Australian Government

Productivity Commission

Consultation: Opportunities in the Circular Economy

1 November 2024

WorkVentures submission to the Productivity Commission: Opportunities in the Circular Economy

We are grateful for the opportunity to provide this submission in response to the inquiry into Australia's opportunities in the circular economy to improve materials productivity and efficiency in ways that benefit the economy and the environment.

We believe that there are substantial opportunities to improve both social and sustainability outcomes through the creation of a model of 'circular economy for good' when it comes to technology device reuse. Several policy levers could have a significant impact upon the scale that a 'National Device Bank' could achieve, ultimately potentially providing every person who needs one with access to a refurbished device. This not only benefits the circular economy here in Australia but has a material amplifying effect upon the social return on investment through the uplift of digital access and skills of disadvantaged Australians.

Further, we have highlighted the barriers and opportunities in relation to more general electronics focused circular economy here in Australia. As an experienced national electronics repair centre for several decades, WorkVentures has generated significant experience and insight into how a true, long term circular economy model can be structured for the electronics sector. However increasingly, environmental factors have made this increasingly challenged which means we are losing this skillset as a nation. If not addressed in the near term will challenge Australia's ability to support any kind of electronics based circular economy into the future.

Information request 1: Circular economy success stories and measures of success

    a) **Device refurbishment for social good**

There are approximately 10m laptops, tablets and PC's refreshed by companies and governments every 5 years in Australia.[1] Currently a very small proportion of these are reused for social good, while almost 1 in 4 Australians are digitally excluded.

According to the latest Australian Digital Inclusion Index Data (ADII), 9.4% of the Australian population is highly digitally excluded, and 14.2% is digitally excluded.[2] 10.5% of Australians are mobile-only users, with specific cohorts significantly over-represented when it comes to mobile-only use, including people in very remote areas (32.6%), First Nations people (21.3%), and those on the lowest incomes (20.7%).[3]

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[1] Data aggregated from SpiceWorks, Euromonitor, BusinessWire, Islam et al, 2021; Islam et al 2020.

[2] Thomas, J., McCosker, A., Parkinson, S., Hegarty, K., Featherstone, D., Kennedy, J., Holcombe-James, I., Ormond-Parker, L., & Ganley, L. (2023). *Measuring Australia's Digital Divide: Australian Digital Inclusion Index: 2023.* Melbourne: ARC Centre of Excellence for Automated Decision-Making and Society, RMIT University, Swinburne University of Technology, and Telstra.

[3] *Ibid.*

Digital exclusion in modern Australia has an increasingly negative impact, resulting in increased social exclusion. Students' educational outcomes are negatively impacted, job seekers find it increasingly difficult to find meaningful employment, access to essential services such as telehealth and government functions are restricted, and seniors can face increased isolation.

While digital inclusion is complex and can result as a lack of access to reliable connectivity or digital skills, the lack of an appropriate and affordable device does have an important role.

From a device perspective, WorkVentures has been addressing digital inclusion through the responsible refurbishment of end-of-life corporate technology for several decades. In doing so, we have been able to support over 100,000 digitally excluded individuals and households. In our experience c.70% of laptops, mobiles and PC's refreshed by corporates and governments can be reused in our digital inclusion programs.

Providing digitally excluded people with a refurbished device, creates a strong anchor for addressing other elements of digital exclusion. For example, WorkVentures has close to 70% participation rates for digital skills uplift sessions offered as part of a device donation program.

WorkVentures has been partnering with Westpac on device collection and refurbishment for social good for several decades. As outlined in the case study within "A digital Inclusion Approach to Device Donation and Reuse"[4], this collaboration has supported 44,022 people with technology and diverted over 720 tonnes of technology from landfill.

Digital inclusion has a positive effect upon educational outcomes[5], it reduces social isolation of seniors, it enables jobseekers to find meaningful careers and it enables communities to access essential services. The additional positive social outcomes derived from device reuse for digital inclusion purposes are broad and can be transformative societally.

b) Electronics Repair Case Study

WorkVentures has generated social enterprise income from electronics repairs for several decades. During the last 15 years, our key focus has been on repairing and maintaining parts used within the pre-nbn copper network. Using a team of c.20 technicians and logistics employees across two sites, this repair and maintenance work has ensured that this network continues to operate, keeping communities in some of Australia's most remote destinations remain connected.

While this has been a success story for several decades, as outlined below however (information request 3) increasing barriers and hurdles has increasingly meant that as this network is decommissioned it has been unviable to replace this work with other electronic repairs work, essentially meaning that we will be losing this skillset as a nation.

Information request 2: Priority opportunities to progress the circular economy

a) Creation of a National Device Bank

There is a significant opportunity to repurpose more of the c.10m laptops, PC's and laptops and a further 6.5m mobile phones refreshed every 5 years by companies and governments in Australia, to support communities experiencing digital poverty. We know that 1 in 4 Australians are digitally excluded. We know that 25% of Year 10 students don't have access to a computer at home to do homework[6] which if extrapolated across the entire high school population in Australia equates to c.500k students who are potentially falling behind. The impact of a student having access to a device at home is tangible with 84% reporting an uplift in grades as a result.

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[4] Australian Digital Inclusion Alliance, 2024
[5] A 2024 WorkVentures study conducted across 6 schools in 5 states identified students provided with donated laptops had an uplift of 84% in both their ability to complete homework and assignments and also resulted in an improvement of grades.
[6] ACARA, 2022 NAP ICTL public report

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Currently, the most common approach adopted by both companies and governments at the point of this technology refresh is either resale via a commercial ITAD, which most commonly ends up offshore, or recycle. There is no incentive for these devices to be retained to support an Australian circular economy and more importantly a circular economy for social good.

WorkVentures, together with Good Things Australia and Good 360 is advocating for the creation of a National Device Bank which would collect and redistribute these devices for free via a network of c.6k NFP's across the country. The demand is significant with over 1k NFP's currently requesting devices[7] for people they support. We believe demand is potentially much higher, with most people in need focusing upon immediate needs such as food and shelter rather than a device, which may be considered a 'luxury', however one which has the ability to potentially support them to break the cycle of poverty through education or employment or help foster social connection and reduce isolation.

Information request 3: Hurdles and barriers to a circular economy

    a)   **Current regulation and policy disincentivises device reuse for social good**

At present, the National TV and Computer Recycling Scheme ('NTCRS') disincentivises the reuse of devices to address digital inclusion, effectively reducing the pool of laptops, PC's and monitors available. While undoubtedly delivering significant results when it comes to recycling e-waste, we believe it contradicts circular economy principles of prioritising reuse and the repurposing of goods before recycling. While it is difficult to ascertain data to validate this, in our experience devices which could have been re-used for digital inclusion purposes have instead been recycled to meet NCTRS targets.

It is our belief that this scheme should explore mechanisms such as device donation incentives and incentivising reuse as a higher order of preference over recycling – particularly when used to address social issues such as digital inclusion.

There is also a lack of policy or regulation which suitably incentivises companies and government agencies to donate devices. For example, incentives through the tax system (similar to financial charitable donations) would help the for-purpose sector to 'compete' with the rebates provided by the IT Asset Disposition sector, which was worth an estimated 14.2 Billion USD globally.

    b)   **Barriers to electronic repairs**

WorkVentures has delivered a range of electronics repairs for several decades, encompassing a range of technologies including but not limited to UPS's, Telco infrastructure, ATM's, cash registers and supermarket infrastructure, parking metres, Electric Vehicle Charging Stations and electric scooters. During this time, the opportunity to perform repairs has decreased significantly. In our experience, this has been driven by several factors:

- Costs of replacement v repair: as the cost of electronic items has declined, the incentive to repair compared to replacing has reduced for most types of electronics, except those which are highest value, most niche or more difficult to replace.
- Access to IP: it is increasingly difficult to access essential intellectual property required to repair electronics. One recent example of this was a brand of E-tags which we were consulted upon to repair. After extensive discussion, this did not proceed due to the manufacturer refusing to share access to a critical piece of IP. As a result, we understand that the fleet was/will all be replaced instead of being repaired.
- Planned obsolescence: this can take many forms, but often means that the equipment is not repairable without significant damage (e.g., parts glued together).
- Technological advancement: on a more positive note, the reduction in component count within devices has increased the reliability of devices and thus the need for repairs to be performed.

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[7] Via Good 360, Good things Australia, WorkVentures and GiveIt platforms.

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While we acknowledge that these challenges are difficult to address in the short term via regulation, the impact that they are having upon the repair sector cannot be understated. As a nation, this skillset is in decline. While many smaller repair shops still exist (though are reducing), WorkVentures is now one of the few larger repairers in the country which can undertake component level repairs. We are increasingly being asked to undertake repairs from workshops being closed.

While we are a training organisation, WorkVentures unfortunately no longer trains this skillset as we cannot ensure the volume of work to retain trainees ourselves, nor see pathways in other organisations in the sector – either commercial or social enterprise. The risk that we are facing is that unfortunately while regulation gradually addresses incentives to repair and in doing so increases the volume of electronics requiring repair, the skilled workforce is declining. When the levers to shift us to a more circular focused economy start to drive more demand for electronics repairs, we may have very few Australian-based resources to perform the work. We would encourage exploration of a dialogue on how we plan for an increase in electronic repair skills in parallel to the measures outlined in the discussion paper. As a training organisation in this space, we would be interested in participating in this discussion.

Information request 4: Governments' role in the circular economy

a) Government support for a National Device Bank

We believe that the government has a key role to play in the creation of a National Device Bank.

- Government devices:
  - With approximately 40% of the devices refreshed originating from the public sector alone, there are c.4m laptops, PC's and tablets which could be diverted and repurposed to support Australians in need. We see this as a critical step by a government working for all people in Australia.
  - Ways that this could be enhanced across government include:
    - At a procurement policy level, prioritising or mandating that all agencies donate at least a 50% of devices for social good.
    - Introducing social enterprise/NFP led panels for device donations for government agencies to access
    - Federal government 'sponsorship' of the National Device Bank as a central mechanism for coordinating collection, refurbishment and redistribution of devices via NFP's nationally.
- Incentives for companies to donate:
  - As noted in Information Request 3, current regulation, such as the NTCRS disincentivises companies to support a circular economy for social good.
  - If companies were incentivised via mechanisms such as rebates or tax reductions to donate devices for social good, we believe that the social return on investment of accelerating digital inclusion for Australians would far outweigh any cost. For example, Good things Australia recently identified that the economic benefit of addressing digital inclusion was c.$0.5B per year[8], and this excluded any education uplift and only included the 1 in 10 Australians who were highly digitally excluded (not the 1 in 4 Australians who were digitally excluded).

b) Government support for a Right to Repair

As noted in 3(b) there are many barriers which are holding back electronic repairs and thus a true electronics circular economy in Australia. We believe this could be addressed through the introduction of a Right To Repair, as previously outlined by the Productivity Commission, which addresses the barriers noted in 3(b).

About WorkVentures

WorkVentures is Australia's leading IT social enterprise with a rich 45-year history. We are committed to an equitable Australia where everyone can thrive. Our purpose is to transform Australia through technology, skills and meaningful career pathways.

We work with businesses, governments and the for-purpose sector to:

- Bridge the Digital Divide;
- Provide Equitable Career pathways; and
- Promote a circular economy.

Thank you for the opportunity to submit our views on this topic

Yours sincerely

Caroline McDaid

Chief Executive Officer, WorkVentures