**A national framework for recycled content traceability: Discussion paper webinar transcript**

**Tarlinton, Rachael** 0:03

Hello, my name is Rachael Tarlington and I'm here with my colleague Esther Richards. Today we'll be giving you an overview of the discussion paper on developing a national framework for recycled content traceability.

Before we begin, we'd like to take a moment to acknowledge the traditional owners of the land upon which we are recording this webinar. For me here in Canberra, that's the Ngunnawal people.

**Richards, Esther** 0:26

And for me here in Meanjin, or Brisbane that is the Jagera people and the Turrbal people ​

**Tarlinton, Rachael** 0:33

We would like to recognise the Traditional Owners continuing connection to country and pay respects to Elders past, present and emerging. I would like to extend this acknowledgement to the Traditional Owners of the lands upon which you are watching this webinar today.

The aim of today's presentation is to help you understand what traceability is and why it's important. It will provide an overview of the discussion paper and highlight key areas for feedback.

The proposed framework seeks to provide guidance to actors within recycled content supply chains on the information that should be collected and shared, as well as the standards that should be adopted to be able to trace recycled content. We are seeking your feedback to help shape the design of the framework and the discussion paper is open for feedback until the 31st of August.

So let's start with what is traceability. Simply put, traceability is being able to trace a product or material along its supply chain. Internal traceability is where a company follows the internal movement, management and processing of materials within its own operations. External traceability is when that data is shared with other supply chain partners. Where records are complete along the entire pathway, it would be example of full or end-to-end traceability.

Traceability is implemented using a traceability system which provides the ability to capture, share and access documented information. This can be manual or paper-based, digital, or use integrated hardware such as a barcode. Whatever traceability system is used, it should be supported by an assurance system to verify the recycled content information being transmitted along the supply chain. This is most often done through third-party audit and verification services.

When we talk about traceability in recycled content markets, we know there is a broad range of benefits for businesses, governments and consumers. We know that consumers are becoming increasingly educated in environmental issues and demand more detailed and timely information.

Businesses can benefit from greater efficiencies as traceability requires a close look at the route recycle content takes, from the source to the end market, which can provide a clearer view of ineffective processes or risks, helping to achieve operational efficiencies and cost reductions. It will increase transparency, as traceability can help companies prove green claims, giving consumers confidence and providing a competitive advantage.

The traceability framework will encourage harmonisation across Australia and this would minimise business costs that might result from working across different state and territory frameworks.

Traceability can help secure market access to key markets. Internationally, we are seeing an increase in requirements for supply chain traceability for recycled content. The framework can help position Australian businesses to meet relevant international requirements.

Traceability can help to increase the demand for a recycled materials as it will give recycled content users greater confidence to use more of these materials and contribute to growing domestic markets for recycled materials.

And finally, traceability will support the transition to a more circular economy. If there is more confidence to use recycled content, more quality assurance and more demand for it, we will see more materials stay in circulation for longer. And the transition to the circular economy is the main driver behind the development of this framework.

Australia's Environment Ministers agreed to work with the private sector to design out waste and pollution, keep materials in use and foster markets to achieve a circular economy by 2030. We've heard that some manufacturers hesitate to use recycled content because of uncertainties about its origin as well as quality and supply inconsistencies, while at the same time we have heard from the recycling sector that there is not enough demand for their products.

With a greater flow and transparency of information, we expect this gap to narrow, therefore supporting the use of recycled content in manufacturing and contributing to the circular economy goal. Now I will pass over to Esther to discuss with you the overview of the framework.

**Richards, Esther** 5:25

Thank you, Rachel. The discussion paper proposes key design considerations for developing a national framework for recycled content traceability. This webinar focuses on a few of these considerations. The proposed framework is being developed to guide industry on how to implement traceability in recycled content supply chains. This will include the information that should be collected and shared, and the standards that should be adopted. We have also proposed a set of guiding principles to help drive consistent decision-making when businesses are implementing traceability.

The framework is proposed to be initially voluntary, because recycled content traceability in Australia is still developing. A voluntary framework would enable businesses to implement traceability at a pace that works for them, while still providing guidance to ensure traceability is implemented consistently.
It would also support national harmonisation by providing a template for Australian Governments to set consistent expectations.

The framework is also proposed to be technology-agnostic, which means that no specific traceability technologies such as Blockchain will be required under the framework. However, all technologies used must be interoperable, which means that they must be able to connect and communicate with each other to share information.

The framework is also proposed to be outcomes-focused rather than prescriptive. This will allow businesses to innovate and find the most effective approaches to achieving the outcomes.

Finally, we proposed to align the framework with international emerging traceability requirements. In the European Union, for example, traceability is a requirement for recycled plastic materials that come into contact with food. Alignment would help businesses meet these international requirements and increase their ability to compete in these markets.

The framework is not expected to include development of a government traceability system or centralised database, or require supply chain participants to share or report traceability data with Australian governments.

We would appreciate hearing whether you support a voluntary technology-agnostic, outcomes-focused and internationally aligned framework that provides guidance for businesses.

The scope of the proposed framework would include traceability for all recycled materials created or used in Australia, including imported materials. In this case, we are referring to recycled materials that is consistent with the international standard ISO 14021. This includes pre-consumer material, which is material recycled from manufacturing waste. It also includes post-consumer material, which is recycled from waste generated by households or other end-users when a product reaches its end-of-use.

Also in scope are materials recycled using different processes, including advanced recycling, otherwise known as chemical recycling. The framework would cover specific supply chain activities within Australia, but we're seeking to align with international requirements in order to support the framework’s use by companies that operate internationally.

The specific supply chain activities in scope are shown in this generic supply chain diagram. Under the framework, traceability would begin at the material recovery stage where recovered materials are sorted, with some processing such as shredding, to produce individual streams of sorted materials for further re-processing. The other activities in scope are reprocessing, manufacturing, distribution and the point where the product or material is sold for final use or consumption. Traceability under the framework stops at this stage, but we expect end-of-use materials would be picked up again at the material recovery stage. The scope of the framework does not include products destined for reuse or repair, unrecyclable waste or recycled materials that are exported from Australia.

We would like to hear from you about whether we've got the scope right. Do you think imported recycled materials should be within scope of this framework once in Australia, and should they be treated the same as domestic materials?

The discussion paper explores two models by which traceability can be achieved. The first model is a one-step forward, one-step back approach, also known as one-up one-down traceability, which is used widely in the food sector. It means a business can trace the movement of their goods one-step forward to their customers and trace their production inputs one-step back to the immediate suppliers. For a manufacturer, this would mean tracing forward to the distributor and back to the reprocessor.

It also means the manufacturer does not have visibility of the entire history or future of their recycled content goods. To overcome this, we are proposing that supply chains look to achieve full traceability. This would give everyone along the supply chain visibility into the journey of recycled content from source to finished goods. It would require businesses to map their supply chains and implement interoperable traceability systems.

Based on timeframes in other sectors, we think it is possible to achieve full supply chain traceability of recycled content by 2028, which is within four years of the framework’s expected release. This would allow time for participants to map their supply chains, implement traceability systems and, where necessary, re-negotiate supply contracts to facilitate information sharing.

In order to trace recycled content across the supply chain, certain information must be collected and shared by businesses. This information should capture: what item is being traced, in this case recycled content; who are the parties involved; where did the item come from; how it has been managed; and when did specific events occur such as shipping, receiving and processing.

Some information, including details of the traceable item, the parties involved and the dates of specific events are already being collected and shared as part of normal business.

I would like to focus in this webinar on information specific to recycled content which are shown here in the red boxes. This information includes understanding the provenance of the recycled content, which includes the jurisdiction in which the material was first generated or collected. It also includes information about the source and type of waste from which the recycled content was derived.

How the item has been managed, captures information on the recycled content composition and quality. Recycled content composition can help with understanding if or how recycled content has been combined with other materials and the amount of recycled content present in the final product, or a blend of materials.

To determine this, the discussion paper recommends using a chain of custody approach, and in particular a mass balance approach. Mass balance is simply a method that matches production inputs with production outputs to determine the recycled content of those outputs.

Recycled content quality is another information point, and it means understanding the physical and chemical characteristics of recycled content and how that content has been processed. The information captured would include the processing details at each step of the supply chain and the identity and concentration of chemicals and contaminants in the recycled content.

All of this information must be interoperable from business-to-business. This means each business must have a common understanding of the information, and their systems must be able to accept and use it. Information should also be independently verified by businesses when required, and those verifiers should be accredited to international standards, such as the ISO standard, that deals with conformity requirements for verification bodies.

That's a summary and an overview of the key points of the framework. I'll pass back to Rachael to take you through the rest of the webinar.

**Tarlinton, Rachael** 14:04

Thanks, Esther. So the discussion paper is currently open for comment. We will then take your feedback and use this to put together a draft framework. The draft framework will be submitted to the Environment Minister's Meeting later this year and pending decisions we anticipate to be able to publish this by mid-2024. To ensure the framework remains current, we propose to conduct the first review within three years of its release.

In our discussion paper, we have 65 questions. These are all optional questions, so you may choose to answer all or only some of them. There's a few in particular that we would like to highlight for you and we would really like to know:

* whether you participate in traceability or would you and how long would you need for implementation?
* would you adopt a voluntary framework and should it become mandatory over time?
* is the suggested scope and data sharing proposed appropriate?
* what traceability and recycled content data is the most important to you and your business?

We encourage you to take a look at the discussion paper and provide feedback. Feedback can be provided in a way that suits you. We have the option for you to take the survey or to provide a written submission.

If you would like to provide a written submission, we have prepared a submission template for you that you can use if you wish. If you have any further questions, please reach out to us at recycledcontenttraceability@dcceew.gov.au. Thank you for tuning in.