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Recycled Content Verification and Traceability Section, Department of Climate Change, Energy, the Environment and Water

**RE: Developing a national framework for recycled content traceability:  
Discussion paper.**

Ai Group is a peak national employer organisation representing traditional, innovative and emerging industry sectors. We have been acting on behalf of businesses across Australia for nearly 150 years. Ai Group is genuinely representative of Australian industry. Together with partner organisations we represent the interests of more than 60,000 businesses employing more than one million staff. Our membership includes businesses of all sizes, from large international companies operating in Australia and iconic Australian brands to family-run SMEs. Our members operate across a wide cross-section of the Australian economy and are linked to the broader economy through national and international supply chains.

Our attached submission addresses some of the topics raised by the Paper. Broadly we support the proposed outcomes. However, we urge the Government to consider the issues raised by our members, who have varying degrees of recycled material use and cover the entire supply chain including collection, reprocessing, remanufacture, wholesale, and retail.

**Comments on proposed national framework for recycled content traceability**

Our members have expressed mixed views on the proposed framework. There has been broad support from members to establish a national traceability framework, but also deep concerns from members in recycling, wholesale, and retail sectors.

Members are broadly supportive of a technology-agnostic approach.

Members have been supportive of a one-up-one-down approach which does not add a disproportionate amount of cost and complexity to traceability activities within businesses, particularly those with extensive product ranges. However, issues have been raised regarding the scope of information that would be required in the proposed model; with some members commenting that this captures private personal data of individuals who use publicly accessible drop-off services of collectors/recyclers. Members have also raised concerns about



the potential capture of commercial-in-confidence information in the proposed scope, and possible perceived anti-competitive behaviour.

Concerns have also been raised regarding the lack of acknowledgement of sectoral differences and the potential impact to existing mature markets for some second-life materials. More thought should be given to sectors where price premiums for onshore processed recycled materials/products cannot readily be absorbed or passed on, and for some material classes export would still be a more financially attractive approach than remanufacturing onshore.

The voluntary nature of the proposed framework has had mixed reactions from members, with some welcoming the voluntary nature as a way to distinguish themselves from competitors. Others have suggested the increased costs to participate in a voluntary scheme that has not been adopted by competitors, would create a price increase that would cause lower competitiveness for participating firms in their sector.

Mass-balance has been the chain-of-custody method most supported by our members.

Given the divided responses on the proposed framework, Ai Group would urge the Department to take more time to consult with industry on the nuances that will affect each sector, and the broader markets these businesses operate within. Additionally, Ai Group has seen both successful voluntary arrangements, and schemes with limited effectiveness because of free-rider fears. If a voluntary arrangement proceeds, close and regular monitoring will be needed to ensure any problems are evident and provoke a response.

If you have any further questions regarding this submission, please contact our Advisor, Molly Knox ([molly.knox@aigroup.com.au](mailto:molly.knox@aigroup.com.au)).

Sincerely yours,

A handwritten signature in black ink that reads 'Louise McGrath'.

Louise McGrath  
Head - Industry Development and Policy  
Australian Industry Group