

# The Product Stewardship Sector Group

## A Plain English Guide to Product Stewardship in New Zealand

This document was compiled by the Product Stewardship Sector Group steering committee to provide a plain English outline of the concept of product stewardship.

### *What is product stewardship?*

- In simple terms, product stewardship is a way of reducing waste and increasing recycling of products that cause significant environmental harm when they become waste or are difficult to collect for recycling.
- Product stewardship attaches a value to that product at the end of its life so it doesn't become waste. For example, a consumer may pay extra when they purchase a product but be able to dispose of the product at the end of its useful life for free. Or a refundable deposit may be included in the price of a beverage and this deposit returned when the empty container is taken to a collection point.
- Product stewardship schemes benefit all of society, they;
  - encourage manufacturers to minimise waste during the manufacture and packaging of the products, knowing that they must take back those products at end of life, and,
  - incentivise innovation and entrepreneurship.

Product stewardship may even help customers to be able to make more informed decisions about the 'circular economy' features of the products they buy. Customers can get information about the product quality and how long they can expect it to last, about its ability to be repaired, and about whether the labour and materials that have gone into making that product have been sourced ethically.

### *So how do they work?*

- An agreement is formed between producers, importers, and/or retailers of a product that at the end of its useful life the consumer will be able to return or drop off at no cost that product for recycling.
- The cost of returning and recycling the product can be part of the cost of buying the product, so that consumers are aware of the role they play in the lifecycle of the products they buy.
- Because product producers then have to cover the cost of recovery and recycling of their own products, product stewardship encourages product designers to think about how recyclable components of their products are, and whether they even need them in the first place.
- The return of products needs to be made as easy and simple for the consumer as possible, for example drop-off points at retail centres they regularly frequent, door-to-door collection services, or by return mail.
- For product stewardship schemes to be fair, they need to be mandatory - so that every producer is paying their share of the recovery costs.
- The Product Stewardship Sector Group supports industry-led and industry funded schemes because it's the best way to get buy-in from those parties.

### *Is product stewardship different to a circular economy?*

- A circular economy is a concept that goes right back to how products are designed and assembled. Where possible, the materials that go into the product are able to be returned, deconstructed and put back into new products, reducing the need for mining of new materials.
- A circular economy encourages product manufacturers to think and design in a way that enables their products to be disassembled more easily, and reduce the amount of unnecessary materials in the item. This is particularly important with mixed or blended plastics which are cheap to make but difficult to separate, and electronic products which often have many material types in one component.

- Products designed using circular principles can also contribute to the repair-ability of a product, because components can more easily be removed and fixed, or swapped out, without having to discard the entire product.
- Product Stewardship schemes are viewed as a first step in the direction of transitioning to a circular economy because they encourage designers and manufacturers to think about the end of life recyclability of their products.

### *Why is product stewardship and a circular economy important?*

- For decades, levels of consumption have been increasing to the point where people now don't seem to think twice about discarding an item they may have only used a few times. This behaviour needs to change.
- Landfills are filling up with all sorts of consumer goods that shouldn't be there. We continue to mine new resources with a huge cost associated with extracting them from the earth, while at the same time precious metals and minerals are discarded into landfills. This can't go on forever.
- As a society, we hope to get to a place where if products cannot be reused, recycled or composted, we shouldn't be making them.

### *Voluntary product stewardship schemes versus regulated schemes*

- Voluntary product stewardship schemes provide an excellent opportunity to trial what does and doesn't work. Voluntary schemes are also necessary as mandatory schemes require government's enactment of them and this has not been a priority for New Zealand government's over the last 10 years, so without the voluntary schemes nothing would have happened in this space in New Zealand.
- The downside of voluntary schemes is that they enable free-riders – those who benefit from their branded items being collected for recycling, even though they are not paying anything towards the operational costs of running the scheme and collecting returned goods for recycling.
- Under the Waste Management Act an accredited voluntary product stewardship schemes can become mandatory if the waste stream they deal with is declared a priority product.

- The Government has recently announced a consultation document on priority product designation for:
  - I. packaging, including beverage containers and plastic packaging
  - II. tyres
  - III. electrical and electronic products (e-waste), including lithium-ion batteries,
  - IV. refrigerants and other synthetic greenhouse gases
  - V. agrichemicals and their containers and other farm plastics

*What sort of features would the PSSG want to see in a scheme?*

- The levy should be applied at the point of sale – this ensures any unredeemed products don't fall to a profit centre but are retained in the product stewardship scheme itself.
- Applying the levy at the point of sale also means the recovery of the product will be free for the consumer at the point of return because the cost was already paid as part of the purchase.
- The product stewardship managing agency or programme manager should be not for profit i.e. non-commercial and non-competitive – to avoid monopolistic behaviour. This agency should also be overseen by a representative governance board.
- The product stewardship scheme must factor in reduction (through better production design) rather than just an increase in recycling.
- The recovered products must be tied back to production wherever possible rather than just sold into unstable commodity markets.
- The scheme must consider the availability and sustainability of end markets particularly as diverted material flows increase through the product stewardship scheme.
- The designers of the scheme need to consider what information will be required by central government particularly with regard to any regulatory impact statement requirements – capture this during the scheme design research phase.
- The product stewardship scheme must resonate with the community so that they are engaged to use it.
- Product stewardship schemes should have a consistency in reporting and the underpinning reporting methodology.