

31 August 2023



Submission to Department of Climate Change, Energy, the
Environment and Water

Response to a National Framework for Recycled Content Traceability



Department of Climate Change, Energy, the Environment and Water

Via email: RecycledContentTraceability@dccew.gov.au

31 August 2023

Dear Sir/Madam

The Australian Mobile Telecommunications Association (AMTA) welcomes the opportunity to provide this submission in response to the consultation paper, *'A national framework for recycled content traceability'*.

If you have any queries or comments in relation to the content of our submission, please contact Louise Hyland on 0488 171 066 or by email louise.hyland@amta.org.au

About AMTA

AMTA is the peak industry body of Australia's mobile telecommunications industry. Our purpose is to be the trusted voice of industry, promoting the adoption, monetisation and sustainability of mobile telecommunications technology for the benefit of all Australians. AMTA members include the mobile network service providers, handset manufacturers, network equipment suppliers, retail outlets and other suppliers to the industry.

About MobileMuster

MobileMuster is a federal government accredited, voluntary product stewardship program of Australia's mobile telecommunications industry. Since 1998, millions of Australians have recycled their mobile phones through the program. In FY 2022, 109 tonnes of mobile phones and accessories were collected, surpassing the KPI of 76 tonnes.

The carbon neutral program is managed by AMTA and is funded by mobile and home device¹ manufacturers and network carriers to provide a free product recycling program to the highest environmental standard. While the program initially included mobile phones and accessories, more recently it expanded to include modems and routers, smart home technology and wearables and peripherals².

MobileMuster has been extremely successful operating on a voluntary basis. This has enabled the program to improve and innovate in a timely manner, which is why it was expanded to include additional product categories, with the approval of participating members.

Nearly 97% of mobile phone manufacturers and 90% of mobile phone carriers participate in MobileMuster, including Apple, Arcadyan, Belong, Force Technology, Google, hmd Global, HTC, Huawei, Motorola, Nokia Oceania, Oppo, Optus, Samsung, TCL Mobile, Telstra, TPG Telecom, TP-Link, Vantiva, Vigo Mobile Australia and ZTE.

In 2023, the MobileMuster program will celebrate 25 years as a successful voluntary product stewardship scheme.

¹ Home devices include landline phones, TV streaming devices, smart speakers, smart digital hubs.

² Wearables and peripherals include smartwatches, smart pens, tracking tags and VR headsets.

Executive Summary

The Commonwealth Government has announced its intention to develop a national framework for recycled content traceability. The proposed framework seeks to provide industry with guidance on implementing traceability in recycled content supply chains. This would include minimum requirements for traceability, and minimum data to be collected and shared throughout supply chains.

The proposed framework is technology-agnostic, outcomes-focused and initially voluntary. It does not include development of a traceability system or platform or require data to be reported to governments. The proposed framework would cover all recycled materials in all forms, across the supply chain.

While the intent of the framework intent is admirable, what is being proposed will be a considerable undertaking across all related industries. It is unclear what problem the Government is trying to solve, and this is not articulated in the consultation paper.

The Government must apply structure and rigour for the framework to be adopted by industry. We encourage the Government to consider the lessons from the Clean Energy Regulator's (CER) National Greenhouse and Energy Reporting (NGER) reporting platform which supports the government's international reporting obligations.

We would also expect the Government to give consideration to how the outcomes for the proposed framework will align with other activity in the circular economy, including the proposals in the Wired for Change consultation paper, ReMade in Australia, the Australian Packaging Covenant Organisation (APCO) and others. It is critical that the Government takes a cohesive and strategic approach at a national level to address waste, recycled materials movement and its end markets.

The proposal appears academic in nature, and Government has not considered how this will translate into practical application. Our concern is that the scope of what is proposed is unrealistically broad and impracticable, leaving industry to bear all the costs and expend effort – for a reward that is unclear.

We also hold concerns about the incentives under the proposed framework. The framework does not address how businesses will be incentivised to voluntarily comply if there are not clear benefits for their consumers. It seems likely that many businesses would wait until they were compelled to participate through a mandatory framework, particularly given the projected cost and effort to implement.

The proposed framework of "one step forward, one step back" traceability will only work if all parties in the supply chain participate. While the framework remains voluntary, full traceability will not be enabled because the chain will be broken if one party does not participate. We are not suggesting the Government make the framework mandatory from commencement, simply that the proposed framework may not produce the desired outcomes.

Recycled content traceability is still emerging in Australia and there are varying levels of capability and willingness to embrace traceability in recycled content supply chains. We agree that a voluntary approach would enable businesses to implement the framework at a pace and in a manner appropriate to their specific circumstances but believe more work should be done to identify and define the problem the Government is trying to solve.

We note the framework adopts an outcomes-based approach, but significantly none of the proposed outcomes in the consultation paper measure consumer outcomes. We support measures to better understand the fate of end-of-life e-waste, especially where there is a high risk of illegal and/or harmful disposal.

The framework would not be expected to recommend specific traceability systems for participants to use, including development of a government traceability system/platform or require participants to share or report traceability data with the Government. While we agree that industry is generally better suited than Government to decide which technology or systems is most appropriate for their operations, it is difficult to understand how full interoperability will be achieved if the Government does not set some specific parameters.

The entire framework relies on data management which requires consistency, rigour and data governance. Without a common repository or platform for data management, it is difficult to see how the consistent management of data across multiple industry participants will be achieved.

For the framework to succeed at a national level, and to drive adoption and consistency, the Government may need to recommend specific traceability systems and require participants to share data. Industry will need clarity and clear direction, particularly if the framework is to be made mandatory in the future.

Scope

The traceability framework is proposed to cover all recycled materials, in all forms, across the supply chain. The proposed framework's scope excludes recycled material exported from Australia (either as a raw material or recycled content in products). We suggest that rather than capturing every industry, the Government could instead run a pilot for one industry to test implementation, review and then expand more broadly once issues have been identified and resolved.

The framework proposes that recycled material should be traced up to the point of export, noting that exporters are free to share relevant traceability information to satisfy international requirements. The proposed framework also excludes goods that are destined for reuse, repair or refurbishment.

There are limited recycling facilities in Australia to process recovered materials for end markets. The proposed supply chain scope does not appear to encourage recycling or building the capability to recycle in Australia, in part because the proposed framework excludes recycled material exported from Australia.

Implementing traceability and chain of custody of recycled materials sourced from the Australian market will help to restore trust in the recycling industry and continued support in creating end markets. We also think the Australian Government has a responsibility to know where waste exported from Australia is dispatched.

If the scope remains limited to Australian activities, it will increase the cost of manufacturing in Australia which is already very high, increasing non-competitively priced products.

Under the proposed model, there is no incentive for Australian companies to adopt the circular economy in Australia, as it would be subject to the proposed traceability framework. Companies could avoid being captured by the framework by exporting. This creates a competitive imbalance between the costs of manufacturing in Australia and offshore.

Tracing material up until the point of export should require exporters to share relevant traceability information to satisfy international requirements, but this is not discussed in the consultation paper. Will the Government also consider mandatory requirements for imported or manufactured products to define minimum standards to drive implementation of all the upstream process changes?

Through MobileMuster's recycling process, over 95% of the materials in a mobile phone are recovered. MobileMuster partners with TES, a global leader in electronic waste recycling, to maximise recovery rates and ensure all mobile phone components are processed in an environmentally responsible manner.

AMTA's recycling partner uses state-of-the-art equipment and processing techniques to deliver the highest recovery rates with the lowest environmental impact. The process also ensures that any data left on a device is destroyed, protecting consumer's privacy and building confidence and trust in consumers when using the program.

MobileMuster e-waste is sorted and disassembled into components, including batteries, printed circuit boards, casing, screens, accessories and packaging. These components are then processed separately through shredding, crushing, heating and smelting techniques to maximise resource recovery, and most of the recovered resources are then exported for further processing.

Traceability

Traceability is the ability to trace the history, application, location or source of a material or product (backward or forward) throughout its supply chain. Traceability is implemented using a traceability system which provides the ability to capture, share and access documented information about recycled materials.

The proposed framework would require participants to share key information with each other to enable traceability, however, participants would be able to choose the amount of information and what additional data they share with the supply chain. The proposed framework would require participants to have systems in place to achieve 'one-step forward, one-step back' traceability initially, and full supply chain traceability by 2028.

We note the proposal for 'one-step forward, one-step back' traceability, and if every participant in a supply chain achieves one-up-one-down traceability in a consistent and interoperable manner, there should be full traceability along the supply chain. However, for this to be effective, it is highly dependent on each party in the supply chain participating, and while the framework remains voluntary, total industry participation seems unlikely. More work could be done to consider how industry could be incentivised to voluntarily participate and make clear the benefits for them in participating.

We note the Government's intention to achieve full supply chain traceability by 2028, but this will also require total participation by industry. Any implementation of a full traceability system will also require full supplier involvement. To achieve this outcome, is it the Government's intention to make the traceability framework mandatory by 2028? We also reiterate our concern that full participation will not occur without direction around a data management platform for industry.

MobileMuster already participates in forward (or downstream) traceability, through a combination of reporting from our recycling partner, and independent external auditors. TES provides detailed annual reporting to MobileMuster which shows which materials were recycled and where they were

sent after recycling. This is independently audited by an external auditor to ensure transparency of MobileMuster's performance.

Tracking e-waste

In 2021, the Productivity Commission recommended the use of tracking devices to determine the end-of-life outcomes for e-waste collected for recycling³. The Productivity Commission also recommended the Government increase the National Television and Computer Recycling Scheme's use of tracking devices, to better monitor co-regulatory bodies and their downstream recyclers and logistic providers.

The Productivity Commission argued that trackers in e-waste could provide consumer, government and industry confidence in the recovery and recycling markets, through increased traceability. It would also assist e-waste collectors and recyclers to better understand and audit downstream recycling partners, ensuring recycling outcomes meet required standards.

We note the proposed use of trackers to monitor the domestic movements and exports of e-waste but would like further detail on how this would be implemented, including consideration of the cost of the trackers (whether GPS, RFID or another type of tracking device), and which party bears the cost of tracking the e-waste.

Cost to industry

Along with tracking technologies, there would be several other ongoing costs to industry to implement the proposed traceability framework, including software subscriptions, staffing costs, traceability system management, audit costs and others. To answer the question of whether the benefits of traceability outweigh the costs of implementation, more work would need to be done to assess the initial and ongoing costs of implementing the traceability framework.

In principle, we support measures to better understand the fate of end-of-life e-waste, but this is subject to the cost imposed on industry, and again, incentives need to be considered. Under the proposed framework, it is possible that organisations who voluntarily comply will face increased costs, while those who don't comply are rewarded through lower costs.

It appears that industry is to be left to bear the cost and effort to implement and maintain the proposed framework, even though it is not clear how the framework is capable of practical implementation.

Government investment is not discussed in the consultation. Will Government funding be allocated towards traceability? If the framework is to be fully funded by industry, this may be a perverse incentive to voluntarily adopt a traceability framework – organisations that do not implement the framework will save money relative to those that adopt traceability measures.

We are also concerned that companies who voluntarily participate through initial investments in traceability will have to re-invest later once the framework is reviewed, or when (and if) it becomes regulated. The lack of specificity from Government could lead to an increased likelihood that

³ Productivity Commission, *Right to Repair Inquiry Report*, October 2021
<https://www.pc.gov.au/inquiries/completed/repair/report/repair.pdf>

companies will implement traceability in various ways (which do not allow for interoperability) and will have to reinvest at a later stage to comply.

Measuring outcomes

The proposed framework will not require that traceability data be reported to the Commonwealth. We assume this would only apply while the framework remains voluntary, and that reporting would be required if the framework were made mandatory. Instead, regular surveys would be conducted on business' awareness and adoption of the framework.

The consultation paper proposes several performance indicators for the framework, which are mainly focused on adoption of the framework by businesses. The paper identifies that traceability is important to consumers, yet none of the proposed performance indicators measure consumer behaviour. The Government could consider also surveying consumers to understand if, and how, the traceability is affecting consumer behaviour.

The performance of MobileMuster is measured against several key performance indicators that include changes in consumer awareness, collection and recycling rates, diversion from landfill, consumer accessibility and industry participation. Each of these indicators is assured independently by external auditors, ensuring transparency of the program's performance.

The consultation proposes a review period within three years, from when the framework is implemented. This is an extended period before which the framework is evaluated to understand if it is functioning well – during which time industry will incur compliance costs.

We support a reduced scope, followed by a proof of concept with a corresponding shorter timeframe for a review. What is being proposed is a significant undertaking, and given the impost on industry, it is critical that Government test the proposed model fully to understand the unintended consequences. We strongly encourage the Government to consider undertaking a pilot to test the implementation of the proposed framework before rolling out more broadly.

