9th April 2025

Opportunities in the circular economy Inquiry: Comment on Interim Report
Productivity Commission
Locked Bag 2, Collins St East
Melbourne Vic 8003
circular.economy@pc.gov.au

AUSTRALIA'S CIRCULAR ECONOMY: UNLOCKING THE OPPORTUNITIES

Australia and New Zealand Recycling Platform Limited (ANZRP) welcomes the opportunity to make a submission in relation to the interim report released by the Productivity Commission titled "Australia's Circular Economy: Unlocking the Opportunities".

ABOUT ANZRP

ANZRP is a member-based, not-for-profit organisation and an approved Co-regulatory Arrangement (co-reg) established under the National Television and Computer Recycling Scheme (NTCRS). We have previously made a submission to the Productivity Commission in relation to the inquiry into Opportunities in the Circular Economy (31st October 2024).

If you have any further questions regarding this submission, please contact Carla Vasconi, Chief Executive Officer

RESPONSES TO TERMS OF REFERENCE

Detailed below are our responses to the information request outlined by the Productivity Commission (PC) in the interim report. Our responses are limited to Chapter 9 - Household, consumer and emerging electronics. We have not provided comment on product stewardship directions for small-scale photovoltaic systems.

Information request 9.1 - Barriers to greater reuse and repair

At present the framework established for the NTCRS does not recognise or reward product reuse. That is to say, the objectives on which targets are set centre on recycling outcomes and materials recovery which in turn drives behaviour in this direction. Whilst there is an economy for reuse and formal services exist that cater for refurbishment, repair and resale of second-hand equipment, this all happens outside of the NTCRS and is not effectively captured, measured and incentivised. All e-waste collected by co-regs under the NTCRS from households and small business is destined for recycling. This is an obvious area for improvement which can be facilitated by a broadening of the NTCRS objectives to support product reuse. For example, co-regs could have recycling and reuse target (rather than current recycling target) and volumes managed for reuse (in accordance with an agreed process and standard) could be counted towards this target. However, the administrative requirements for demonstrating reuse should not be so onerous as to deter co-regs. ANZRP further recommends that the federal government actively engage in the discussion at the Basel Convention allowing the transboundary movement of used electrical and electronic equipment (UEEE) for repair, reuse, and refurbishment. Establishing a repair operation in Australia is notably expensive, and there are already manufacturing centres located in other countries where product and parts testing and repair takes place (i.e., where new products and parts are manufactured). By advocating for a framework that allows the movement of these products and parts to non-OECD countries—such as China, Singapore, and Malaysia, where many Original Design Manufacturers (ODMs) and Original Equipment Manufacturers (OEMs) are based—brand owners can optimise their supply chains. This would enable liable parties to send refurbished units back to Australia for replacement or resale, thereby promoting circularity and sustainability while reducing operational costs.

A significant proportion of e-waste collected under the NTCRS at council and retail drop off centres is of low quality/is damaged so cannot be repaired. Further, a significant portion is old and even if technically repairable, there may not be a willing buyer. Newer, higher quality e-waste is predominantly found in the business/commercial sector under leasing/financing contracts (noting that the 'reasonable access' to collection services target under the NTCRS is for households

and small business only). A proportion of this e-waste is already exported overseas for reuse (this should be done in accordance with the Basel Convention). This tonnage is accounted for by the NTCRS through the waste arising calculation which uses scaling factors (0.9 for televisions, 0.72 for computers, 0.71 for printers and 0.88 for computer parts and peripherals). It is therefore recommended these exports be tracked/understood and that the scaling factors be reviewed.

To further support and complement measures aimed at reuse, governments should mandate minimum product design standards that enable and support extended product lifecycles and repairability. These standards, where adopted, should be consistent with international standards, such as those in the European Union.

While reuse-oriented policies have the potential to enhance environmental and economic outcomes, they must be strategically designed to prevent the unintended consequence of prolonging the use of obsolete or inefficient products solely to meet lifespan extension targets. Policy development should be in line with those in international jurisdictions where the products are designed and manufactured rather than be domestically legislated (i.e., specific requirements under co-regulated product stewardship schemes).

Information request 9.2 - Product stewardship for small electronics, including embedded lithium-ion batteries

Barriers to collection and recycling of small electronics

One of the key barriers to increasing the volume and variety of small electronics collected for recycling is the low level of public awareness regarding available recycling options. Whilst the NTCRS accepts a wide range of products that can be described as being “small electronics”, we believe there is a limited understanding of this amongst the general public. Underscoring this is that currently public communications and education has been the domain of the co-regs operating under the scheme. Many Co-regs allocate minimal resources to education and awareness initiatives, as this would increase their operational costs.

Of greater impact is that most types of small electrical and electronic devices that are commonly used within households, are currently not captured through co-ordinated product stewardship arrangements, other than those provided by the NTCRS, MobileMuster and B-cycle. As a result, a broad range of products—including kitchen and household appliances, portable audio and video devices, cameras, tools, toys, gaming consoles, and monitoring and control equipment—are often managed in an

ad hoc and inconsistent manner, with approaches varying significantly across states, local councils, retailers, brands, and manufacturers. For example, some councils, particularly those in states where e-waste to landfill has been banned, may provide a limited service but these may incur a charge for the disposer or be restricted to ratepayers and residents. These aspects easily discourage the public from taking responsible action. The lack of national consistency serves to confuse the public and makes messaging and education far too complex.

Many of the product categories mentioned should be folded into an expanded NTCRS, which has already established the necessary supporting infrastructure, including collection sites and equipment, logistics networks, recycling arrangements as well as business systems to trace and report e-waste collected, recycled and recovered. Expanding the NTCRS is the most effective and efficient way to manage used small electronic products. A staged approach (by product or location) is not required as the infrastructure and systems already exist nationally and small electronic products currently out of scope do not vary greatly (in terms of materials handling and recyclability) to those that are in scope. It is worth noting that ANZRP already has agreements with councils in states with landfill bans in place to accept and recycling out of scope product.

To complement an expanded NTCRS, loose batteries should be covered through the proposed battery stewardship scheme (currently before the Australian Competition and Consumer Commission).

Compliance and enforcement

Recycling standards are of paramount importance to all the major stakeholders – including brands, liable parties, government, the public and the recycling industry. Non-compliant recycling practices – covering safety, environmental and commercial issues – are unfortunately common in the NTCRS due to insufficient enforcement of the NTCRS Rules by the government and the NTCRS Rules not applying to recyclers (they currently only apply to liable parties and co-regs). This has led to the NTCRS inadvertently rewarding low standards and enabling poor practices, particularly when they have gone unchecked for significant periods of time. In turn this has served to undermine public confidence in the NTCRS and led to collateral damage for the stakeholders involved. This ‘race to the bottom’ in standards has been driven by a lack of enforcement, not from healthy and appropriate market competition. More rigorous compliance standards need to be driven by the Regulator, potentially though a properly resourced scheme administrator, or having an approved list of NTCRS recyclers that have been appropriately audited and monitored.

The current architecture of the NTCRS has been effective in minimising the adverse impact of free riders, with importers and manufacturers subject to product unit thresholds to determine their liability based on data provided by Australian Border Force (given most products covered by the NTCRS are imported rather than manufactured in Australia). Product expansion to small electronic products will likely mean more in scope product is manufactured in Australia, so capturing product manufactured (or put on market) data will be necessary.

Support for circularity earlier in a small electronic product's life cycle, including sustainable design and reuse and repair activities

ANZRP believes that more can be done, particularly through upstream initiatives, to improve the circularity of small electronic products. We provided recommendations in our earlier submission made to the Productivity Commission in October 2024, in response to the "Opportunities in the circular economy Inquiry". These are repeated below:

- Fostering design for circularity: At present it is evident that products are still being put on the Australian market where little or no consideration has been given to what these products (and their embedded materials) will become in their next reincarnation or whether Australia even has the capabilities to manage these at end-of-use / end-of-life. Effort is therefore required to shift the culture and embed this discipline within the product design fraternity whilst also undertaking the necessary capacity building to support this transition. Policies and programs should be developed to fast track and incentivise these ends.
- Establishing and mandating (minimum) design standards: Building on the above, consideration should be given to mandating design standards in line with international best practice for consumer and industrial products where appropriate. These standards should take into consideration aspects such product durability, repairability, use of recyclable parts and materials, use of by-products and recycled content, use of renewable materials, avoidance of toxic or hazardous materials and use of traceable components.