SUBMISSION
REGULATION FOR SMALL ELECTRICALS
JULY 2023

The Australian Retailers Association (ARA) appreciates the opportunity to make a submission to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) in relation to the proposed regulation for small electrical appliances and photovoltaic (PV) solar panels.

The ARA is Australia's oldest, largest and most diverse retail body, representing a $400 billion sector that employs 1.3 million Australians. As Australia's peak retail body, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail members.

Our members operate 120,000 shopfronts and on-line stores across the country, across all retail categories - from food to fashion, hairdressing to hardware, and everything in between. The ARA is proud to represent the rich diversity of Australian retail, from our largest national and international retailers to our small and medium members, who make up more than 95% of our membership.

This submission has been informed by consultation with the ARA's Advisory Committees and our diverse membership base.

EXECUTIVE SUMMARY

Retailers are cognisant of the significant risks they face due to climate change, encompassing all areas of their operations and supply chains. As a result, the ARA and our members have a strong commitment to Australia's transition to net-zero emissions as evidenced by our Net-zero Roadmap, Climate Action Plan and recently launched resources to support retailers in implementing and accelerating their own transition to net-zero.

Product stewardship is important in this transition and is now commonplace for Australian retailers, with more than 100 independent schemes already operating across a variety of product types. The ARA appreciates the need for a system regarding small electronic and electrical equipment (SEEE) and solar PV systems, as they remain challenging to recycle through pre-existing recycling infrastructure.

Whilst the ARA is broadly supportive of the proposed scheme, some challenges remain due to ongoing issues in the recycling of smaller electronic items of which have components of lesser value. Additionally, it is imperative that any regulation is supported by accessible infrastructure so items can be easily recycled, as well as digital infrastructure to connect consumers with recycling locations.

The ARA looks forward to working with the Department to design a process that delivers the best outcome for Australian retailers and the communities they serve. We make the following observations and recommendations in relation to the department's discussion paper.

PART ONE – SMALL ELECTRONIC AND ELECTRICAL EQUIPMENT (SEEE)

RECOMMENDATION 1
CLARITY NEEDED ON SCOPE

The proposed scope for SEEE lacks clarity, particularly in relation to what constitutes a substantive item. The ARA acknowledges that the scope is defined as an item that can be easily lifted and carried by a single person, however it is currently unclear whether electronic attachments which can be purchased in addition to electronic items are included.

Consultation with our members highlighted that many electrical products can be purchased with additions that do not ultimately contribute to the substantial use of the product. These additional items should not be captured in the scope of the scheme. The inclusion of these products would result in unreasonable costs to the retailer through the import levy on such small items, as well as further discouraging repairs and or reuse – with additional parts often purchased to facilitate the reuse of a pre-purchased product.

As an example, a BBQ may have an electronic temperature gauge on it, that is able to be purchased separately - that is the BBQ would still function without that gauge. This gauge is an additional product that functions alongside the BBQ, and should not be considered an individual product subject to an import levy.

The ARA suggests that including these items in the regulation and subsequently requiring import fees on each is unreasonable, and further definition is needed to define scope.

RECOMMENDATION 2
INFRASTRUCTURE NEEDED

Whilst the ARA commends the proposed regulation, it is imperative that any regulation is supported by infrastructure to support recycling.

Retailers are already required to deal with a number of product stewardship schemes ranging from batteries to clothing – which they have facilitated out of good will through providing facilities on the shop floor. This system creates somewhat of an administrative burden for retailers, and for those that operate across a number of categories also requires the selection of which items they feel are most important to recycle, with limited space in stores.

As the number of recycling schemes increases, the onus should not lie solely on the retailer to provide the infrastructure to support these schemes. Government and the chosen network operators must build appropriate infrastructure, particularly in reginal centres to ensure that products are transported and recycled appropriately in line with the scheme.

Additionally, this physical infrastructure must be supported by digital systems to facilitate the recycling process for consumers. With the number of product stewardship schemes operating across the

country, it is challenging for retailers and consumers alike to understand where to take the products they are looking to recycle.

A website developed by the Department to house this information, providing maps specifying what is able to be recycled at each facility would be beneficial to the scheme and ensure appropriate recycling of e-waste.

RECOMMENDATION 3
INCENTIVISE RECYCLABILITY, REPAIR AND REUSE

The ARA is supportive of the inclusion of targets for the scheme administrator relating to education and awareness around re-use and repair as we move toward the circular economy. Consumers should be able to easily access repair to give their product a second life.

Sitting above recycling in the waste hierarchy, it is imperative that the government develops policies to incentivise repair and reuse. In that respect, there is a role for government to play around the development of recyclability standards.

Many of the additional materials that make up SEEE's, such as plastics, are currently of low value in terms of recycling. To transition to a true circular economy, the value of these components must increase. Improving availability of plastic recycling in Australia that can be re-purposed will facilitate this process.

Secondly, the government should consider developing guidance on how to make products more recyclable, providing incentives on import levy's to reflect this. As an example, if a product is imported that meets the specified standard of recyclability, the import levy could be lowered to reflect this. Not only will this drive innovation and assist businesses in designing out waste, but will also provide an incentive for business to create more sustainable products.

RECOMMENDATION 4
FUNDING OF THE SCHEME

Unlike parts in solar PV or TVs, the value of compartments in SEEE's is very low, consisting of a variety of different materials, and often some form of plastic. Due to the low value of second-hand plastic in the Australian market, the recycling of those electrical items within the device is not a cost effective process. If the government is seeking to move toward a circular economy, the value of second-hand plastic must increase.

Additionally, if we are to compare a small electronic drill with a large television – there is a significant difference in the number of components in each item, as well as associated transport costs to recycling facilities. Therefore, the import levy should be reflective of this.

In acknowledging it is not always feasible to understand that weight of every product offering, the B-Cycle battery stewardship scheme provides two options to calculate the import fee:

a) Pay by weight
b) Follow a standardised chart provided to calculate the levy payable

The ARA recommends this successful model be adopted by the e-Waste regulation.

RECOMMENDATION 5
INCREASE TRANSPARENCY

Our consultation with members highlighted that consumer knowledge around product stewardship schemes, such as the NTCRS is very limited. For any new scheme to be successful, the government must play a role in improving awareness and knowledge for consumers.

Similarly to previous points raised around the digital infrastructure required to facilitate the accessibility of the scheme, the government must invest in brand awareness of the scheme to increase recycling rates. Using the current NTCRS model as an example, consumer awareness is lacking, which inevitably results in less recycling rates. If we are to impose this model on SEEE's - objects which in most cases can fit in the average home waste bin, a lack of consumer awareness about how or where to recycle will result in these objects simply being thrown in the home bin.

Additionally, greater visibility of recyclers supply chains and recovery rates will also boost confidence in the scheme and provide retailers and consumers alike with confirmation that their actions are contributing to the recovery and recycle of waste, which in turn will galvanise support for the scheme.

A consumer facing website which houses this information, alongside an awareness campaign to increase consumer awareness of recycling locations is needed.

PART TWO - SOLAR PHOTOVOLTAIC SYSTEMS

The ARA is largely supportive of the draft regulations as it pertains to small and large scale PV systems. As the parts in solar PV systems are valuable, it is reasonable to suggest that most businesses having already made the transition to solar, have decommission plans in place.

The ARA is supportive of the proposal for the regulation to be forward-looking and not retrospective.

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Thank you again for the opportunity to provide a submission. We look forward to further engagement as the proposed reforms continue to evolve and are implemented.

Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.

FEE IMPORT LEVY – FUNDING OF THE SCHEME