SUBMISSION
FRAMEWORK FOR RECYCLED CONTENT
SEPTEMBER 2023

The Australian Retailers Association (ARA) welcomes the opportunity to make a submission to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) in relation to the development of a national framework for recycled content traceability.

The ARA is Australia's oldest, largest and most diverse retail body, representing a $420 billion sector that employs 1.4 million Australians – making retail the largest private sector employer in the country. As Australia's peak retail body, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail members.

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. 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.

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

ARA POSITION

Retailers have a strong commitment to climate action and to supporting Australia's transition to net-zero emissions. This commitment is evidenced by our Net-zero Roadmap, Climate Action Plan and online resources provided to help our members accelerate this transition.

To address the risks of climate change affecting businesses and their supply chains, retailers continue to implement positive changes, particularly in relation to packaging and recycling. The use of recycled materials is an ongoing challenge in Australia due to several factors often outside retailers' control, such as the lack of national harmonisation, and the lack of recycling infrastructure.

The ARA commends the Department on the investment in resources to develop a more robust process around the use and traceability of recycled content.

However, our member consultation has highlighted several key challenges regarding the implementation of the proposed framework – notably that there are other available mechanisms to drive greater use of recycled content in Australia. The ARA suggests the ambitious nature of the framework will add unjustified complexity, and there are a range of refinements that can be made to leverage international standards and industry practice. As an example, chain of custody certification is already effective in providing a platform to ensure material purchase does contain recycled content,

government should therefore focus efforts in this process to assure traceability. Any additional framework must ensure that the requirements do not outweigh the benefits the increased use of recycled content would create.

ARA FEEDBACK

Approach

Retailers have continued to embrace traceability to better understand their supply chains, and to respond to changing consumer expectations about transparency. However, there are ongoing challenges in achieving greater traceability.

As was highlighted in the [Modern Slavery Act Review 2022](#), the Australian market remains small in comparison to the global market, which results in a general reluctance for suppliers to provide transaction certificates or traceability data, and businesses do not have the commercial leverage to demand data.

Additionally, retailers are working with the Australian Packaging Covenant Organisation (APCO) and the government to commit to recycled content targets for packaging, and the development of mandatory design standards. Meanwhile, the recycling infrastructure in Australia is still maturing and differs by state, but the framework relies on reprocessing capacity in Australia for "all kinds of materials."

The ARA suggests the scope does not specify how traceability of recycled content will support brands if they are not able to easily use Australian recycled content in product packaging. The Department should consider refining the scope to reflect what materials it relates to, based on the reprocessing infrastructure currently available in Australia or that which is close to implementation.

On the ARA's reading of the discussion paper, it is unclear how the proposed framework differs from a reporting tool. This framework would be better suited to be used to help harmonise existing certification schemes, such as working with Standards Australia in the development of ISO/DIS 59014.

Ultimately, any framework should focus on uplifting capability to improve maturity, rather than focusing on compliance and reporting. In recognition that Australia's recycling infrastructure is still maturing, it is appropriate that the framework is voluntary – as proposed.

Principles

The ARA supports a technology agnostic approach. We also support an approach based on internationally recognised data standards that will allow businesses to build traceability into the pre-existing functions of their organisations and pre-existing data models, where possible.

This will allow businesses to choose the most suitable system for their operations and may allow for capability building of pre-existing systems to align with the new standards.

Key data elements

The key data elements proposed are too onerous and place a significant burden on businesses, particularly small and medium enterprises (SMEs) who do not have the resources or expertise to achieve the policy objectives.

In particular, the information required under Table 4, such as recycled content quality and provenance, go beyond what existing certification schemes can achieve and risks implementation costs outweighing the benefits of the scheme. It will also place businesses and supply chains that have already established relationships with third party schemes at a disadvantage.

The ARA suggests that the pre-existing Chain of Custody certification process is simpler than the proposed framework and will enable the practical achievement of traceability goals. Retailers should be able to rely on a third-party certification scheme, who can provide ongoing auditing assurance and who have existing chain of custody mechanisms.

Additionally, these resource requirements will create barriers for SMEs, as well as retailers who partner with SMEs along their supply chain. This framework would apply to Australian supply chains using recycled content only. An international approach would be preferred to support businesses with global supply chains.

Recycled content provenance

The ARA recommends that the 'one up, one down' approach to traceability will suit the capabilities of industry, but the requirements to verify supply chains beyond this direct sphere of influence are complex and unworkable.

Whilst it is appropriate to include imported materials in the scope of the framework, the inclusion of city of origin or an additional layer beyond country of origin is unreasonable to include in scope. As highlighted above, retailers face challenges in receiving information from suppliers as it pertains to modern slavery and these requirements have been in place for almost four years. The introduction of another compliance obligation would receive pushback from suppliers who are unwilling to provide further detail on their supply chains.

Due to this, an end-to-end traceability system is unlikely to be achievable for large scale retailers in four years, as suggested by the framework.

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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.