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The Chair

Australian Government Productivity Commission

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Re: Opportunities in the Circular Economy

Ena Vejnovic, Dr Daniel Schepis, Professor Sharon Purchase, Dr Liudmila Tarabashkina

We welcome the opportunity to provide comments on Australia's opportunities in the circular economy, specifically in the textiles sector. Our team consists of four researchers from The University of Western Australia Business School. Ena Vejnovic is a PhD candidate, and her dissertation research is on circular economy approaches in the Australian fashion/textile industry, specifically focusing on collaboration and how business networks develop. Dr. Daniel Schepis, a Senior Lecturer at the University of Western Australia, is an expert in using qualitative research methods to examine innovation processes. Prof. Sharon Purchase, with her background in engineering, has worked extensively with industry on market innovation topics. Dr. Liudmila Tarabashkina, a Senior Lecturer at the University of Western Australia, is an expert in experimental research focused on corporate social responsibility and sustainable consumption.

The fashion (textiles) industry contributes between \$2.5 and \$3 trillion to the global economy annually ([Textile Exchange & KPMG, 2018](#)) and \$27.2 billion to Australia's economy ([The Australia Institute](#)). Beyond its economic impact, it significantly contributes to environmental degradation, including greenhouse gas emissions, water waste, and landfill accumulation, largely due to its traditionally linear economic model ([Ellen MacArthur Foundation](#)). This issue is especially apparent in Australia where 6,000kg of textile waste is discarded into landfill every 10 minutes, and each year, Australians purchase 27kg of new textiles and discard 23kg ([Upparel](#)). Although several leading organisations are beginning to promote and implement circular economy initiatives, these practices remain in the preliminary stages.

Our research team are currently investigating the practices and processes used to coordinate circular economy in Australia, exploring how collaborations are developed and influence the adoption of circular economy practices in the fashion/textile industry. The research project examines four key questions:

- 1) How organisations (any organisation in the textile industry) are coordinating and promoting the adoption of circular economy approaches.
- 2) The role of multiple leading organisations in advancing these approaches and fostering collaboration in this area.
- 3) The barriers to adoption faced by organisations in the fashion/ textile industry.
- 4) Potential areas for improvement to enhance circular economy adoption.

Within this project 35 in-depth interviews were conducted between November 2023 and September 2024, with Australian organisations interested in circular economy

approaches in the fashion/textile industry. The interviewees included representatives from educational institutions, consulting firms, textile recyclers, retail/e-commerce brands, manufacturers, and designers. Additionally, the project analysed publicly available data, including information from websites, 38 news articles/blogs, 18 reports, 12 press releases, and social media posts published between February 2020 and September 2024 by organisations leading circular economy collaboration efforts. Data from these sources was analysed to identify patterns of common and divergent perspectives among Australian organisations involved in the textile industry.

This project identified organisations' perceptions regarding current practices in achieving circular economy adoption and provide suggestions for overcoming obstacles hindering the growth of Australia's circular economy in the textiles sector. We synthesise these insights below in response to the 2024 call for submissions titled "Opportunities in the Circular Economy," requested by the Australian Government Productivity Commission.

Challenge #1: Lack of coordination across the circular economy network

Several leading organisations are actively encouraging different organisations to partake in circular economy approaches through various initiatives. Although these initiatives share a common goal, they vary in their specific suggestions and objectives. For instance, some organisations provide roadmaps for implementing circular economy approaches, yet their recommendations—ranging from different certifications to manufacturing requirements—often differed. These separate initiatives have prompted perceptions of conflicting suggestions or agendas, which was described by participants as leading to confusion about which agenda to follow and raised questions about each initiative's legitimacy. When this occurred, many participants adopted a "wait-and-see" approach, observing rather than committing to a particular initiative or participating in circular economy network events or practices. Although conflicting initiatives were highlighted as a challenge for the Australian textile industry, a few participants also suggested that having multiple organisations promoting separate agendas helped raise awareness of the diversity of circular economy initiatives.

Recommendation: Participants noted that the alignment of initiatives and agendas among leading organisations enhances the perceived legitimacy of circular economy approaches, thereby encouraging wider participation. Leading organisations could develop shared roadmaps and guidelines for use in their initiatives, while also maintaining the flexibility in more specific actions to offer unique or context appropriate suggestions. This approach ensures consistency in presenting circular economy initiatives, reducing confusion among organisations. At the same time, it allows each organisation to promote its own initiatives and agendas, thereby broadening awareness and engagement in circular practices.

Challenge #2: Lack of industry expertise in developing circular economy network goals

Several participants in our study noted that leading organisations lacked a deep understanding of issues and challenges faced by certain types of businesses (such as e-commerce stores or SMEs), suggesting that the circular economy goals and initiatives were not always feasible and realistic. This had raised doubts about the likelihood of achieving a true shift to circularity in the Australian textiles sector. Participants attributed this to the lack of different types of organisations/experts involved in formulating goals and agendas, which further undermined confidence in the process. Without collaboration and the sharing of actionable, sector-specific practices, organisations were reluctant to participate.

Recommendation: Involve more diverse experts from different parts of the fashion or textiles industry in the planning and implementation of network goals and practices. These experts can provide suggestions regarding the feasibility and relevance of current network goals to lower the barriers in partaking in these networks and circular approaches. Additionally, regular feedback loops should be established to allow for the continuous refinement of goals and agendas based on practical insights and evolving industry needs, thereby improving participation across the sector.

Challenge #3 Lack of relevant/applicable resources for all organisation types

Several of our participants raised a common issue with the one-size-fits-all strategy employed by circular economy leaders, was that these efforts were not applicable or relevant to all organisational sizes or types. Participants highlighted the lack of events, resources or content tailored to small and medium enterprises (SMEs), designers, manufacturers, which diminished the perceived value in circular economy participation and discouraged broader involvement. This lack of content for different types of businesses was seen as a barrier to improving coordination, as organisations from different parts of the supply chain are essential to making circular economy viable.

Recommendation: Leading organisations should provide a variety of content and events to better cater to different types of organisations in the textiles industry. Several of our participants proposed each leading organisations should focus their efforts on providing a variety of content, resources and events to different groups (e.g. SMEs, designers and manufacturers) to ensure broader reach and greater motivation for participation.

Challenge #4: A lack of consistent language and terminology

A major issue is the inconsistent use of terminology and definitions across content provided by leading organisations. This inconsistency creates confusion and hinders organisations from fully understanding and implementing circular economy approaches. Many participants noted a lack of an easy-to-understand, common language that could help reduce hesitance to engage in circular economy practices.

Recommendation: A common language around circular economies in the fashion or textiles industry is essential. Although some leading organisations use shared terminology for certain aspects of circularity (i.e., end-of-life stages), there is still room

for improvement. Several participants pointed to countries (e.g. France and Sweden) or non-for-profit organisations (e.g. [Ellen MacArthur Foundation](#)) that have effectively established clear definitions and consistent language for circular economies.

Challenge #5: Concerns about competition

The fashion industry is highly competitive and traditionally not very collaborative. Several participants mentioned that competition between retailers and designers makes it difficult for them to adopt circular economy practices. However, to successfully implement a circular economy, collaboration across the entire supply chain is essential. The lack of official rules or standards for collaboration further exacerbates this issue, leading to a higher perceived risk associated with adopting circular practices.

Recommendation: Australian textile industry could benefit from a pre-competitive environment (competing companies coming together to address a shared goal or problem), which would help organisations collaborate more effectively without the fear of competitive disadvantage. Lead organisations could create information sharing guidelines for collaboration to help overcome this barrier.

Challenge #6: Lack of research and resources for circular economy projects

Participants called for more research and projects focused on the design stages of the circular economy, as many organisations lack a clear understanding of how to integrate circular economy principles into their business practices. While universities started contributing to knowledge development in this area, participants suggested that additional funding for research and innovation was necessary to improve understanding of solutions relating to waste recovery and designing for circularity.

Recommendation: It is recommended that more resources be devoted to projects in the circular economy. To facilitate this, it is crucial that government institutions and industry bodies prioritise and increase funding opportunities. More specifically, they could develop more targeted grants focused on supporting projects in waste recovery and designing for circularity. Ensuring that these grants are accessible to both organisations and individuals will promote innovation at all levels and encourage a broad spectrum of solutions.

Challenge #7: Limited access to relevant technology or resources

The study also revealed that a lack of access to technology and resources has hindered greater involvement from organisations attempting to adopt circular economy practices. Participants expressed a need for more financial support and access to essential machinery, which is often expensive and difficult to obtain. Several participants described this as a significant hurdle they still need to overcome.

Recommendations: Many participants suggested that they would be open to sharing machinery, but noted that the government is expected to play a key role in facilitating

this transition. By providing these resources, organisations would be incentivised to participate more actively, thereby enhancing both their appeal and engagement in the circular economy.

Information Request 4: Governments' role in the circular economy

Participants in our study unanimously stated that policy or regulatory changes at the national level are essential for enabling organisations to adopt circular economy approaches. Many noted that achieving a true circular economy in the textile industry would be challenging without government mandates, as some key organisations would be unlikely to participate voluntarily.

Government involvement, both at the national and state or territory level, was seen as a way to enhance legitimacy and encourage broader participation in existing initiatives. Participants proposed that this involvement could include increased funding for innovative research, public endorsements, promotional support, and government representation at events organised by leading organisations. A recurring observation from several workshops analysed as part of our study was the noticeable absence of state or national government representation, an area where participants expressed a strong desire for change. However, local governments were described as being actively engaged in organising some educational/networking events with leading organisations, which has helped improve access to resources and perceived legitimacy of existing circular economy activities.

Recommendations: The government can consider establishing policy requirements that mandate a certain percentage of textiles to be designed for circularity and impose fees on organisations that neglect to incorporate such practices. Additionally, increased involvement and participation is crucial; this should include ramping up funding for innovative research, enhancing public endorsements and promotional support, and ensuring government representation at key events.

We are happy to provide additional information as part of this process.

Thank you,

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