

Battery Stewardship Council



National Retail Association BRIEFING SESSION

September 2020

Battery Stewardship Scheme Update

BatteryStewardship**Council**

Agenda

- **Update on the status of the Scheme**
- **Q&A slides**
 - Embedded batteries
 - Button batteries
 - Levy
 - Enterprise to enterprise agreements
 - Drop off point requirements
 - Visible fee
 - Costs of joining the scheme
 - Accessing the rebate
 - Legacy stockpiles
- **Discuss any outstanding questions**





Quotes from the ACCC Determination

Visible fee

“The cost of the levy will be passed through the supply chain to consumers in a transparent manner as a visible fee”

Protections

“Authorisation provides businesses with legal protection for arrangements that may otherwise risk breaching the law but are not harmful to competition and/or are likely to result in overall public benefits.”

The problem

“The costs of recycling are not currently reflected in their price.”

Public benefit

“The scheme is likely to result in public benefits in the form of significant environmental benefits, increased public awareness of battery disposal and re-use, and supporting increased innovation, research and development.”



Quotes from the ACCC Determination

Australian conditions

It is appropriate for the levy proposed for Australia be set with reference to Australian conditions and circumstances and therefore it was appropriate to use independent studies focused on Australia to determine the initial levy rate.

Market opportunity

“The levy rebate system is likely to better align the price of batteries with the cost of their responsible disposal.”

Offsetting cost

“Any loss of sales faced by participating businesses due to higher prices (incorporating the levy) is likely to be offset by the ability for businesses to signal their environmental credentials by participating in the Scheme.”

Efficiency

“The price increase that may occur due to the levy is likely to signal a more (rather than less) efficient allocation of resources in the economy.”



Current status

①

SCHEME DESIGN



②

ACCC
AUTHORISATION



③

OPERATIONAL
DESIGN
Industry briefings
Funding (10% levy &
Government grants)
Procedures & Tools

Q4 2020 & Q1&2 2021

④

IMPLEMENT
THE BATTERY
STEWARDSHIP
SCHEME

Q3&4 2021

Hon Trevor Evans, Assistant Minister Recycling & Waste reduction



- “In the event that a ... firm agreement by all parties on a voluntary scheme cannot be made ..., I have directed the Department ... to accelerate the development of regulatory options.”
- “The Government has funding ready to commit to support an industry-led battery stewardship scheme.”

Battery Stewardship Council



Scheme Design Elements

Shared Responsibility ~ Scheme supply chain

Everyone in the supply chain has a critical role to play in battery stewardship

Importer



- Power Tools
- Handheld batteries
- Products with batteries not covered by other schemes
- Energy storage
- Electric Vehicles

Collection point



- NGOs
- Retailers
- Postal service
- State and local government
- Schools
- Installers
- Brands
- Institutions
- Service centers
- Scrap yards

Logistics provider



- Retailers
- Logistics operators
- e-waste collectors
- Waste management companies
- Partner schemes
- Take back programs

Sorting facility



- Local councils
- Retailer depots
- Collectors
- Community groups
- Private companies (recyclers)

Processor



- Onshore processors

Essential foundations

BATTER STEWARDSHIP COUNCIL

Board / Governance / Administration / Marketing / Education / Incentives / Monitoring & Review

Levy

Enterprise to enterprise
agreements

Rebate per kg for collection,
sorting & processing

4 cents/EBU (24 grams)
on battery imports

Purchasing preferences
to reduce free riders

Metro collections: \$2.50
Regional collections: \$3.50
Sorting \$1.00/kg
Processing \$1.00/kg

Accreditation & verification

The proposed leveraging model is unique and a game changer

- **Building the battery collection network**

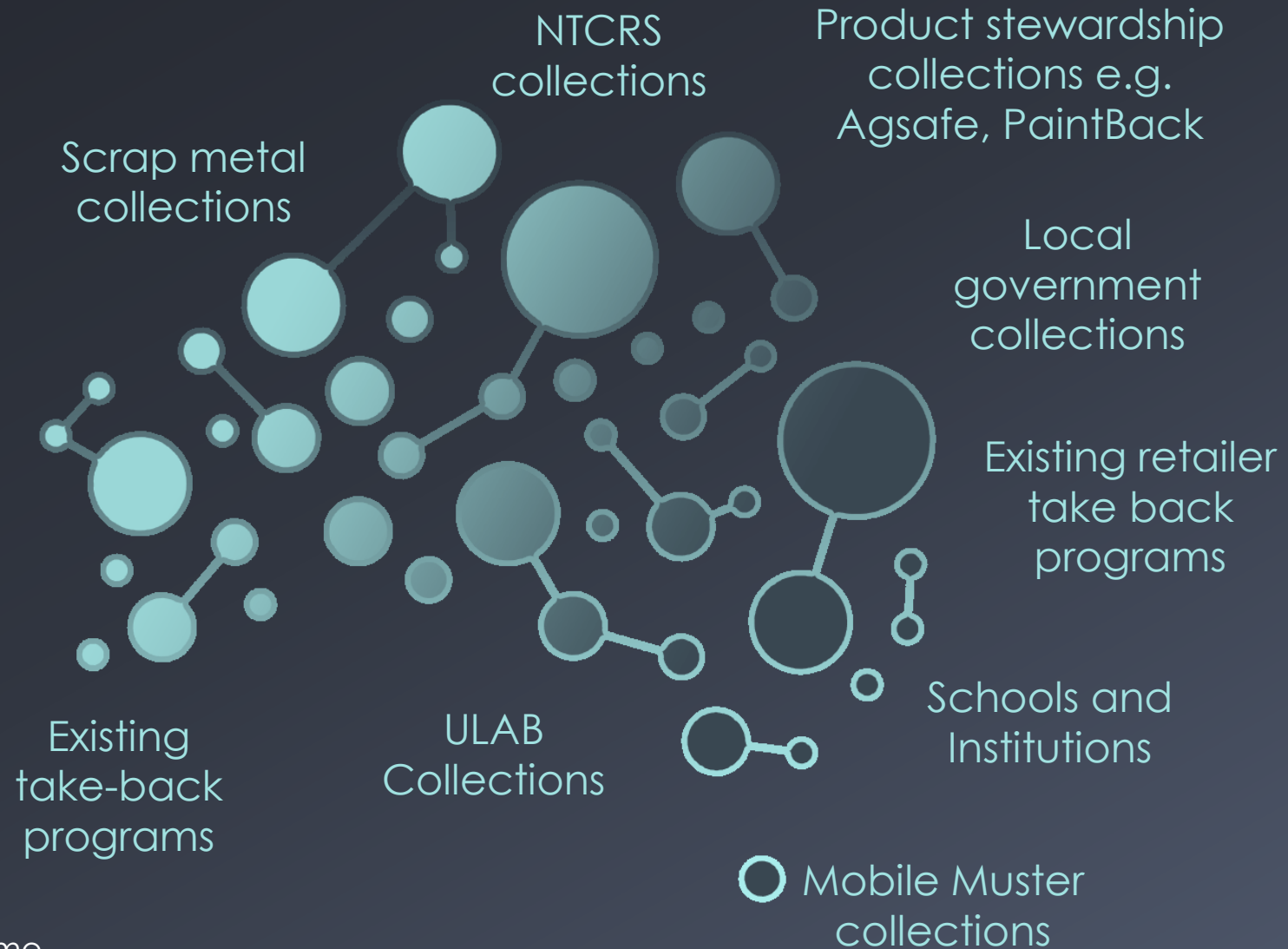
- Accessing existing and new collection channels

- **Proposed rebate structure**

- Metro collections: \$2.50/kg
- Regional collections: \$3.50/kg
- Sorting \$1.00/kg
- Processing \$1.00/kg

- **Accreditation process to maintain integrity of the program**

- Environmental, health, & safety
- Traceability
- Recovery rates



NTCRS = National Television & Computer Recycling Scheme

ULAB = Used Lead Acid Batteries (car batteries)

Schematic – overview of obligations

Importer



Collection point



Logistics provider



Sorting facility



Processor



Provide drop-off

Pick up service

Sort/aggregate

Process batteries

- Conformance to quality, environmental, health, and safety systems/control
- Use scheme branding / co-branding
- Use approved collection containers
- Use accredited service providers
- Demonstrate delivery only to BSC accredited downstream suppliers using commercial arrangements throughout the recycling chain
- Shipment records / maintain chain of custody

Online training

Report collection rates

Report sorting rates

Report recovery rates

90% landfill diversion

Mass balance/tracking

Participate in audits of scheme obligations (including unscheduled audits for recycling chain)

- Report imports to independent agency (to protect market intel)
- Pay levy based on imports
- Pass levy on to the consumer
- Use accredited service providers
- Use scheme branding or co-branding
- Implement import standards (TBD)

Q&A

- **Review Q&A slides for each segment of the supply chain**
 - Embedded batteries
 - Button batteries
 - Levy
 - Enterprise to enterprise agreements
 - Drop off point requirements
 - Visible fee
 - Costs of joining the scheme
 - rebate
 - Legacy stockpiles
- **Discuss any outstanding questions**





What is the definition of
embedded batteries

- Objective is to ensure that all batteries are responsibly managed at end of life
- However BSC has committed to further consultation to determine the best approach for embedded batteries
- Consultation topics:
 - Define embedded
 - Determined the best model for stewardship
 - Integration with existing schemes still to be formalised
 - Mobile Phones
 - TVs and computers
 - Exit lighting



Button Batteries



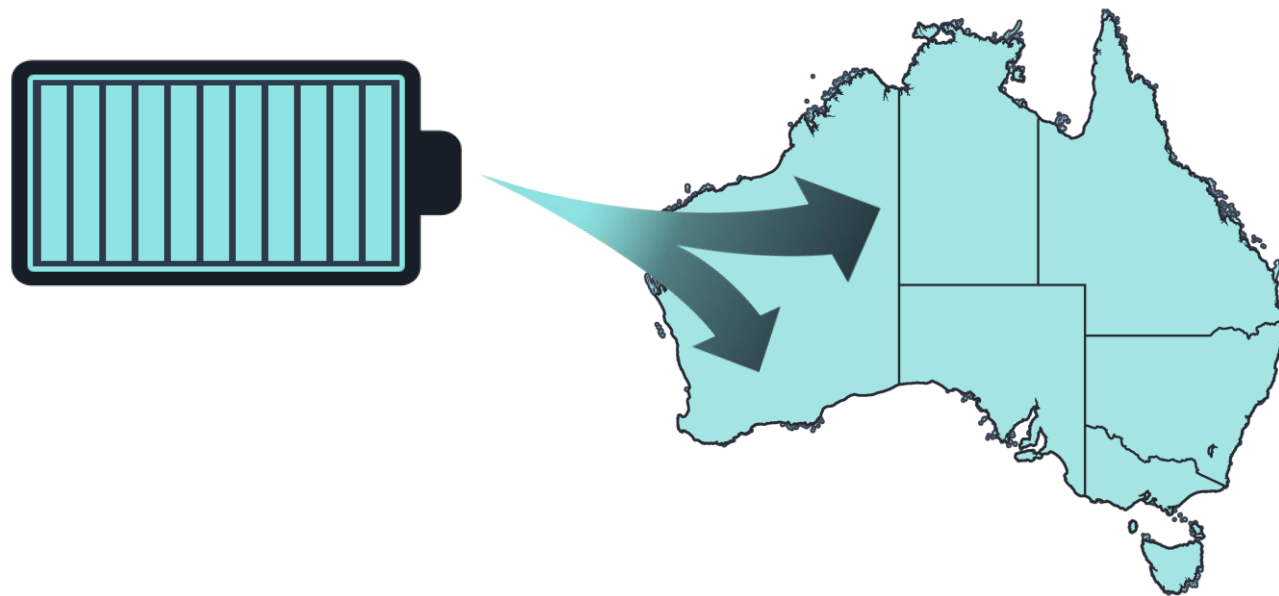
What happens with button batteries?

- Loose button batteries are included in the Scheme
 - BSC will be preparing a Button Battery Safety Strategy within 12 months (See ACCC determination for details)
- Embedded button batteries to be resolved with industry consultation within 12 months



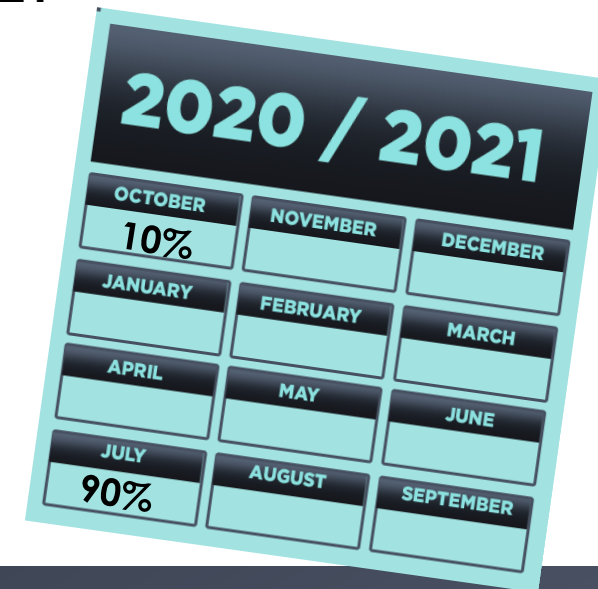


- Importers self report their imports based on equivalent battery unit (EBU) of 24 grams
- Levy is only paid once for any particular battery
- BSC will provide guidance and tools to assist in calculating the levy (4c/EBU)
- BSC will be engaging an independent body to collect the levy to protect commercial confidentiality





- Start date for full levy payment
 - Scheduled for 1 July 2021
- BSC will be seeking an advance of that levy up to 10% to cover the cost of the operational design phase
 - Possible due to anticipated funding from the NPSIF which has helped offset the industry contribution
 - The initial 10% levy will be a credit against the full levy obligation in 2021





- The intent is for the levy to be passed through the supply chain to consumers in a transparent manner
 - The ACCC has endorsed this in the determination
 - Pricing decisions are a matter for the retailer
- How the levy is made visible to consumers is a matter requiring further consultation with retailers and importers
- BSC has indicated that their needs to be some flexibility but will likely include joint BSC and retailer promotions e.g:
 - product packaging
 - at the point of sale
 - on the receipt
 - website promotions and information
 - other marketing means
- Guidance and tools will be provided, for example
 - optional communication materials
 - standard wording for packaging or promotional materials



What are Enterprise to Enterprise Agreements and why are they important?

- The purpose of E2E agreements is to reduce free riding
- The intent of E2E is to enable members to influence the supply chain to become battery stewards
 - Existing contracts can be honoured
- Member importers
 - Indicate to customers their commitment to corporate responsibility to safely manage batteries at end-of-life and request they join the Scheme
- Member retailers
 - Indicate to suppliers their commitment to corporate responsibility to safely manage batteries at end-of-life and request they join the Scheme
 - If drop off locations are provided, retailers commit to using accredited recyclers
 - BSC will publish accredited members as quickly as possible

Enterprise to enterprise agreements



Are E2E contracting arrangements mandatory?

- The ACCC Determination gives protection for companies to use the E2E agreements i.e.
 - To act in a manner that would otherwise be construed as uncompetitive
- E2E provides participating companies with a clear and consistent mechanism to demonstrate its position to supply chain partners
 - Use of E2E contracts is not mandatory
 - Other mechanisms may be used as long as the objectives of the Scheme are met

Enterprise to enterprise agreements



If a retailer joins the and a major supplier does not, will the retailer be liable for disposal of that importer's batteries?

- No
 - The liability remains with the importer
 - If they don't join the Scheme they are the free rider



Enterprise to Enterprise Agreements



Why is the Enterprise to Enterprise Agreements requirement allowed given third line forcing restrictions?

- Exclusive and/or preferential dealing
 - Is frequently used in supply chain contracts to achieve company objectives
 - Only breaks the law when the conduct substantially lessens the competition in the relevant market
- ACCC authorisation gives clarity and assurance to the battery supply chain that this is a legal process
 - The Determination states *“Authorisation provides businesses with legal protection for arrangements that may otherwise risk breaching the law but are not harmful to competition and/or are likely to result in overall public benefits.”*
- The determination authorises the use of Enterprise to Enterprise Agreements to address the risks associated with improper disposal of batteries

Enterprise to Enterprise (E-to-E) Agreements



If you don't join the Scheme
and a major supplier does
how will it impact your
business?

- If a major supplier joins, it is anticipated that they will indicate to their suppliers the commitment for distributors/sellers of their batteries to recognise their corporate responsibility to safely manage batteries at end-of-life and join the Scheme
- It is anticipated that your supplier would give preference to retailers who do join the Scheme
- If a significant component of the market does not join the Scheme
 - Regulation will follow
 - Regulated schemes typically cost >20%
 - Government administration costs
 - Additional Scheme compliance requirements

Costs related to joining the scheme



What are the direct & indirect costs for retailers who wish to join the Scheme?

Direct Costs

- Membership fee (\$1,000 per annum)
- Does not apply to importers

Indirect costs

- Cost to promote the scheme (e.g. via website, at optional drop-off points, at point of sale, on social media)
- Costs involved with environmental, health, safety and traceability if providing a drop-off location

Drop off point requirements



As a retailer, what will be required if we provide drop-off point(s) for consumers?

- There is no requirement for a retailer to provide drop off points
- If drop off points are provided
 - EH&S and traceability requirements must be met
 - Procedures and tools will be created to streamline the drop off process

Accessing the rebate



As a retailer can I collect the rebate?

- Retailers would be eligible for a rebate if they offer a collection point and transport the batteries to an accredited sorting facility or recycler
- Retailers may also access part of the collection rebate if they provide a collection in partnership with an accredited sorting or recycling partner
 - The amount of rebate would be a matter for the parties to determine and would be subject to your own contract negotiations
- Will charities be eligible to operate a collection or sorting service and collect the rebate?
 - Yes
- In all cases, EH&S, traceability, and audit requirements will apply



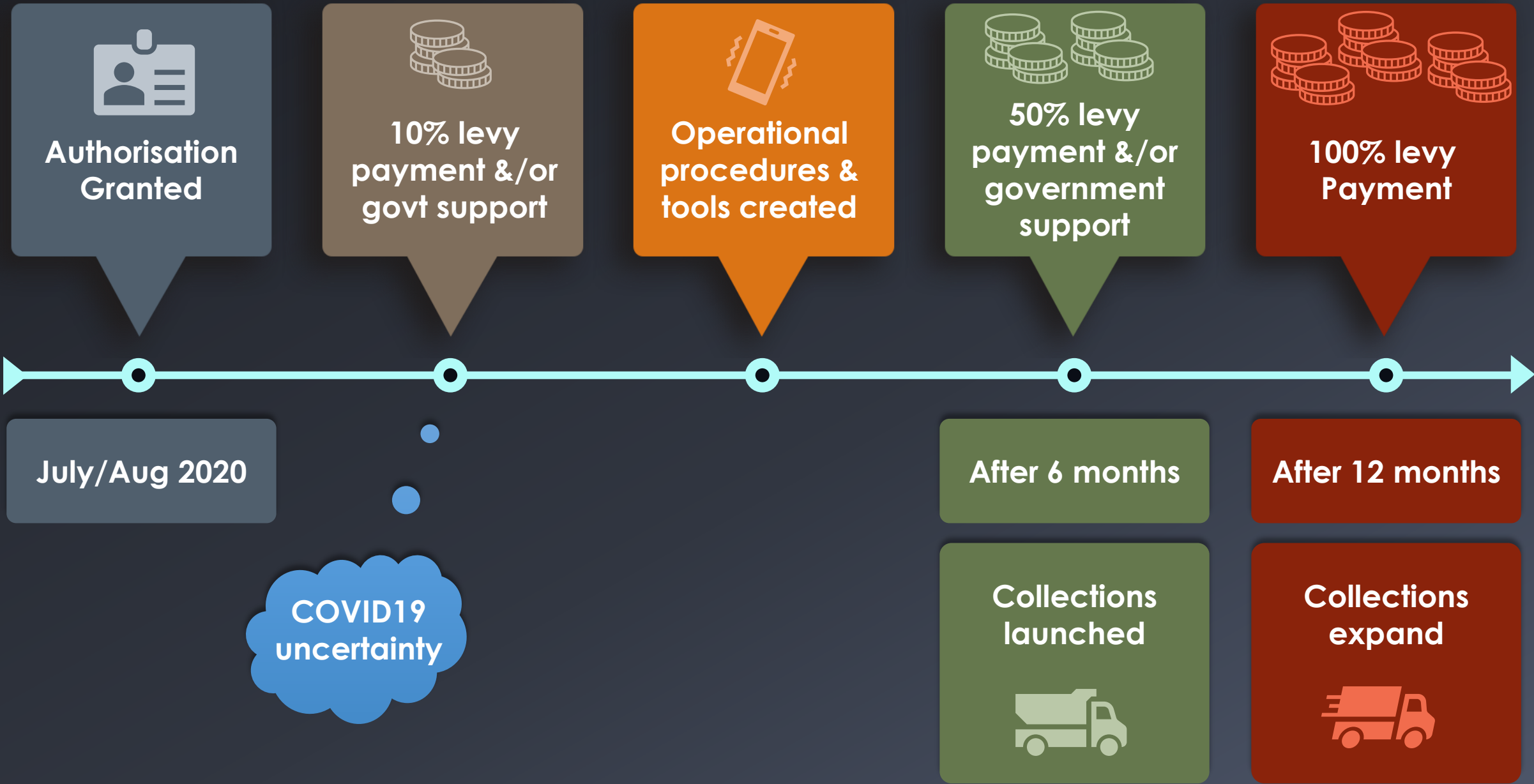
*What will be done in the
operational design phase?*

1. Identification of importers
2. Development of levy financial system and procedures
3. Marketing and Communications
4. Education & incentives
5. Rebate procedures and administrative arrangements
6. Establishment of environmental health and safety standards
7. Traceability and transparency (process and tracking App)
8. Audit and accreditation process & tools
9. Protocols for collection containers
10. Establishment of baseline data and performance monitoring
11. Consultation for related and emerging products
12. Button Battery Safety Strategy



- As stated in the ACCC Determination, stockpiles will not be covered
- Stockpiling above limits is illegal and presents serious risks
- Tracking tool and audits (including unannounced audits) will be used to validate collections
- We are continuing to discuss this issue with governments

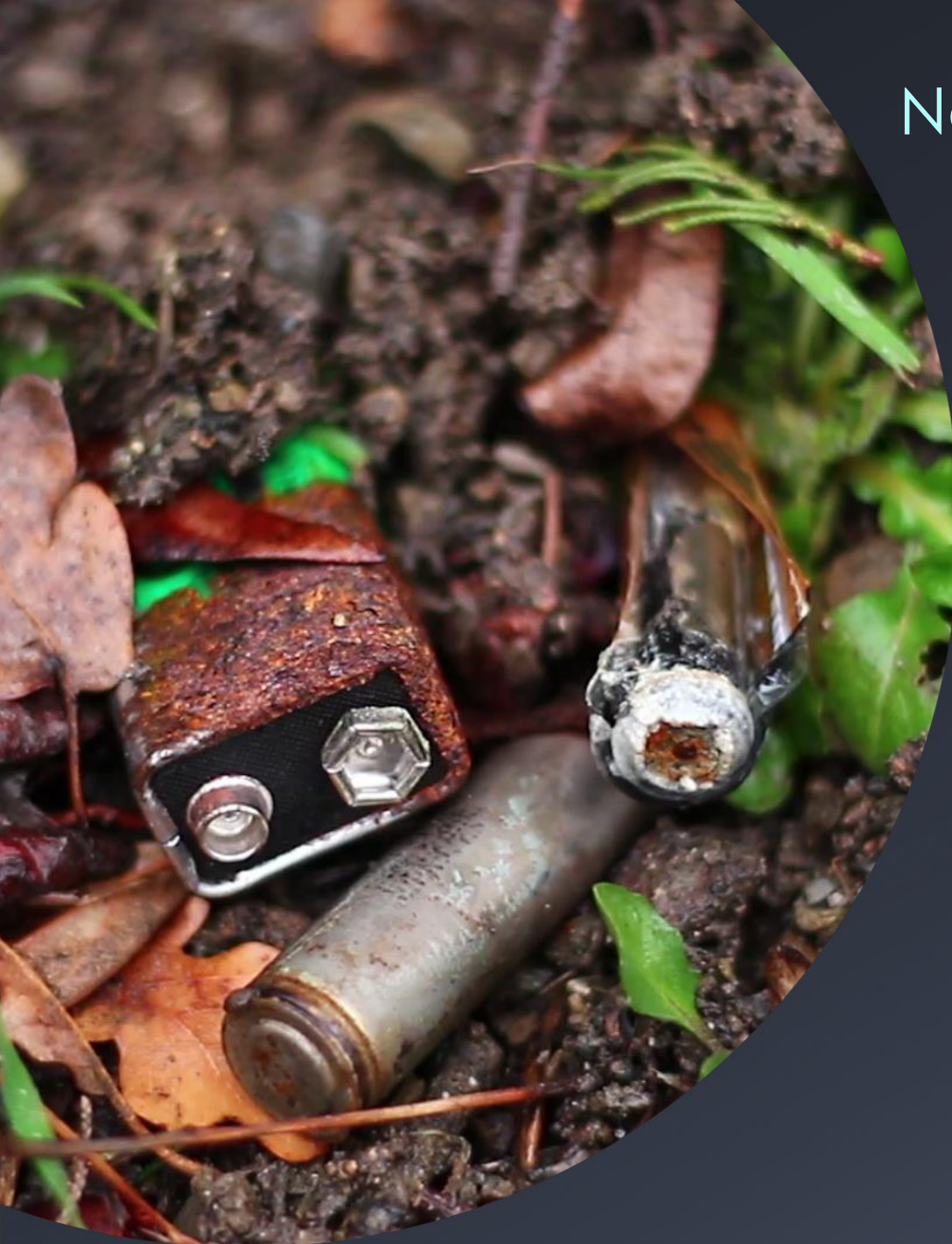
Timeline – some dependencies



WE HAVE AN
OPPORTUNITY TO
CREATE SUSTAINBLE
CHANGE

We all have a
role to play in
solving this
problem waste





Now is the time!

- **ACCCC authorisation provides the legal mechanism under which the Scheme can operate**
 - Supported by all state and territory governments
 - Strong support from industry
- **Now is the time to join the Scheme and be part of the solution!**
 - Become a member

Detailed information

bsc.org.au

GM F Media Productivity ABRI BSC Batteries Battery Resources Governance Designs

BatteryStewardshipCouncil

Search site

ABOUT US

MEMBERSHIP

MEDIA & ATTENTION

ABOUT STEWARDSHIP

NEWS

RESOURCES

CONTACT

JOIN NOW

About the Battery Stewardship Council

The Battery Stewardship Council was established with the primary goal of establishing a Battery Stewardship Scheme in Australia that would see a significant increase in battery collections and recycling.

History

Team

Members

ACCC Authorisation

Scheme Design Documents

BSC Webinars & Presentations

BSC Brochure

Stewardship Drivers

Useful Links

Reports

BSC Member Application Form

What is Battery Stewardship?

BatteryStewardshipCouncil

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