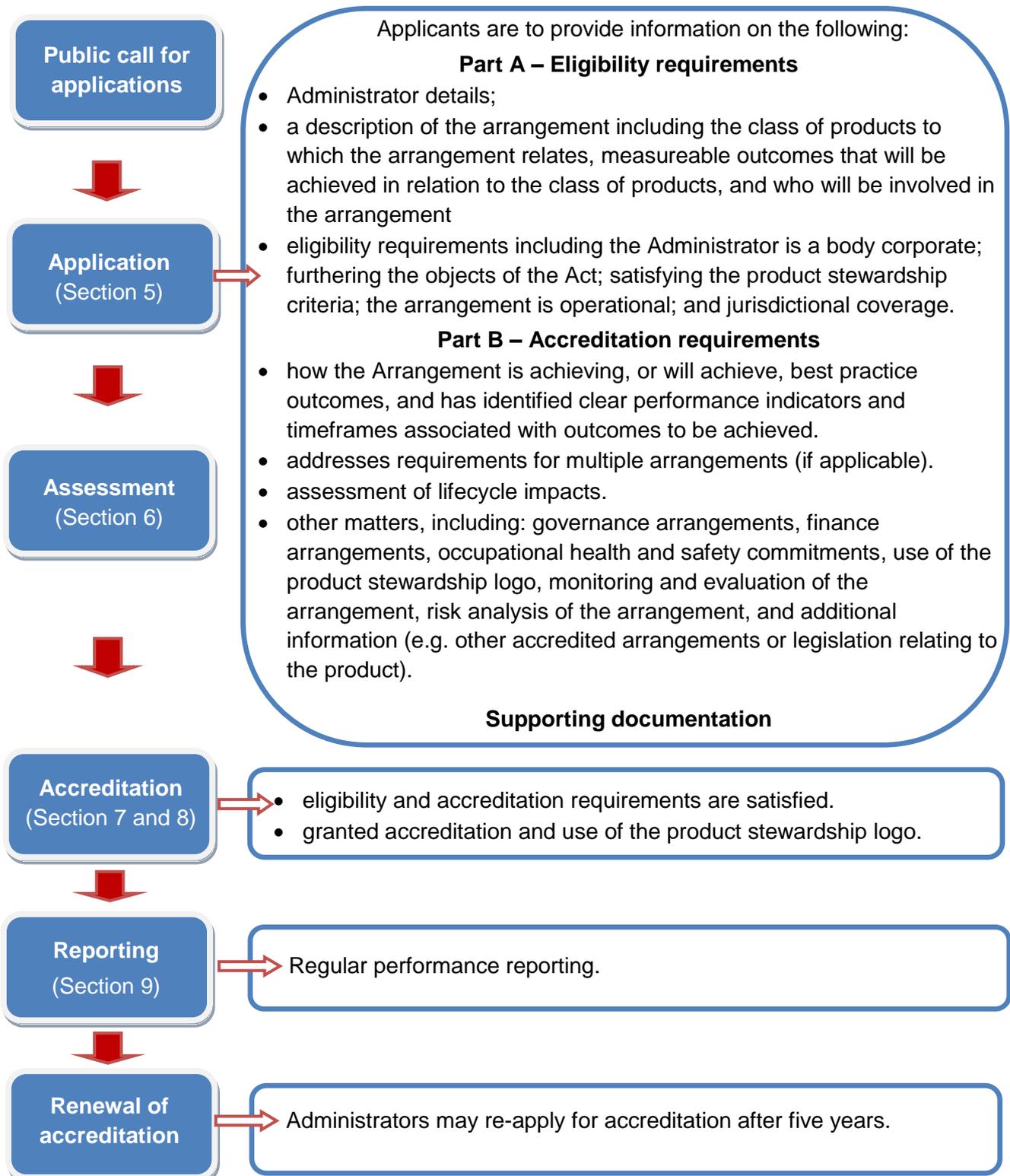
- **eligibility requirements** which primarily relate to the provisions contained within the Act as well as other basic requirements
- **accreditation requirements** that are aimed at ensuring the quality and credibility of arrangements gaining accreditation.

Applications for accreditation are to be submitted by the Administrator to the Accrediting Authority accompanied by an application fee. The Accrediting Authority is proposed to be the Department of Sustainability, Environment, Water, Population and Communities (the department) acting on behalf of the Minister.

Successful applicants will be granted accreditation for a period of five years including use of the Australian Government's product stewardship logo.

To maintain accreditation, Administrators will be required to monitor the agreed outcomes of the arrangement and report on their achievement to the department. At the end of the accreditation period, an Administrator may re-apply for accreditation. Further detail on the process for accreditation is provided in the following sections.

Figure Four Summary of proposed process and model for accreditation



## 5 Applying for accreditation

The following section outlines the conditions under which applicants may apply for accreditation for their voluntary product stewardship arrangement.

The department will invite applications through a public notification process (e.g. through the departmental website or newspaper advertisements). This call for applications is likely to occur at least once per year.

It is proposed that an online questionnaire and related guidance material will be made available to help applicants determine whether their arrangement may be suitable for accreditation prior to submitting an application.

Applications for accreditation will need to be made by the arrangement Administrator. Proposed arrangements may be for any class of product, and all or part of the product lifecycle which stretches from manufacture of the product through to its end of life.

To obtain accreditation applicants will need to demonstrate that the arrangement meets certain requirements and provide specific information in relation to the arrangement. Figure Four shows the application consisting of two parts (A and B). Part A requests details of the Administrator, a brief overview of the arrangement and how it satisfies the eligibility requirements (refer Section 5.1). Part B addresses the accreditation requirements (Section 5.2). Examples of potential documentation to support the application are given in Section 5.3.

For arrangements that include more than one participant, applicants will need to assess whether authorisation by the Australian Competition and Consumer Commission (ACCC) will be required under section 88 of the *Competition and Consumer Act 2011* (CCA). Evidence of this assessment is to accompany the application for accreditation of the voluntary product stewardship arrangement. Applicants should note that the processes for accrediting voluntary product stewardship arrangements and those used for assessing anti-competitive conduct under the CCA are different. Therefore, accreditation of a voluntary product stewardship arrangement does not affect the operation of the CCA, and the prohibitions on anti-competitive conduct will continue to apply unless the ACCC has granted authorisation.

## 5.1 Eligibility requirements

The eligibility requirements described in Part A of the application (refer Figure Four), primarily relate to the obligations contained in the Act and other basic requirements. To be considered for accreditation, applicants must include evidence that the following are met:

- the Administrator of the arrangement is a body corporate
- the arrangement is designed to further the objects of the Act by achieving one or more measureable outcomes in relation to a class of products.
- the class of products to which the arrangement relates meets the product stewardship criteria in the Act.  
the outcomes of the arrangement are having, or will have, an effect in more than one state or territory (i.e. jurisdictional coverage).
- the arrangement is operational.

The eligibility requirements are discussed in more detail below.

### *Administrator is a body corporate*

The Act specifies that the Administrator of an accredited arrangement must be a body corporate. This is intended to promote continuity and good governance of arrangements that will be granted accreditation. Documentation to support this claim will need to be attached to applications.

### *Furthering the objects of the Act*

Applicants will need to demonstrate that their arrangement will further the objects of the Act by achieving one or more measurable outcomes in relation to a class of products. The application must therefore be able to show that the outcomes of the arrangement will:

- (a) reduce the impact that products have on the environment, throughout their lives; and / or
- (b) reduce the impact that substances contained in products have on the environment, and on the health and safety of human beings, throughout the lives of those products.

In satisfying the above requirement, it is proposed that applicants will need to show that one or more of the following activities, as outlined in section 4 of the Act, are being addressed:

- (a) avoiding generating waste from products
- (b) reducing or eliminating the amount of waste from products to be disposed of
- (c) reducing or eliminating hazardous substances in products to be disposed of
- (d) managing waste from products as a resource
- (e) ensuring that products and waste from products are reused, recycled, recovered, treated and disposed of in a safe, scientific and environmentally sound way.

Question 1 Are there any instances where the application of this requirement may preclude accreditation of a credible product stewardship activity?

Other objects of the Act that arrangements may identify with, but are not essential or sufficient for accreditation on their own are:

- (a) to contribute to Australia meeting its international obligations concerning the impacts referred to reducing the impact of the product identified above, and/or
- (b) to contribute to reducing the amount of greenhouse gases emitted, energy used and water consumed in connection with the product and waste from the product.

### *Product stewardship criteria*

The class of products proposed to be covered by the voluntary product stewardship arrangement must satisfy, at a minimum, two of the product stewardship criteria contained within section 5 of the Act. The first is to demonstrate that the product(s) in the class are in a national market.

At least one other of the following criteria must also be satisfied:

- The product contains hazardous substance/s.
- There is potential to significantly increase the conservation of materials used in the products, or the recovery of resources (including materials and energy) from waste from the products.
- There is the potential to significantly reduce the impact that the products have on the environment, or that substances in the products have on the environment, or on the health or safety of human beings.

Information to support the above claims will need to be included in the application.

## *Jurisdictional coverage*

The application will need to demonstrate that the outcomes of the arrangement will have an effect in more than one state or territory. This requirement aims to ensure a national focus for arrangements coming forward for accreditation, consistent with the intent of the Act.

The jurisdictional coverage requirement is intended to be reasonably flexible, acknowledging that there may be situations in which the product stewardship arrangement is not directly in contact with the end user (e.g. where the focus of product stewardship is on the design and manufacture of a product). However, the benefits of this stewardship may have a positive impact throughout Australia in terms of environmental or health and safety benefits for consumers.

Two examples of how this requirement may be satisfied for arrangements that focus on a part of a product lifecycle are:

- (1) where improvements to the design and manufacturing of a product may occur in one state, but the benefits of product stewardship are realised in several states because of the national market for the product
- (2) where an arrangement may recycle a product in one state, but collect it nationally for the purposes of recycling and recovering useable materials.

Question 2 Is the requirement for jurisdictional coverage to include more than one state or territory satisfactory, or is there a more effective alternative approach to achieve a national focus?

## *Arrangement is operational*

It is proposed that an arrangement must be operational in order to obtain accreditation. This requirement has been included to reduce any potential risks to the integrity of the framework and the logo which may arise as a result of accrediting arrangements that may subsequently fail after, or before, commencing operations.

The definition of 'operational' will determine how effective this requirement will be. The minimum requirement could be defined as:

- an arrangement that can demonstrate that it has been undertaking product stewardship activities for a minimum period of time (e.g. 12 months) and can therefore show a track record of performance; or
- an arrangement that is established but has not yet commenced full implementation of product stewardship activities. Such arrangements would

be expected to provide evidence that they have established arrangements relating to governance, financing, logistics, and risk planning and management.

Question 3 Which of the above approaches is the most appropriate for defining 'operational' and why?

Question 4 If arrangements with no track record are to be considered for accreditation, should any additional requirements have to be met prior to accreditation?

## 5.2 Accreditation requirements

Part B of the application (refer Figure Four) identifies the accreditation requirements to be addressed by the applicant. Further detail on these requirements is provided below.

### *Best practice outcomes*

This requirement aims to ensure that accredited arrangements achieve real and effective product stewardship outcomes on a scale equivalent to outcomes being achieved in Australia and internationally. It places an obligation on the applicant to demonstrate that it is currently achieving and will maintain best practice outcomes, or will achieve best practice outcomes relating to product stewardship within the period of accreditation, proposed to be five years.

The inclusion of this requirement is considered necessary for the purposes of setting a quality standard that can be equitably applied to different arrangements and products. This approach acknowledges that:

- The accreditation framework needs to cater for a wide range of products and sectors, unlike mandatory and co-regulatory product stewardship which involves the development of product-specific regulations with mandated outcomes and/or standards to which participants must comply.
- No two classes of products or arrangements are likely to be the same, hence the standards for product stewardship are likely to vary for different products.
- Arrangements may be at various stages of development and include all or part of the supply chain.

To meet this requirement, an applicant would need to show that the product stewardship outcomes of their arrangement (identified as measurable targets and annual reporting milestones) are equivalent to or better than outcomes of similar

product stewardship activities for comparable classes of products in Australia and internationally (where applicable). This will require the applicant to undertake, and provide the results of research into comparable product stewardship activities in

Australia and overseas. Supporting documentation including links to any reports or information cited in the research will need to be supplied as part of the application to assist with verification of the claims made.

Product stewardship outcomes and practices can vary. For example, the outcomes of an arrangement operating in Europe may not be transferable to the Australian context because the regulatory framework, or the type of product stewardship activities employed to achieve the outcomes may not be appropriate in Australian conditions. In instances where an international comparison is not appropriate or meaningful (for example because of societal, geographic, technological or economic differences) and where Australia is not recognised as the world leader on product stewardship for a particular product, applicants would need to make the case, supported by evidence, as to why their proposed outcomes represent a step change or significant improvement in the Australian context.

In situations where no comparisons can be made to other arrangements, applicants will need to provide information to support this and justify why their proposed outcomes represent best practice outcomes or a step change improvement in the Australian context.

**Question 5** Is there another more appropriate approach that still ensures accreditation is reserved for high quality product stewardship efforts? Please give your reasons.

The outcomes of the arrangement will serve as performance targets for the arrangement. Arrangements that are working towards best practice outcomes will need to identify annual reporting milestones for each of the five years of accreditation, with the best practice outcome being achieved by the end of the fifth year (if not earlier). In cases where an arrangement is already achieving best practice outcomes, applicants will need to show how the arrangement will maintain this level of achievement for a period of five years.

### *Multiple arrangements*

It is possible under the proposed model that two or more administrators may apply for accreditation in relation to the same or similar voluntary product stewardship for a class of products. For example, two different applicants may seek accreditation for the collection and recycling of hazardous chemicals. This is referred to in this paper as multiple arrangements.

Voluntary product stewardship arrangements that have secured support from across an entire sector would avoid the potential for a proliferation of similar arrangements that may cause confusion in the market place or compromise the viability of each individual arrangement operating in the marketplace. On the other hand, multiple arrangements offer some benefits, such as the potential for greater national coverage where a single arrangement may find it uneconomical to do so. For example, one arrangement may operate in Western Australia and South Australia while another arrangement operates on the east coast. This flexibility can lead to more innovative solutions and improved product stewardship outcomes for a particular product.

It is therefore proposed that multiple arrangements will be allowed under the voluntary model, with appropriate safeguards to ensure a minimum level of quality of outcomes achieved by each arrangement. It is intended that applicants will need to put forward a case as to why their arrangement should be considered for accreditation alongside an existing accredited arrangement. They must also demonstrate that the measurable outcomes proposed are at least the same standard of performance as those already agreed with the existing accredited arrangement(s).

Question 6 Is the proposed method for handling multiple arrangements appropriate or should alternative measures be included? Please give your reasons.

### *Whole-of-lifecycle impact*

Applicants must provide assurance that the voluntary product stewardship arrangement will result in an overall benefit to the environment or human health and safety over the lifecycle of the product. This requirement is proposed to ensure that arrangements will not cause greater harm overall across the lifecycle of the product, by considering any foreseeable adverse or unintended impacts arising from the arrangement. The requirement will not involve a full lifecycle analysis to be undertaken but rather a general assessment by the applicant of foreseeable impacts and benefits resulting from the product stewardship activities of the arrangement.

## Other matters to be addressed

Table One summarises other matters to be satisfied as part of the accreditation requirements.

Table One Other matters to be addressed in the application for accreditation

<b>Governance</b>	Information is to be provided on governance and organisational matters including roles and responsibilities for decision-making, internal accountability mechanisms, dispute resolution and membership rules.
<b>Financing</b>	Describes how the arrangement will be financed to achieve the stated outcomes. This could include for example any levy or fees that are to be paid by members of the arrangement to the Administrator.
<b>Environment and occupational health and safety</b>	To include an undertaking by the Administrator that environment and health and safety policies and practices in relation to the arrangement will be assessed for adequacy, and that the conduct of any third parties or service providers engaged to support the arrangement will comply with all relevant policies and practices in this regard.
<b>Use of the product stewardship logo</b>	Information on who will use the logo and the communication channels in which it will be used is to be included in the application. This will help ascertain how the Administrator intends to use the Commonwealth's intellectual property rights associated with the product stewardship logo and whether this is appropriate use. Further detail on the conditions for the logo's use are provided in Section 8.
<b>Monitoring and evaluation</b>	Identifies how the arrangement will monitor and evaluate specified outcomes and achievements to enable performance reporting to the department.
<b>Risk management</b>	The application must include a risk management plan containing information on key and potential risks associated with the arrangement's implementation and how these will be managed.
<b>Additional information</b>	Relates to any additional information supporting the applicant's case for accreditation. This could include other forms of accreditation currently held by the arrangement (e.g. ISO 14000). While not essential, this provides an indication that the proposed arrangement, or elements of it, has been shown to already meet particular standards or requirements.

### 5.3 Supporting documentation

Applicants will need to substantiate any claims made in their application by providing relevant documentation. This will facilitate timely verification of claims by the department and minimise requests for additional information.

The types of information to be provided may include:

- evidence that the Administrator is a body corporate
- a report on the findings of the best practice outcome benchmarking analysis, which is to include copies or links to any reports or other written documentation cited to verify the claims made within the report
- evidence of agreements that support the arrangement's implementation (e.g. list of participants, memorandum of understanding between parties, contracts).

Other information that may need to be provided includes:

- evidence of any other accreditation approvals that are relevant (e.g. ISO 14000)
- information or reports on any negotiations or consultations used to inform the setting up of an arrangement (e.g. community consultation on recycling stations).

## 6 Assessment of applications

Applications for accreditation will be assessed on a case-by-case basis as they are likely to vary in how the arrangements are organised and the types of products to which the arrangement relates. Before granting accreditation the department must be satisfied that the applicant has adequately addressed the eligibility requirements (described in Section 5.1) and the accreditation requirements (described in Section 5.2). It is anticipated that completed applications will be assessed by the department within two months of the closing date for the receipt of applications.

To further inform a decision on whether the arrangement meets the requirements for accreditation, the department may request additional information from the applicant where the information provided is not deemed to be adequate. The department will also engage consultants to undertake a financial viability and technical assessment of the proposed arrangement.

Consideration has also been given to including a public comment phase as part of the assessment of applications to allow greater transparency in the accreditation process. Any commercial-in-confidence material would not be made publicly available as part of this process.

Question 7 Is a public comment phase appropriate?

Question 8 Should any other requirements be included to help inform the assessment of an application?

In summary, accreditation of an arrangement may be refused for the following reasons:

- The Administrator is not a body corporate.
- The arrangement is not operational.
- The arrangement does not further the objects of the Act
- The product stewardship criteria are not satisfied.
- The jurisdictional coverage requirement is not adequately met.
- The application does not demonstrate that the arrangement is capable of achieving best practice outcomes within the five year period of accreditation.
- The proposed use of the product stewardship logo is considered inappropriate.
- The applicant has not provided the department with the information needed to make a thorough assessment of the proposed arrangement.
- The applicant has not provided any requested additional information to the department within the specified timeframe.
- The application is not in the form approved by the Minister.
- The financial viability and technical assessment of the arrangement are found to be unsatisfactory.
- The applicant has provided false or misleading information.
- It is not in the public interest to accredit the arrangement.
- Fees for assessing the application have not been paid in full (refer Section 11).
- The arrangement was refused authorisation by the ACCC under the *Competition and Consumer Act 2010*.

The final decision on an application's assessment will be communicated in a letter from the department to the arrangement's Administrator. If accreditation is rejected, the Administrator may seek to have the decision reviewed by a more senior officer of the department. If the Administrator is not satisfied with that decision, it has a further right of review to the Administrative Appeals tribunal.

## 7 Accreditation

The conditions which the Administrator must comply with to maintain accreditation will be outlined in the letter confirming accreditation of their arrangement. The conditions will include meeting the outcomes as stated in the application and ensuring appropriate use of the product stewardship logo (discussed in Section 9).

Information on each accredited voluntary product stewardship arrangement will be published on the department's website.

Accreditation will be granted for a period of five years, to allow product stewardship activities to be implemented effectively. Monitoring of the arrangement by the department will occur via an assessment of reports throughout the accreditation period (detailed in Section 8). At the end of five years, the Administrator will need to reapply for accreditation.

To maintain accreditation all reasonable steps must be taken to achieve the outcomes of the accredited arrangement as stated in the approved application. The general conditions to retain accreditation are summarised in Section 12 (Roles and responsibilities). Grounds for cancelling accreditation are discussed further in Section 10).

## 8 Product stewardship logo

Accredited arrangements will be granted use of the product stewardship logo, shown in Figure Five as a portrait and landscape option.

The purpose of the logo is to communicate the Australian Government's accreditation of credible voluntary product stewardship arrangements. It is therefore important that the logo identifies that the accreditation is provided by the Australian Government for product stewardship, and is distinctive and easy to recognise. The three shapes identified within the logo represent the different phases of a product's lifecycle. The details on the conditions of use of the logo are provided below.

Figure Five Product Stewardship Logo

Portrait version



Landscape version



## 8.1 Conditions of use

Protecting and maintaining the value of the logo is essential as it communicates to the community the Australian Government's accreditation of each arrangement's voluntary product stewardship efforts. It may also serve as the primary incentive for interested parties to seek accreditation and therefore needs to be seen as credible.

Accredited arrangements may want to have a range of options available to them in promoting accreditation of their arrangement. It is therefore important that there is adequate flexibility in where the logo may be used by Administrators and participants of accredited arrangements while also providing adequate protection against inappropriate or undesirable use of the logo.

The information contained in Table Two identifies where and how the logo may be used. The proposed conditions have been formulated based on an analysis of: the level of exposure to the general public; the level of risk to the credibility of the logo; and the complexity of information capable of being delivered through the communication channel.

Table Two Proposed communication channels and conditions of use for the logo

Communication channel	Conditions of use
<ul style="list-style-type: none"> <li>• Letterhead (for the purposes of communicating information about the arrangement)</li> <li>• Conferences/business meetings (e.g. PowerPoint presentations)</li> <li>• Internal corporate office signage</li> </ul>	<ul style="list-style-type: none"> <li>• Use allowed by Administrators and members of an accredited arrangement without seeking approval from the department.</li> </ul>
<ul style="list-style-type: none"> <li>• Shop front signage</li> <li>• Posters/banners</li> <li>• Flyers</li> <li>• Website</li> <li>• Phone 'app'</li> <li>• Newspaper/magazine advertising</li> <li>• Billboards</li> <li>• Signage (e.g. recycling station)</li> <li>• Business cards</li> </ul>	<ul style="list-style-type: none"> <li>• Use allowed by Administrators and members of an accredited arrangement.</li> <li>• Examples or graphic design images that incorporate the use of the logo must be sighted and approved by the department. Material may be submitted in an electronic form.</li> </ul>
<ul style="list-style-type: none"> <li>• Television and direct social media networking campaigns (e.g. YouTube, Facebook)</li> </ul>	<ul style="list-style-type: none"> <li>• Only for use by Administrators, not members, of an arrangement.</li> <li>• The department must approve any information to be communicated about the logo and the content of the campaign.</li> </ul>

It is proposed that the logo will not be allowed for use on products, product packaging, and transport (e.g. on trucks). This is to prevent potential public confusion about what the logo relates to (e.g. the logo may be seen to be endorsing a product, rather than the arrangement for the product), and reduce the risk of undesirable or inappropriate use of the logo through these channels.

Given that not all communication channels may be identified, the Administrator of an arrangement may put forward a case to the department to consider other avenues for use of the logo.

Question 9 Are the proposed controls for use of the logo reasonable and practical? Please give your reasons.

Standard words will also be developed by the department for use by Administrators and participants of arrangements to assist in communicating what the logo and Australian Government accreditation represents. Any additional information, including claims about accreditation to be communicated beyond these standard words, will need to be approved by the department.

## 8.2 Protecting the logo from misuse

Protection of the product stewardship logo is important in order to maintain its integrity, and reassure the community that accredited arrangements and any claims made by those participating in an arrangement are credible.

Misuse of the logo could include:

- use by non-accredited persons
- misuse by an Administrator of an accredited voluntary arrangement (e.g. promoting a product as environmentally friendly where this is not authorised by the accreditation)
- misuse by a participant of an accredited voluntary arrangement (e.g. modifying the logo in any way).

It is proposed that misuse of the logo would be prevented through a combination of conditions on accreditation (identified in this paper), remedies under the Australian Consumer Law, and Commonwealth copyright in the logo.

## 9 Reporting

Administrators will be required to report to the department on the performance of their accredited arrangement against agreed outcomes. This requirement will enable the department to monitor arrangements and ensure they are compliant with the conditions under which accreditation was granted. These reports will be publicly available and therefore facilitate public transparency on the performance of accredited arrangements over time.

It is proposed that annual performance reporting will need to occur for those arrangements that are working towards best practice outcomes. Less frequent reporting may be required for those arrangements assessed as already achieving best practice outcomes. However, annual public reporting is more likely to assure the community that an arrangement is continuing to achieve the outcomes for which accreditation was granted.

Annual reports will need to be accompanied by evidence to support any claims made within them. In some situations this may require a third party audit. Acceptance of the report will be based on the department's satisfaction as to whether the information provided indicates that the arrangement continues meeting the requirements of accreditation (identified in Sections 5.1 and 5.2). This will include the agreed outcomes of the arrangement for the period to which the report relates.

The department may also request additional reports on performance of the arrangement if necessary. This may be required in situations, for example, where an arrangement is not meeting the agreed milestones or outcomes for which it obtained accreditation.

The Administrator will also be required to notify the department of any substantial changes to the arrangement. Examples of such changes would include: changes to membership of the arrangement; inability to meet agreed milestones; changes to proposed use of the product stewardship logo; major Occupational Health and Safety (OHS) incidents or breaches of an environmental or OHS law relating to the arrangement. The appointment of a new Administrator of an accredited arrangement would also need to be approved by the department.

Question 10 Is it appropriate to require less frequent reporting for arrangements that demonstrate they are already achieving best practice outcomes, or would public transparency on the performance of accredited arrangements be better served by all arrangements reporting annually?  
Please give your reasons.

## 10 Cancelling accreditation

The Ministerial Determination will set out the conditions and steps that may be taken in relation to cancelling accreditation of an arrangement. The department may cancel accreditation if it considers that an arrangement has failed to comply with the conditions and requirements of accreditation such as those outlined in Section 12 (roles and responsibilities). The Administrator or a person licensed or authorised by the arrangement to exercise the Commonwealth's intellectual property rights in a product stewardship logo may seek to have the decision reviewed if they do not agree with the department's decision to cancel an accreditation.

## 11 Application Fees

The Environment Protection and Heritage Council agreed, as part of the National Waste Policy, that accreditation for voluntary arrangements would be on a cost recovered basis through a fee-for-service.<sup>4</sup> These fees are to be set in accordance with the Australian Government cost recovery policy, as outlined in the *Australian Government Cost Recovery Guidelines (July 2005)*.

The underlying principle of the policy is that entities should undertake cost recovery where it is efficient and effective to do so, where the beneficiaries are a narrow and identifiable group, and where charging is consistent with Australian Government policy objectives.

Section 102 of the Act provides the legal basis for setting application fees through Regulations. The fees relate solely to the application and assessment process – no fees are envisaged to cover the costs of the department’s monitoring and compliance activities.

A one-off application fee is payable when an application for accreditation is submitted. It is proposed that the fee payable will depend on the number of parts of the product’s lifecycle that the arrangement’s product stewardship activities cover. For the purposes of the proposed model, the lifecycle has been categorised into three parts as shown in Figure Six.

*Figure Six Product lifecycle parts*



The proposed application fee for each assessment type is shown in Table Three. The fees are based on an estimate of staff time and resources involved in assessing an application and the estimated cost of engaging consultants with the relevant expertise to undertake financial viability and technical assessments. The estimated fees are subject to change following the completion of the consultation period. The fees are exempt from GST.

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<sup>4</sup> EPHC (2009:9)

Table Three Proposed fee for each assessment type

Number of parts of the lifecycle covered	Estimated Fee
1 part of the product lifecycle	\$13,470
2 parts of the product lifecycle	\$14,384
3 parts of the product lifecycle	\$15,298

The higher proposed fees for arrangements which cover more than one part of a product's lifecycle reflects the likelihood that the application will be more complex in nature and will therefore require more time and resources to assess. The fees for more complex applications are not significantly higher than the minimum fee because the department expects the assessment to be similar for the eligibility requirements and the majority of accreditation requirements. Additional time is likely to be needed primarily for assessing the proposed outcomes of the arrangement.

As outlined in Section 6, consideration is also being given to incorporating a public comment period into the assessment of an application. This would require additional time to assess an application, as departmental staff would need to publish information on the website and compile and summarise public submissions. Therefore if the public comment period becomes a feature of the assessment process, it is estimated that it would increase the application fee by approximately \$770.

As the accreditation process is new and there is no baseline data available on the exact amount of time necessary to undertake an assessment, the department proposes to review the final fees and charging structure within 12 months. Following this initial review, fees will be reviewed on a regular basis of no more than 5 year intervals. The department will also undertake ongoing monitoring of the time and costs involved in assessing applications to inform these reviews and identify issues as they arise.

Detailed information on the proposed cost recovery arrangements, including a detailed justification for the introduction of cost recovery charges and an outline of how the costs were estimated, is outlined in [Appendix A](#). Feedback on the proposed cost recovery arrangements will be used in decisions on the most appropriate cost recovery model and in the preparation of a Cost Recovery Impact Statement.

Any changes to the accreditation model arising from feedback on the consultation paper will also influence the final charging structure and fee amount.

Question 11 Are the proposed application fees appropriate? Please give your reasons.

Question 12 Are there any other matters that will influence the assessment process that you think should be given consideration in the charging structure?

Question 13 Do you agree with the proposed approach of setting higher fees based on the complexity of an application (i.e. by linking the fee payable to the number of parts of a product's life-cycle that the arrangement covers)?

Is there a better way in which the complexity of different types of applications could be reflected in the fee structure?

Question 14 Are there any other monitoring and review mechanisms that you consider necessary to ensure cost recovery charges are accurate, transparent and equitable?

## 12 Roles and responsibilities

In summary, the Administrator will be responsible for the following in order to seek and maintain accreditation:

- preparing and lodging their application, including undertaking the best practice outcomes research
- ensuring that the outcomes of the arrangement are met
- ensuring correct use of the product stewardship logo, including any permitted use by its members
- submission of reports to the department by specified due dates
- notifying the department of any substantial matters or changes to the arrangement which may have a significant impact on its ability to meet agreed outcomes or milestones, or on arrangement participants
- notifying the department of any changes to membership of the arrangement, or changes to use of the product stewardship logo
- requesting approval from the department to appoint a new Administrator of an arrangement.

The department will be responsible for:

- assessing applications for the accreditation of voluntary product stewardship arrangements
- assessing reports for arrangements for monitoring and compliance purposes
- engaging consultants to undertake financial viability and technical assessments of proposed arrangements
- managing any fees paid by Administrators for accrediting their arrangements
- providing information to the Minister on potential and accredited arrangements, as required by the Act
- publishing information on each accredited voluntary product stewardship arrangement on the department's website, including reports on the operation of these arrangements
- protecting the product stewardship logo from misuse.

Question 15 Given the information on the proposed model provided above, would your organisation be likely to seek accreditation for your arrangement? Please give your reasons.

## 13 Providing feedback

Submissions are invited in response to the issues and questions in this paper and any other relevant issues you may wish to raise.

All submissions will be regarded as public documents unless clearly marked 'confidential' or 'commercial-in-confidence'. Subject to the provisions under the *Freedom of Information Act 1982* documents marked this way may be made available to other interested parties. While a formal response will not be provided on each submission, all comments will be considered in the development of the Ministerial Determination and supporting policy or administrative material.

**The closing date for submissions is 27 March 2012.**

To protect your privacy a submission cover sheet can be obtained at [www.environment.gov.au/product-stewardship](http://www.environment.gov.au/product-stewardship)

Provision of electronic submissions by email is preferred. The department encourages interested parties to make submissions in either Microsoft Word or PDF format. Hardcopy submissions should be unbound.

Submissions may be directed to:

- [wastepolicy@environment.gov.au](mailto:wastepolicy@environment.gov.au) (please include 'voluntary product stewardship submission in the title') or
- Product Stewardship Policy Team  
Department of Sustainability, Environment, Water, Population and Communities  
GPO Box 787  
Canberra ACT 2601

## 14 Glossary

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Accredited voluntary arrangement	A voluntary arrangement that is accredited in relation to a class of products in accordance with the Ministerial Determination to be made under Section 13 of the <i>Product Stewardship Act 2011</i> .
Administrator	The entity responsible for administering an accredited arrangement and ensuring that the outcomes of the arrangement are achieved. This may be a product stewardship organisation established for that purpose.
Arrangement	A set of activities or measures designed to achieve the outcomes for which accreditation has been sought. The details of each arrangement will need to be submitted to the department for accreditation and each arrangement will need to nominate an Administrator.
Best practice outcomes	Outcomes of an arrangement, which may be targets or other measureable outcomes, that are equivalent or better than outcomes of similar product stewardship activities for comparable classes of products.
Class of product	The product being addressed by the arrangement. To be determined by the type of product stewardship arrangements that come forward. For example, it could be broad (e.g. packaging) or narrow in scope (e.g. glass containers).
Cost recovery	Fees and charges related to the provision of government goods and services (including regulation) to the private and other non-government sectors of the economy. <sup>5</sup>
Life cycle	Covers the time from when a product is manufactured through to the time of the product's end-of-life treatment.
Member	A member of an accredited arrangement.
Product	A thing (including a substance or mixture of substances) that is manufactured.

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<sup>5</sup> Australian Government Cost Recovery Guidelines (2005)

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Product stewardship	An approach to managing the impacts of different products and materials. It acknowledges that those involved in producing, selling, using and disposing of products have a shared responsibility to ensure that those products or materials are managed in a way that reduces their impact, throughout their lifecycle, on the environment and on human health and safety.
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Waste	Waste associated with the product after it is disposed. It does not cover waste produced in the manufacturing process.
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the Act	Refers to the <i>Product Stewardship Act 2011</i> .
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the department	Refers to the Australian Government Department of Sustainability, Environment, Water, Population and Communities.
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Voluntary product stewardship	Voluntary product stewardship involves parties coming forward voluntarily to seek accreditation by the Australian Government of a product stewardship arrangement on a fee-for-service basis. Under the Act, participation across an entire industry in a voluntary product stewardship arrangement is not required.
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# Appendix A: Proposed cost recovery arrangements

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# 1 Background

In December 2002 the Australian Government adopted a formal cost recovery policy to improve the consistency, transparency and accountability of its cost recovery arrangements and promote the efficient allocation of resources. The underlying principle of the policy is that entities should set charges to recover all the costs of products or services where it is efficient and effective to do so, where the beneficiaries are a narrow and identifiable group and where charging is consistent with Australian Government policy objectives. Cost recovery policy is administered by the Department of Finance and Deregulation and outlined in the *Australian Government Cost Recovery Guidelines* (Cost Recovery Guidelines).

The policy applies to all *Financial Management and Accountability Act 1997* (FMA Act) agencies and to relevant *Commonwealth Authorities and Companies Act 1997* (CAC Act) bodies that have been notified. In line with the policy, individual portfolio ministers are ultimately responsible for ensuring entities implement and comply with the Cost Recovery Guidelines.

The *National Waste Policy: Less waste, more resources* (the National Waste Policy) notes that the accreditation of voluntary product stewardship arrangements under the *Product Stewardship Act 2011* (the Act) is to occur on a cost recovered basis through a fee for service.<sup>6</sup> The accreditation process is expected to commence in the 2012-13 financial year.

This paper provides detailed information on the proposed cost recovery arrangements for the accreditation of voluntary product stewardship arrangements as a basis for consultation with industry, community and government. Feedback received through the consultation process will be used in decisions on the most appropriate cost recovery model and in the preparation of a Cost Recovery Impact Statement. The proposed charging structure and estimated fees outlined in this document are subject to change depending on any changes to the accreditation model arising from feedback received during the consultation process.

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<sup>6</sup> Environment Protection and Heritage Council 2009, *National Waste Policy: Less Waste, More Resources*, p. 9

## 2 Policy review

### 2.1 Description of activity

Product stewardship is an approach to managing the impacts of different products and materials. It acknowledges that those involved in producing, selling, using and disposing of products have a shared responsibility to ensure that those products or materials are managed in a way that reduces their impact, throughout their lifecycle, on the environment and on human health and safety. Examples of existing voluntary product stewardship arrangements include collection and recycling of newspapers, recycling of mobile phones, and designing and manufacturing improved PVC products.

The aim in establishing a framework for accreditation of voluntary product stewardship arrangements is to further the objects of the Act by:

- providing an avenue for recognising and encouraging product stewardship without the need to regulate
- providing assurance to the community that voluntary product stewardship arrangements are achieving real and effective outcomes.

Seeking accreditation of a product stewardship arrangement under the Act is voluntary. This approach differs from co-regulatory and mandatory product stewardship schemes under the Act where participation is mandated and enforced using regulations.

The accreditation process can be broadly categorised into three distinct activities: (1) application and assessment; (2) monitoring and compliance; and (3) renewal of accreditation. An overview of each of these activities is provided below.

#### ***Activity 1: Application and assessment***

Applicants will be invited to submit an application for accreditation following a public notification by the Department of Sustainability, Environment, Water, Population and Communities (the department). The call for applications is likely to occur at a minimum of once per year.

Applications for accreditation will be assessed by the department to determine whether the arrangement meets the eligibility and accreditation requirements outlined in the Ministerial Determination.

The assessment of an application broadly involves the following steps:

- Documenting details of the application in an IT database
- Assessing each application against the eligibility requirements and accreditation requirements (this includes an assessment of the arrangement's financial and technical viability that will be outsourced to consultants with the relevant expertise)
- Review of the assessment by senior staff
- Preparation of a recommendation report
- Consideration of the recommendation report by the delegate of the Minister
- Briefing the Minister on the accreditation decisions taken under the Act.

If the application meets both the eligibility and accreditation requirements, it will be accredited and granted use of the Australian Government's product stewardship logo subject to specific conditions. This is outlined in section 8 of the *Consultation Paper on the Proposed Model for Accreditation of Voluntary Product Stewardship Arrangements* (the consultation paper).

### ***Activity 2: Monitoring and compliance***

Administrators of accredited arrangements will need to report on their performance to demonstrate that they are meeting the conditions and requirements of accreditation. These reports will be assessed by the department. This activity is not being considered for cost recovery.

### ***Activity 3: Renewal of accreditation***

It is proposed that accreditation will be granted to successful applicants for a period of five years. To maintain accreditation following this period the Administrator will need to re-apply for accreditation. This will involve an assessment by the department to determine if the arrangement meets the eligibility and accreditation requirements, consistent with the assessment processes (and applicable fee) for Activity 1.

## 2.2 Stakeholders

While a range of stakeholders may have an interest in the proposed model for accreditation of voluntary product stewardship arrangements, cost recovery will mostly affect those organisations that apply for accreditation.

Likely stakeholders in the voluntary product stewardship accreditation process include:

- *State and territory governments*: The National Waste Policy has been agreed by all Australian governments. While the Australian Government is responsible for developing and implementing product stewardship legislation, state and territory governments have a role in supporting the establishment of an effective national framework for product stewardship, including the accreditation process.
- *Waste management authorities (including local government)*: Responsibility for waste management and landfills varies across the country, but responsible parties include state government, local councils and some private companies. These parties have an interest in voluntary product stewardship given the focus of many existing product stewardship arrangements is on managing waste.
- *Industry associations and businesses*: Many existing voluntary product stewardship arrangements are managed by industry associations and businesses. It is anticipated that additional industries and businesses will develop new arrangements for accreditation under the Act.
- *Environmental and other Non-Government Organisations (NGOs)*: These organisations are likely to be interested in ensuring the design of the accreditation framework is transparent and effective.
- *Community*: Members of the community may be interested in the design of the proposed model as well as opportunities to take advantage of services provided by accredited arrangements.

In considering the voluntary product stewardship arrangements that are currently operating, the department expects that applications will predominantly be made by industry associations, companies and NGOs.

## 2.3 Appropriateness of cost recovery

The department is proposing to introduce cost recovery charges for the assessment of applications for accreditation including applications for renewal of accreditation. Costs relating to monitoring and compliance activities are not included in the cost recovery arrangement as these are expected to be funded by the department.

The Cost Recovery Guidelines outline a process for determining whether cost recovery is appropriate for different types of activities. The assessment of voluntary product stewardship arrangements is appropriate to cost recover for three key reasons:

### **1. *Charging is efficient and cost effective***

The level of resources required by the department to undertake an assessment of an application is directly attributable to each additional arrangement that applies for accreditation. Therefore, the department can set efficient fees that are in line with the service being provided to each arrangement administrator. Fees are also easily attributable to applicants and can be charged at the time of application, so will be efficient and cost effective to collect.

### **2. *Benefit to administrators of accredited arrangements***

Applicants who successfully obtain accreditation will be granted use of the Australian Government's product stewardship logo. This will enable those involved in an accredited arrangement to:

- communicate to others that their arrangement has been independently assessed as being credible by the Australian Government
- obtain national recognition for the arrangement.

### **3. *Consistent with policy goals***

Charging for the assessment of applications is consistent with the policy goals of the accreditation process, as it:

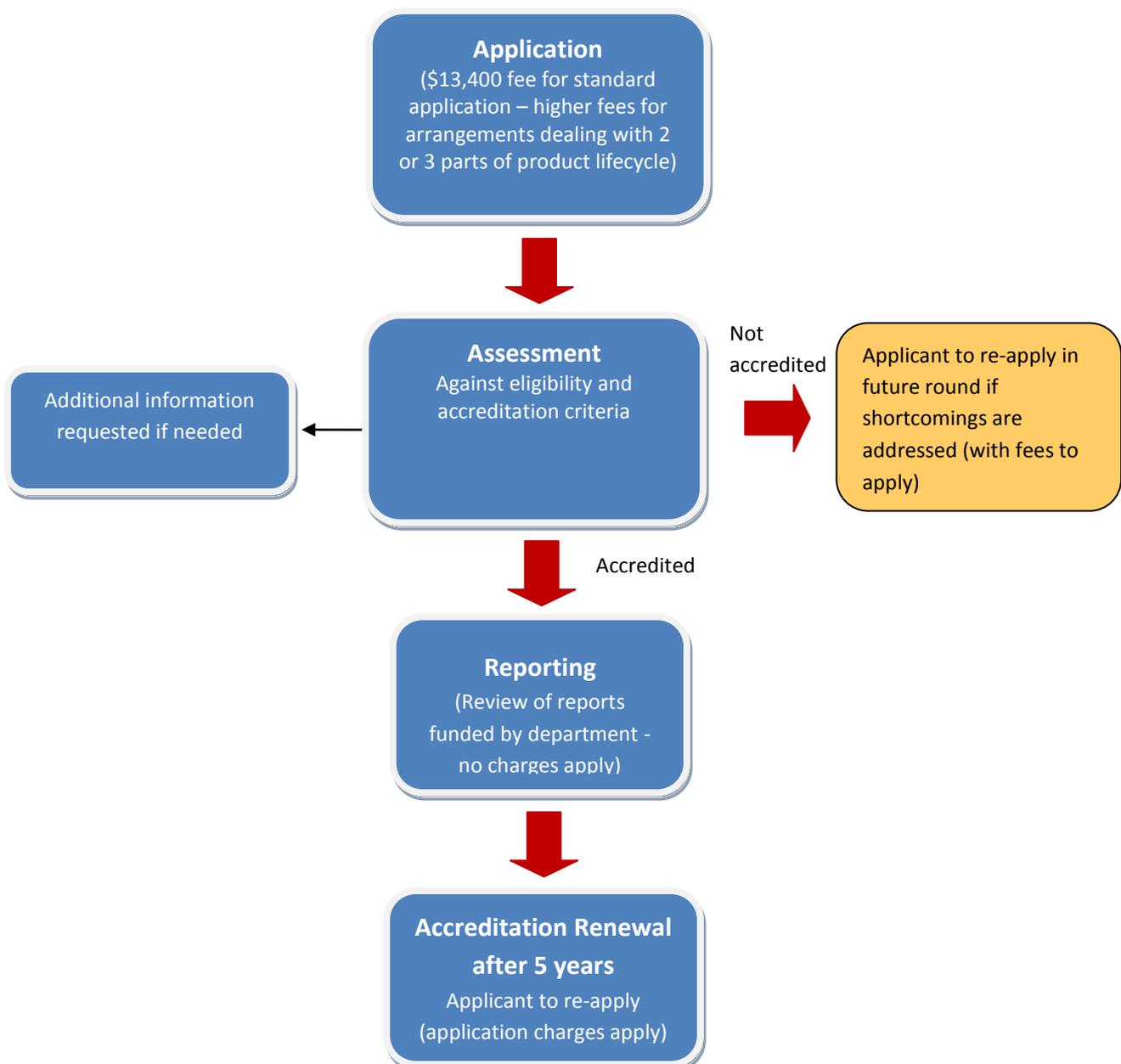
- is likely to enable a larger number of arrangements to be considered for accreditation than if funded from general tax revenue
- will enable appropriate resourcing to ensure applications are processed efficiently, even if demand is higher than expected
- will signal to applicants the costs involved in assessing an application and deter organisations from submitting poorly developed applications.

There is the potential that charging an application fee may discourage some organisations from applying for accreditation, particularly smaller organisations. Organisations will need to make their own assessment as to whether the benefits of accreditation and use of the logo outweigh any costs incurred in obtaining accreditation.

### 3 Design and implementation

This section outlines the design of the cost recovery model (refer Figure One) and how it will be implemented. Specifically, it addresses the basis on which fees will be charged, the legal requirements in establishing fees and the costs included in the proposed fees.

Figure One Overview of proposed charging structure



### 3.1 Basis of charging – fee or levy

Cost recovery charges can be introduced using:

- a fee that charges individuals or firms directly for the costs of providing the activity; or
- a levy on a group of individuals or firms (legally a form of taxation).

A fee is considered to be the most appropriate form of cost recovery for the assessment of applications for accreditation. This is because there is an identifiable recipient of the service (the applicant) and the recipient benefits if they receive accreditation.

A levy is not considered appropriate, primarily because there is no identifiable group of stakeholders upon which a levy could be imposed. Furthermore, as levies are not so closely linked to the costs of individual activities they do not have the efficiency advantages of fees.

### 3.2 Legal requirements for the imposition of charges

Section 102 of the *Product Stewardship Act 2011* provides the legal basis for charging an application fee for accreditation of a voluntary product stewardship arrangement. This section of the Act provides that:

- an application under the Act must be accompanied by any fee specified in the regulations
- the Minister may approve different forms, and the regulations may specify different fees, for different classes of application
- the Minister may waive the whole or a part of a fee.

### 3.3 Costs to be included in fees

The proposed application fee will incorporate costs that are directly attributed to the assessment of the application. These costs are comprised of staff labour, including their remuneration (i.e. salary and superannuation) and overheads (e.g. accommodation costs, IT costs and corporate expenses). Costs associated with engaging consultants with the relevant expertise to assess the arrangement's financial and technical viability are also included.

In developing the cost recovery model it was noted that some applications may be more complex than others and would therefore require more time to assess.

To address this issue it is proposed that the application fee payable will be determined by the number of parts of the lifecycle that the product stewardship activities cover. For the purposes of the proposed model, the lifecycle has been categorised into three parts as shown in figure two below:

*Figure Two Product lifecycle parts*



The estimated cost to assess an application for an arrangement whose product stewardship activities only cover one part of the product lifecycle is approximately \$13,470. A detailed breakdown of the estimated staff time involved in each step of the assessment is provided in Table One. As the accreditation process is new, there is no baseline data to determine the amount of time needed to assess an application. Therefore the assessment times and costs in the following tables have been estimated, taking into consideration the department's experience in assessing applications, including assessing applications under the National Television and Computer Recycling Scheme. The costs will be further refined depending on any changes to the accreditation model, including changes arising from the consultation process. The higher fees for more complex applications covering more than one part of the product lifecycle are outlined on p.42.

Table One Estimated cost of assessing application for an arrangement covering one part of product lifecycle

Description of cost	Estimated staff time (days)			
	Assessment officer	Assistant Director	Director	Delegate of the Minister
<b>Assessment of application (dealing with one part of product lifecycle)</b>				
Initial processing of application (receipt application and lodge details in database)	0.3			
Undertake eligibility assessment	1.0			
Review eligibility assessment		0.3	0.1	
Undertake accreditation assessment (including managing consultancies)	5.2			
Review accreditation assessment		1.0	0.1	
<b>Recommendation and decision</b>				
Prepare recommendation report for delegate of the Minister	1.0			
Review recommendation report		0.5	0.5	
Consider and make decision on recommendation report				0.2
Prepare briefing for the Minister	0.2	0.2	0.1	0.1
Update database with decision	0.1			
Upload details of accredited arrangement to website	0.2			
<b>Total estimated days</b>	<b>8.0</b>	<b>2.0</b>	<b>0.8</b>	<b>0.3</b>
<b>Annual staff costs</b> <i>(approximate daily rate in brackets)</i>	\$127,642 (\$490.93)	\$153,866 (\$591.79)	\$187,510 (\$721.19)	\$244,611 (\$940.81)
<b>Total estimated cost of staff time</b>	<b>\$5,970</b>			
<b>Other direct costs</b>				
Financial viability assessment (outsourced)				\$2,500
Technical assessment (outsourced)				\$5,000
<b>Total estimated other direct costs</b>	<b>\$7,500</b>			
<b>TOTAL ESTIMATED COST OF ASSESSING APPLICATION COVERING ONE PART OF PRODUCT LIFECYCLE</b>	<b>\$13,470</b>			

### *Proposals dealing with more than one part of the product lifecycle*

Higher fees have been proposed for arrangements which cover more than one part of a product's lifecycle. This reflects the likelihood that the application is more complex and will therefore require more time and resources to assess. The estimated resources required for assessing each additional part of the lifecycle covered includes an extra 1.5 days for an assessment officer to undertake the accreditation assessment and 0.3 days for an Assistant Director to review the accreditation assessment. The assessment time is not significantly higher than for a standard application because the department expects the assessment to be similar for the eligibility requirements and the majority of the accreditation requirements. Additional time is likely to be needed primarily on assessing the proposed outcomes of the arrangement.

The estimated additional cost for this activity would be approximately \$914. Consequently, the applicable fee payable upon submitting an application is as summarised in Table Two below.

*Table Two Estimated applications fees for each assessment type*

<b>Number of parts of the product lifecycle covered</b>	<b>Estimated Fee</b>
1 part of the product lifecycle	\$13,470
2 parts of the product lifecycle	\$14,384
3 parts of the product lifecycle	\$15,298

### *Public consultation option*

Section 6 of the consultation paper notes that consideration is being given to a public comment phase as part of assessing applications. If a decision is made to include a public comment phase it is estimated that an additional \$770 would be added to the fee for each assessment type. The details associated with this cost are provided in Table Three.

Table Three Estimated additional cost of conducting public comment phase

Description of cost	Estimated staff time (days)			
	Assessment officer	Assistant Director (EL1)	Director (EL2)	Assistant Secretary (SES 1)
<b>Additional cost for public comment period (if included)</b>				
Publish information on website	0.3	0.1	0.1	
Compile submissions and summarise comments	1.0			
<b>Total estimated days</b>	1.3	0.1	0.1	0.0
<b>Estimated cost</b>	\$770			

## Renewal

Accreditation will be granted for a period of five years. After this time, the Administrator will need to re-apply for accreditation of their arrangement. Given this assessment will need to take into account all of the elements associated with the initial assessment, it is proposed that the same fees will also apply in this instance.

## 4 Ongoing monitoring

### 4.1 Monitoring mechanisms

Effective mechanisms for the ongoing monitoring of the proposed cost recovery arrangements are necessary to:

- obtain feedback so that approaches to cost recovery can be adapted in response to changing circumstances
- ensure fees are based on efficient and transparent costs
- reduce the impact of major reviews of cost recovery arrangements by allowing minor issues to be addressed as they arise.

Monitoring of the time taken to assess applications and the costs associated with consultancies will be undertaken by assessment officers, who will be provided with a form to document this information. The time taken to assess applications will be reviewed after each application round. This review will determine the average or standard time taken to undertake an assessment and to determine the major factors which influence assessment times.

Total cost recovery revenue will be reported in the department's annual report in accordance with the Finance Minister's Orders.

## 4.2 Periodic review

The Cost Recovery Guidelines require cost recovery arrangements to be periodically reviewed at least every five years. The department proposes reviewing the final fees and charging structure set in the Regulations within 12 months to ensure they are accurate and appropriate. This timeframe has been proposed as the accreditation process is new and there is no baseline data available on the amount of time necessary to undertake an assessment.

The review will take into account the results of the monitoring activities outlined in Section 4.1. Any changes to the fees or charging structure will be done in consultation with stakeholders and consistent with the Australian Government's Cost Recovery Policy.

After this initial review, the cost recovery arrangements will be reviewed on a regular basis of no more than 5 year intervals. Reviews may also be undertaken within a shorter timeframe, if monitoring activities show discrepancies between the fees and the actual costs associated with undertaking an assessment.

