

EPA 05/25228

Mr Darrell Channing
Director
Adjudication
ACCC
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Channing,

Re: Battery Stewardship Council application for authorisation AA1000476 – Submission

Thank you for your letter of 27 March 2020 seeking submissions from interested parties on the application from Battery Stewardship Council (BSC) who are seeking authorisation to establish and operate a voluntary, industry-led stewardship scheme in Australia aimed to enable responsible management of end-of-life batteries. The application also seeks to charge a weight-based levy on all imported batteries at a rate of \$0.04 per 24 grams to be passed onto consumers as a visible levy and then allocated as a rebate for service providers responsible for the battery's collection, sorting and processing. Members of the proposed stewardship scheme would be required to only deal with other members of the scheme by using enterprise-to-enterprise contracting for the supply of battery-related goods and services (excepting current ongoing arrangements) removing market opportunity for companies to free ride on other participants.

The South Australian Environment Protection Authority (EPA) and Green Industries South Australia (GISA) support the BSC and acknowledges the work to date carried out by the BSC on a scheme design whilst working closely with the battery industry and Federal and State Governments to ensure a coordinated national approach to the minimisation of the environmental, health and safety impacts of end of life batteries in Australia.

A report provided by the BSC in 2019 indicated that an estimated 22,000 tonnes of batteries under 5kgs were sold into the Australian market. During the same period 18,500 tonnes of waste batteries were generated, or 800 million batteries based on an equivalent battery unit, and 90% were being inappropriately disposed of to landfill and impacting on the environment and public safety.

The South Australian Government believes that the BSC, as an industry-led organisation, has developed a scheme that will work towards the recovery of used batteries from the waste stream for the purposes of recycling as a valuable resource. There is a significant national public interest in the proposal for a battery stewardship scheme by BSC.

Public Benefits

The scheme is also designed to deliver a range of benefits for individual participants, the battery industry as a whole and for the community. These include:

- supports the principles of a circular economy where batteries and their associated resources are recovered for recycling,
- increased use of a resource stream currently being disposed of as waste and minimisation of the environmental, health and safety impacts of used batteries generated in Australia,

- support for an Australian recycling industry and sustainable markets for end of life batteries including the creation of new local job opportunities,
- achieve a net benefit for the broader recycling system by removing a potentially significant contaminant for reuse, and
- enhanced credibility for the battery industry through demonstrated leadership in environmental management, increased consumer awareness of the impacts of end of life battery disposal and adoption of corporate social responsibility strategies.

Detriments

The EPA and GISA have previously raised concerns with BSC that the voluntary scheme still faces the issue of 'free riders' and this needs to be effectively addressed for the voluntary scheme to be a success. Anecdotal evidence suggests that above 80% industry participation is required for a successful voluntary scheme. To date, two major battery companies, Energiser and Duracell, have not joined the BSC and have indicated that they are opposed to a voluntary battery stewardship scheme which includes all batteries.

The BSC has indicated that it has addressed the 'free rider' issue through the following scheme requirements to use enterprise-to-enterprise contracting for the supply of battery-related goods and services, committing parties to only contract with other accredited parties therefore providing purchasing preferences to encourage participation in the scheme and remove market opportunity for companies to free ride on other participants.

BSC believe that the proposed accreditation system should increase future industry take-up. If the BSC is successful in its application for ACCC authorisation and implements the above requirements the EPA and GISA are encouraged by the BSC's view that this will increase the likelihood of major industry stakeholders joining the scheme.

Other areas for improvement

If the BSC voluntary scheme design is authorised, the EPA and GISA strongly support the application of key performance indicators, in particular in relation to targets and timeframes to increase used battery recovery and recycling in Australia.

Likely future without BSC

There is a significant public interest in the responsible recycling of end-of-life batteries and the establishment of a national battery stewardship scheme provides a suitable mechanism to achieve this outcome. To be successful, it is important that the scheme is administered by an industry-led organisation such as BSC. Voluntary battery stewardship must be led from within industry to deliver an effective program, with the role of the Federal and State and Territory Governments setting broad stewardship objectives and ensuring compliance with relevant legislation, regulation and practices, including those that apply to the environment and occupational health and safety.

The EPA and GISA support the BSC's proposal for an ACCC accredited voluntary product stewardship scheme for a term of five years for all batteries (excluding lead acid batteries) including a weight-based levy on all imported batteries through a 4 cent levy per EBU, which is proposed to be set at 24 grams. The EPA and GISA consider a well-designed and administered product stewardship scheme is an effective mechanism to protect the environment and encourage the ongoing application of product stewardship to deal with products such as these at the end of their useful life.

However, should it be identified at a later stage that the scheme is not delivering the intended outcomes, including uptake required for a successful voluntary scheme, the EPA and GISA would support a co-regulatory approach to battery stewardship.

For further information on this matter, please contact Kerryn Suthern on [REDACTED] or [REDACTED].

Yours sincerely



Kathryn Bellette
Director, Strategy & Assessment
Environment Protection Authority

Date: 24/4/20



Ian Harvey
Director, Strategy & Programs
Green Industries SA

Date: 24/4/2020