Australasian Procurement and Construction Council (APCC)

Submission to the *Opportunities in the circular economy – Call for submissions* prepared by the Australian Government Productivity Commission

Contact details for APCC

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The Australasian Procurement and Construction Council (APCC) is pleased to submit its response to the "Opportunities in the Circular Economy – Call for Submissions" prepared by the Australian Government Productivity Commission. In this submission, the APCC highlights the critical importance of the construction sector as a priority area for circular economy initiatives.

APCC members across various jurisdictions have highlighted the vital role of circular economy principles and the reduction of construction waste through several key policies and frameworks, including:

- *NSW Decarbonising Infrastructure Delivery*
- *Western Australia Sectoral emissions reduction strategy for Western Australia and Waste Avoidance and Resource Recovery Strategy 2030*
- *ACT Sustainable Buildings Pathway*
- *Victorian Social Procurement framework and Recycled First Policy*
- *Queensland Transport and Main Roads Waste 2 Resource Strategy*

About the APCC

The Australasian Procurement and Construction Council Inc (APCC) comprises Australian and New Zealand government agencies responsible for procurement, construction, asset management, and property management policy and practice. As the peak council for public sector procurement and construction, the collective members create a unique central repository of knowledge and expertise to support improved delivery of services.

Established in 1967, the APCC was created by government for government. APCC members are responsible for procurement, construction and property and asset management policy for Australian State and Territory governments, the Australian Government and the New Zealand Government.

The work of the APCC is committed to procurement innovation, solutions and efficiencies designed to create savings and maximise service delivery to the communities of Australia and New Zealand.

We achieve this by promoting a cohesive government procurement environment and managing national projects that deliver local benefit. Together, we harness the benefits of nationally consistent approaches through leveraging the extensive knowledge and expertise of members to generate innovative solutions that add value to what and how they buy, build and manage their assets.

The APCC has developed the Pathway to Green Construction Procurement and Library. This initiative supports the inclusion of environmental sustainability criteria including circular economy principles into government procurement processes. By providing comprehensive resources and guidelines, the APCC assists governments in effectively integrating sustainability principles and meeting legislated emissions targets.

Information Request 1: Circular Economy Success Stories and Measures of Success

The construction industry presents numerous opportunities to reduce waste, lower material costs, and enhance environmental outcomes. From a procurement perspective, key measures of success may include setting targets and baseline metrics for waste reduction, material reuse rates, and embodied carbon emission reductions in construction projects (*See: Queensland Transport and Main Roads W2R Calculator*). Implementing requirements for digital product passports and environmental product declarations can also track and report on material sustainability. Additionally, utilising established rating systems such as the Infrastructure Sustainability Council Rating tool credits and the Green Building Council Australia's Responsible Products program can monitor and measure circular economy performance.

Information Request 2: Priority Opportunities to Progress the Circular Economy

Priority opportunities to advance the circular economy in construction include the use of recycled materials, which reduces demand for virgin materials, lowers costs, and decreases environmental impact. Tracking the percentage of recycled materials used in projects and their environmental benefits is essential. Other opportunities also exist in designing for disassembly which extends the life of building materials and facilitates recycling (*See: NSW Circular design guidelines for the built environment*). Prefabricated modular construction opportunities can also enhance resource efficiency, reduce construction time, and minimise waste *(See: Victorian Prefabricated Construction Directory).*

Information Request 3: Hurdles and Barriers to a Circular Economy

However, several hurdles and barriers hinder the adoption of circular economy practices in construction. High initial costs for adopting new technologies and practices can deter adoption, and contractors may risk losing bids if the inclusion of recycled materials increases costs. There also exist challenges in change management and perceived risks associated with new methods, particularly where the industry is already facing productivity challenges. Procurers evaluating construction tenders also have many other competing considerations to take into account, including social and economic factors. Inconsistent regulations across states and territories, and the need for standards and specifications to accommodate the use of recycled materials, also pose challenges.

Information Request 4: Governments' Role in the Circular Economy

Governments play a pivotal role in fostering a circular economy. Governments can continue to develop conducive policy environments that encourage and enhance the development of a circular economy in construction. Additionally, Governments can support a circular economy through financial incentives, such as grants and subsidies for projects that incorporate circular economy principles. Governments must also be prepared to invest in new innovative projects and manage associated risks. Developing comprehensive guidelines and resources for circular construction practices, implementing training programs for industry professionals on circular economy principles, and fostering collaboration and partnerships between government and industry to drive innovation are essential steps.

Summary

In summary, the Australasian Procurement and Construction Council emphasise the critical need to integrate circular economy principles into the construction sector to achieve substantial environmental, economic, and social benefits. By addressing the identified hurdles, such as high initial costs, resistance to change, and regulatory inconsistencies, and by leveraging the outlined opportunities, including the use of recycled materials, designing for disassembly, and modular construction, the construction industry can significantly advance Australia's circular economy. Governments play a pivotal role in this transition by developing conducive policy environments, providing financial incentives, investing in innovative projects, and fostering collaboration between government and industry. Through these efforts, the construction sector can lead the way in promoting sustainable practices and driving the circular economy forward.