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National Television and Computer Product Stewardship Scheme
Consultation Paper on Proposed Regulations
Australian Industry Group Submission

The Australian Industry Group ("Ai Group") welcomes the opportunity to make this submission in relation to the National Television and Computer Product Stewardship Scheme Consultation Paper on Proposed Regulations.

The Australian Industry Group

Ai Group is a peak industry association which along with its affiliates represents the interests of more than 60,000 small, medium and large businesses in an expanding range of sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries. The businesses which we represent employ more than 1 million employees. Ai Group is closely affiliated with more than 50 other employer groups in Australia alone and directly manages a number of those organisations.

Policy Context

Ai Group supports the development of a nationally coordinated and consistent waste policy framework which is founded on achievement of net community benefits. Within a national framework there is a role for product stewardship schemes in circumstances where detailed cost benefit analysis confirms firstly, that there is a genuine market failure causing significant harm that cannot be efficiently addressed by other means; and secondly, the necessary conditions exist for a product stewardship scheme to be effective.

Ai Group supports the intention to establish a co-regulatory product stewardship scheme ("Scheme") for e-waste.

Thresholds

Ai Group supports the intention to specify a threshold for liability under the Scheme below which importers or manufacturers would not be required to participate in a co-regulatory product stewardship Arrangement targeting e-waste.

However, Ai Group member companies have expressed concern in relation to the proposed level of the threshold and the point in time at which an organisation becomes liable after exceeding this threshold.

The proposed threshold for liability of 5000 units of all television and computer products imported annually is considered too high by brand owners who argue that a lower threshold is necessary to ensure economies of scale in the operation of the Scheme. Ai Group understands that the Federal Government has commissioned modelling of a number of threshold scenarios. The results of this modelling will be useful in determining the appropriate threshold level.

Ai Group member companies have also expressed concerns that liability under the Scheme is intended to commence in the financial year following that in which the threshold is exceeded. Consideration should be given to bringing forward this liability to the point at which the number of units manufactured or imported by an entity or related entities, exceeds the threshold levels.

Measures to address deliberate avoidance

Ai Group is broadly supportive of the proposed measures to respond to deliberate avoidance efforts by companies:

- Regulations specify that a controlling company would be liable under the Scheme where the total number of units imported or locally manufactured by a group of related companies exceeds the threshold, regardless of whether each individual company exceeds the threshold; and
- Provision of a power for the Minister to direct that any companies considered being involved in deliberate avoidance measures are not entitled to a threshold and are deemed to be liable parties under the Scheme.

It would be appropriate that the effectiveness of the anti-avoidance provisions in discouraging deliberate avoidance be monitored and modified where required.

Eligibility for membership of co-regulatory schemes

Ai Group considers that membership of a product stewardship Arrangement should also be open on a voluntary basis to those relevant organisations who do not exceed the threshold for liability. This will encourage increased uptake of improved environmental practice consistent with the objectives of the Scheme. It will also assist in providing improved economies of scale for the Scheme and its participants.

Targets

The overarching goal of the Scheme is to increase collection for recycling rates of end-of-life television and computer products to 80 per cent by 2021.

Concern has been expressed by Ai Group members in the recycling sector that the proposed interim target of 20 per cent in year one is low in comparison to international practice and will result in significant non-renewable resources being disposed to landfill. It is important that the targets set under the Scheme do not in themselves become a barrier to efficient recycling and resource recovery in Australia. For example, Ai Group member companies in the recycling sector advocate that a higher collection rate is essential to generate the investment in improving the efficiency of domestic recycling. The need for a higher target was considered particularly important to generate investment in recycling of cathode ray tubes.

Recycling members are also concerned at the statement in the consultation paper that the there is insufficient information to prescribe a reasonable level of performance in relation to recycling or reprocessing facilities. Ai Group is advised that recovery of around 95 per cent of materials from the recycling of televisions and computers is not uncommon industry practice. Current industry practice should be taken into consideration when setting the target for year one and subsequent target pathways for televisions and computers/computer peripherals.

Further, it would seem inconsistent that, while not setting a performance level of recycling or reprocessing of materials, the consultation paper states that the proportion of material in end-of-life television and computer products that is recovered is likely to be a key performance indicator for an Arrangement.

Calculating available waste

Ai Group supports the preferred approach for calculation of waste as presented in the consultation paper, namely that waste televisions and waste computers/computer peripherals be calculated using Customs import data (and local manufacturing data, if applicable) and adjusted, through an agreed metric, to account for average product life.

Tariff codes

Ai Group understands that the Government intends to provide in the Regulations precise definition of the products covered in the Scheme, linked to Customs tariff codes that were initially used in the RIS modelling.

There is some concern in the industry that the intention to link the proposed Scheme to tariff codes may not provide enough clarity on the precise products covered under the proposed Scheme. The tariff codes selected must ensure transparency and certainty under the Scheme both for purposes of determining the potential waste stream and the liability of parties.

Ai Group members in the recycling and product sectors have identified that substantial ambiguity exists between classes of product defined under computer peripherals, which are part of the proposed Scheme, and classes of product such as video games consoles and DVD players which are currently excluded. For example, how does a recycler differentiate between a motherboard, graphics card or network card from a computer to that of a DVD player?

Ai Group members in the recycling sector have also highlighted economies of scale as a benefit for including similar classes of product where this ambiguity exists. Ai Group recommends that the feasibility of extending the Scheme to similar classes of product should be considered in further consultation with a broad cross-section of the consumer electronics industry.

Recycling standards, reporting obligations and performance evaluation

Ai Group is broadly supportive of the proposed reporting requirements outlined in the consultation paper.

In addition to these requirements, Ai Group recommends that Arrangement Administrators be required to monitor and report on the accreditation and compliance of recycling facilities engaged under an Arrangement with appropriate recycling and environmental management standards to minimise the risk of harm to health and the environment.

If you require any further information, please contact me on email vfilling@aigroup.asn.au or phone 03 9867 0283.

Yours sincerely

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