

Submission from Australian Mobile Telecommunications Association in response to the National Television and Computer Product Stewardship Scheme Consultation Paper on Proposed Regulations

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Background

The Australian Mobile Telecommunications Association (AMTA) is the peak industry body representing Australia's mobile telecommunications industry. AMTA members include mobile Carriage Service Providers (CSPs), handset manufacturers, retail outlets, network equipment suppliers and other suppliers to the industry. AMTA's vision is to promote an environmentally, socially and economically responsible, successful and sustainable mobile telecommunications industry in Australia.

AMTA members represent an innovative industry with annual revenue of more than \$12 billion, more than 20,000 employees and a direct economic impact of \$5.8 billion a year. The mobile telecommunications industry has an even bigger indirect or spill-over effect on the broader economy of \$6.4 billion because mobile telecommunications products and services make firms more productive.

MobileMuster is the mobile phone industry's official recycing program and is managed by AMTA on behalf of its members. This recycling program has been in operation since 1999 and was relaunched under the MobileMuster brand in 2005.

AMTA supports the principles of sustainability and product stewardship and its members are committed to continually reducing the environmental impact of telecommunications products throughout their life cycle from design, manufacture, handling to use and disposal by:

- improving the efficiency of resource use in products
- increasing resource recovery
- minimising the generation of waste (including hazardous substances)
- improving the management of post-consumer waste and
- reducing the risks to human health from poor management of products.

As all handsets are manufactured overseas, AMTA encourages handset manufacturers locally to promote product stewardship throughout their overseas parent.

AMTA is committed to ensuring consumers are informed about what they can do to reduce the environmental burden of mobile phone products by:

- encouraging people to extend the useful life of their mobile phone by repairing it at any handset manufacturer certified service centre, and
- promoting its mobile phone recycling program MobileMuster

Although AMTA is focused on promoting the recycling of mobile phones through its member funded program, MobileMuster, AMTA also recognises that refurbishment and reselling of used mobile phones is a legitimate global commercial activity that can extend the useful life of mobile phones, improving access to communications and providing social and economic benefits.

AMTA considers that refurbishment and reselling is only appropriate when it is conducted in a manner consistent with the *UNEP Basel Convention Guideline on the Refurbishment of Used Mobile Phones*.

That is the repair and reconditioning of used mobile phones is done in an environmentally sound manner that will protect human health and where the mobile phones re-entering the market comply with applicable original equipment manufacturer technical performance standards and regulatory requirements.

AMTA's Response to Issues and Questions in Consultation Paper

Products under the scheme

AMTA supports the concept of an integrated e-waste service for the community that is free and accessible. AMTA will work closely with the TV and Computer scheme to streamline collections and raise community awareness and participation.

There are a number of other electical and electronic goods that need to be addressed such as cameras, ipods etc.

While MobileMuster adequately covers the majority of the mobile phone manufacturers at this time there is a concern that this may not be the case in the future and there may be a need for regulation against free riders.

Therefore, AMTA recommends that there is a provision included in the regulation to allow for the scope of the products under the scheme to be broadened and this be reviewed / revised on a regular basis, such as every three to five years.

There are a vast number of synergies that could be gained through broadening the scope of the regulation to other electronic and electrical equipment.

Threshold on liable parties

It is important that the regulation capture the majority of the product being imported (a minimum of 90%). It is clear that there is value in having separate thresholds for different product types as illustrated by the analysis and the differences in company /business mix for each product type. It is recommended that separate thresholds for different product types be applied to ensure that as a minimum over 90% of the product being imported is captured by the threshold.

Measures to manage avoidance by some importers

Both approaches outlined are appropriate, i.e. grouping related companies and providing the Minister with the power to direct companies that are considered to be involved in deliberate avoidance measures are not entitled to a threshold and are deemed as liablie parties under the scheme.

Targets

AMTA supports the four key concepts for target setting - Scheme Target, Pathway for each Product Class, Calculating Available Waste and Allocating an enforcebale target to each approved Arrangement.

<u>Scheme targets</u> should include the collection rate of available waste. This should be measured and reported in both weight (kg) and units, not just units.

There are four main reasons for this (1) products do not come back as a unit (2) its costly to count the units at collection / recycling point (3) weight is a more reliable measure at the recycling point (4) it is easier to convert the import units to weights.

It is recommended that consumer awareness of TV and computer recycling be included as a scheme target.

MobileMuster has found that the recycling rate (i.e. material recovered) is difficult to meaure due to the complexity and diversity of recycling process used and the ability to obtain specific information from recyclers to a level which could be independently auditted.

AMTA recommends that resource recovery results should be reported by each Arrangement annually. Likewise they should report on weight and type of material sent to landfill but they do not need to be enforceable targets.

Given the high level of recyclablity of the products AMTA recommends that as a guide over 90% of the materials collected should be diverted from landfill for reprocessing. In terms of a guide for material recovered it is recommended the regulation refer to those rates outlined in the European WEEE directive (i.e. greater than 75%).

<u>Scheme target pathways</u> for each product class is appropriate given the products have very different life cycles.

In terms of collection rates for each product (as opposed to recycling rates) MobileMuster found that its collections grew quickly from 42 tonne in 2005/06 to 122 tonne in 2008/09 after it relaunched the program in Decmber 2005. Collections since then appear to be levelling out at about 120 tonne per annum due to a number of factors including the introduction of alternative commercially based reuse program that either pay for the mobiles or donate to charity. Correspondingly MobileMuster's collection rate of available waste (or discarded phones) has grown from 18% in 2006/07 to 50% in 2009/10.

Therefore it would be expected that targets should grow rapidly in the first 3 to 5 years for both TV and computers and then level out over the following years.

<u>Calculating available waste</u> – MobileMuster uses customs and member import data, customs export data as well as its own annual market research on what people do with their previous mobile phone to determine the available waste, or as MobileMuster calls it discarded mobiles.

The formula used by MobileMuster is as follows and is published each year in the MobileMuster Annual Report.

MobileMuster's Formula to calculate Annual Collection Rate (Discarded Mobiles)

The formula used to calculate this rate for 2009/10 has been modified from that used in the previous two years due to the current uncertainty in estimating phones discarded from storage. The formula for estimating the amount of discarded phones no longer includes an estimate of phones discarded from storage (see revised definition of Discarded Phones below).

Annual Collection - Weight of mobile phone components (i.e. handsets, batteries, chargers, accessories and associated plastics) received by recycler measured in kg and converted to tonnes

Discarded Phones = Participating Manufacturer Reported Imports – Estimated Participating Manufacturer Exports - (Kept + Given Away)

Participating Manufacturer Reported Imports - measured in units5 (i.e. mobile phone unit = handset, battery, charger and accessory) and converted to weight using the average unit weight

Estimated Participating Manufacturer Exports - measured in units and converted to weight using the average unit weight. The figure has been calculated to reflect the proportion of participating manufacturer shipments that have been exported and is estimated as the All Industry Exports¹ divided by All Industry Imports² multiplied by Participating Manufacturer Reported Imports³.

Kept – Estimate based on market research⁴ on the proportion of people who keep their previous phones for further use including "kept it just in case", "not working but kept it anyway" and "still using it" multiplied by Participating Manufacturer Reported Imports. Measured as units and converted to weight using the average unit weight.

Given Away – Estimated based on market research on the proportion of people who pass on their previous phones for further use including "gave it to someone else", "traded it"

¹ All Industry Exports (i.e. includes non participating manufacturers exports) sourced from Australian Customs Data that has been reported by Australian Bureau of Statistics and provided to AMTA by Informark.

All Industry Imports (i.e. includes non participating manufacturers imports) sourced from Australian Customs Data that has been reported by Australian Bureau of Statistics and provided to AMTA by Informark.

³ Data sourced from Informark – Participating Manufacturer Shipments

⁴ Independent online survey conducted annually by IPSOS on behalf of AMTA of 665 mobile phone users, aged between 16 and 64 years old randomly selected across Sydney, Melbourne, Adelaide and Perth.

and "donated to charity" multiplied by Participating Manufacturer Reported Imports. Measured as units and converted to weight using the average unit weight.

The following assumptions have been made in calculating the amount of discarded phones and may be subject to review in future years as more data becomes available:

- The majority of mobile phones being discarded are manufactured by participating manufacturers and that the number of non participating manufacturers is minimal / insignificant.
- The amount of unsold mobile phones held in stock is relatively low and remains constant through out the year.
- The IPSOS market research results used in the calculations are an accurate and consistent representation of what the general population do with their mobile phones when no longer in use.

The method proposed in the consultation paper using an agreed metric based to account for average product life does not elaborate on how this will be determined. Will it take into account people's tendency to store and keep these items. It is recommended that annual market research into ownership and behaviour be undertaken by liable parties at least for the first two to three years to understand consumer behaviour.

Allocating an enforceable target to each approved arrangement, it is recommended this is done on a weight basis as the product wont come back as individual units and is a more practical and cost effective measure. It is easier to convert import unit data to weights then it is collection data to units.

Australia Wide Implementation – AMTA supports the overarching principles for achieving Australia wide implementation for each Arrangement and will work closely with Arrangements to streamline the collection and promotion of collection points.

Information reporting requirements – The list of information (table 2) that will need to be reported is quite comprehensive.

AMTA does not necessarily see there is a need for the Arrangement to report on the cost of arrangement, as the funding is not coming from public funds.

However, the information on the amount of material recovered and flows to landfill are limited. Arrangements should be required to provide details on each recycling process used including where the recycling occurs, materials recovered; incinterated or landfilled. This should follow the recycling chain right through to its end point and not just after the product has been dismantled and separated into its material types. Transparency of the recycling processes is critical for government and the community.

Key performance Indicators - AMTA considers that the areas of evaluation listed in table 3 are appropriate.

Assessment and approval of product stewardship arrangements - AMTA considers that the areas of evaluation listed in table 4 are appropriate.

Besides goverance and financing, particular focus should be placed on the recycling processes being used and ensuring the Arrangement understands the complete recycling chain.

Communication and awareness raising should not simply be limited to knowing where and how to recycle but also a very clear and transparent explanation of the complete recycling process, where, and how it occurs, how data security is addressed and if any product will be refurbished and resold locally or overseas.

Compliance and enforcement – What steps will the regulator take to ensure the recycling is done to the appropriate standards and is not in breach of local and international regulations. This is a substantial risk.