



Senior Associate  
Direct line  
Email  
Our ref  
Your ref

Emily Shoemark  
[REDACTED]  
[REDACTED]  
20102 ESH

Thursday, 13 August 2020

Mr Robert Janisson  
Australian Competition & Consumer Commission  
23 Marcus Clarke Street  
CANBERRA ACT 2601  
adjudication@acc.gov.au

Dear Mr Janisson

**BSC SUBMISSION IN RESPONSE TO BATTERY STEWARDSHIP COUNCIL  
APPLICATION FOR AUTHORISATION AA1000476 – ISSUES FOR  
CONSIDERATION**

I refer to your letter of 11 August 2020 seeking the BSC’s view as to:

- (a) whether the exclusive dealing requirements of the proposed Battery Stewardship Scheme (Scheme) are likely to prevent other battery recycling initiatives from being developed in the future by businesses who do not participate in the Scheme; and specifically,
- (b) whether the proposed exclusive dealing provisions would lead to fewer recyclers being permitted to service any battery recycling initiatives operated by businesses that do not participate in the Scheme.

The position of the BSC is that the exclusive dealing requirements are an important element of the proposed Scheme to limit the issue of ‘free riders’ – an issue identified by both industry and government as being important for the Scheme to address. Further, the design of the Scheme is such that it is expected to encourage recycler participation and initiatives, not hinder such businesses.

Product stewardship is focused on bringing the economic and social resources of a product supply chain to apply sustainability principles throughout the product lifecycle and so that society moves away from the throw-away economy with its resource wastage and adverse environmental and health impacts.

It is underpinned by the philosophy of circular economy whereby product end-of-life is considered from the very beginning of design and manufacture. That is what distinguishes stewardship from end-of-pipe recycling, where final decisions are left as a problem for to the last user of the product or the community. Recycling is an important stage in the whole lifecycle of a product.

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## **1. Scheme design facilitates an expanded network of recyclers**

- 1.1 Rather than limiting the recycling role of the supply chain, the leveraging model proposed in the Scheme is specifically designed to encourage and support a rapid expansion in collection, sorting and processing initiatives.<sup>1</sup>
- 1.2 This leveraging model is unique to the BSC and has been very well received by the battery recycling industry for the very reason that it is a more open model than is typical of other stewardship schemes.
- 1.3 In the short to medium term, it is anticipated that we will see more recyclers rather than less.
- 1.4 The battery recycling industry has been a key contributor to the design of the Scheme<sup>2</sup> and has not expressed any concern about fewer opportunities. On the contrary, they have expressed strong support for the Scheme because of the growth opportunities it presents.<sup>3</sup>

## **2. Value of Enterprise-to-Enterprise arrangements**

- 2.1 The purpose behind the use of enterprise-to-enterprise arrangements is to provide participating companies with a means of distinguishing themselves from those that do not wish to participate. In particular, it enables companies who contribute to the levy with a clear means of distinction from free riders, i.e. companies that expect the benefits without contributing. It also provides the mechanism by which retailers and recyclers can demonstrate their commitment to battery stewardship to their clients and consumers.
- 2.2 By including the recycling sector in the Enterprise-to-Enterprise arrangements the Scheme will be able to ensure that quality, environmental, health and safety requirements are in place and that traceability controls can be used to verify that responsible end-of-life management is actually occurring.
- 2.3 The Enterprise-to-Enterprise arrangement was introduced following BSC consultations in which industry made it clear that it was seeking a mechanism to reduce the impact of free riding. As such, the Enterprise-to-Enterprise arrangement provides a market-based solution to this issue.

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<sup>1</sup> Scheme Design at 3.2.2.

<sup>2</sup> Application Attachment D shows the extensive involvement of the Australian Battery Recycling Initiative and individual recyclers.

<sup>3</sup> Application Attachment C.

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**3. BSC Scheme Design includes recognition of responsible battery stewards in alternative schemes and programs**

- 3.1 As a result of input from industry, the BSC designed the Scheme to allow for recognition of alternative schemes, as long as they meet equivalent environmental health and safety and traceability criteria.<sup>4</sup>
- 3.2 The Scheme recognises that batteries are included in some products subject to other stewardship schemes (e.g. mobile phones, etc.) and has included measures under the leveraging model to reduce the need for alternative schemes to be developed on a product-by-product basis.

The BSC is happy for this submission to be published by the ACCC.

Sincerely

EMILY SHOEMARK



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<sup>4</sup> Scheme Design at 3.3.3.