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Opportunities in the Circular Economy - Inquiry
Productivity Commission
Locked Bag 2, Collins St
East Melbourne Vic 8003
Email: circular.economy@pc.gov.au

Good Sammy submission for Inquiry into Opportunities in the Circular Economy

Thank you for the opportunity to contribute to the Inquiry.

About Good Sammy

Good Sammy Enterprises (Good Sammy) is one of the largest social enterprises and circular economy participants in Western Australia.

Established in 1958, Good Sammy currently employs 830 staff, of which 52% have a disability, and has almost 200 volunteers. As a for-purpose organisation, Good Sammy exists to create employment opportunities for people with disability.

Good Sammy accepts over 5,000tpa of household goods for reuse each year in addition to over 2,000 tpa of containers for change (the largest not-for-profit collector in the State).

Of the household goods collected, Good Sammy sells over 75%, thus diverting them from landfill. The remainder are sent to various recycling facilities or if unable to be sold or recycled, to landfill. All of the beverage containers received are kept in the circular economy to be recycled into new products.

These goods are accepted within Good Sammy's 29 retail stores in regional and metropolitan Western Australia (from Geraldton to Albany) and are serviced by Good Sammy's logistics enterprise which collects goods from over 200,000 households a year and over 1,100 community collection points.

Prioritisation

We commend the Productivity Commission for undertaking an Inquiry into opportunities in the circular economy.

It is the view of Good Sammy that considerably more opportunities exist to grow the circular economy within Australia, and provide greater economic, environmental and social outcomes for Australians.

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It is also our view that there is limited incentivisation or support given to new and existing circular economy market participants to ensure their activities are sustainable, and that the abovementioned outcomes are maintained.

Specifically, there are opportunities to achieve multiple outcomes (and Government priorities) through the prosperity and future growth of the circular economy. For example, fostering more employment outcomes for people facing disadvantage (i.e. Good Sammy's mission) is possible at the same time that more circular activities are performed. For-purpose organisations that provide both social and environmental outcomes should therefore be more strongly supported.

Simple initiatives such as allowing for-purpose organisations (not for profit entities) to deliver extended producer responsibility schemes for mattresses, baby car seats and electronics would see increases in the economic and social participation of disadvantaged groups. This feeds into the broader opportunity of social procurement, and how Governments can use their buying power, to target contracts and opportunities to organisations that deliver both the economic AND the social outcome.

Fast Fashion

Fast-fashion and consumerism is having an increasing impact on our society and the environment locally and globally. Australia is one of the highest consumers of textiles, as well as other fast consumer goods. As a charity receiving household donations, including many poor quality goods, we believe the government has an opportunity to intervene at the top of the waste hierarchy to avoid many of these problematic goods entering the country, or at a minimum – preventing them entering the country without incurring some kind of end of life cost accountability.

Currently, there is a significant cost transfer from households and Local Government Authorities to charitable organisations such as Good Sammy, of items that are unable to be retained in the circular economy. As such, this places a financial burden on the charity for correct recycling and disposal pathways. Good Sammy incurs approximately \$1 million annual costs due to this transfer (of which \$400,000 is a direct landfill gate cost).

If Government wishes to see charitable reuse continue to provide critical circular economy and employment opportunities in a sustainable way, they should be supported where they are receiving waste from households and Local Governments.

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Principles

We agree that principles are required in the circular economy sector, which can be used to drive future investment and policy opportunities.

We would like to see these principles implemented:

- Support for nationally consistent mandated extended producer responsibility schemes that reduce the cost burden of non-saleable products for the charitable reuse sector, particularly for batteries, e-waste, mattresses and textiles.
- Support for for-purpose organisations that deliver both circular economy outcomes and social outcomes such as employment for disadvantaged groups.
- Social procurement being used as a mechanism by Governments to drive circular economy and social outcomes concurrently.
- Alignment between states with national policy and targets particularly the e-waste ban and ESG procurement guidelines.
- Introduction of financial levers to encourage reuse and repair.
- Strong policy, such as import duties, on low quality fast consumer goods.

Information request 1 Circular economy success stories and measures of success

Designing out waste - Good Sammy has appointed a small circular economy team and has successfully diverted additional materials for recycling and reuse, as well as developed partnerships with TAFEs and Universities to assist in hands-on experience understanding the downstream impacts of design. These partnerships have also included swapping out virgin materials (twilling, fills, fixings, fabrics) for second-hand goods. Data collection has also been undertaken, and can be expanded on, with the students to assist in understanding significant brand contributors to the unsaleable products. Additionally, the South Metropolitan TAFE students take items to repair them in a cost-effective way. Actual material impact would be in the order of 20t/tpa however the ongoing design understanding for future generations of designers will last well beyond the initial material diversion impact.

Collaboration - Good Sammy is part of the Circular Textile Working Group WA which includes a network of organisations throughout the circular textile supply chain. The collaborations formed and leveraged through this network has allowed for optimal investment in equipment and technology mix. Regular liaison with organisations throughout the supply chain allows for information sharing, knowledge of materials available, and where solutions may overlap. A similar benefit occurs through networking with other industry representative bodies including Charitable Reuse Australia and Waste Management & Resource Recovery Association of Australia. Collaboration is key to getting the right infrastructure mix for material/product supply and end of life treatment to prevent solutions cannibalising each other locally – as has started to occur with overlapping plastics processors and energy from waste providers in WA.

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Supporting local circular markets - Narrowing loop activities are occurring through Good Sammy utilising a local polypropylene plastics recycler (Claw); a local paper/cardboard recycler (Adarsh Fibres); and recovering an increased amount of e-waste through Total Green Recycling instead of metal recyclers which often don't have the capacity to recover rare and precious metals. With more effective extended producer responsibility schemes, more of these scarce materials (such as rubber and metals) could be recovered.

Good Sammy also notes that providing extended producer responsibility scheme opportunities to existing significant market participants that have the logistics and collection hubs in the community, is a cost effective and efficient way to drive greater material recovery. It also allows opportunities to educate consumers on multiple product recovery pathways at a single point.

Local reuse - Highest order reuse is inherent in the charitable reuse business model. Good Sammy sells over 75% of the goods it collects, which is a high recovery model and important to reduce items going to landfill. Other goods are sent to recyclers and if unable to be sold, to landfill. This is achieved through our stores and staffing model as well as donations handling processes.

Information request 2 Priority opportunities to progress the circular economy

Disability employment to undertake circularity tasks would improve economic outcomes and align with existing Government priorities, through providing an affordable staffing model of willing and reliable workers.

Priority materials - Priority opportunities include identifying major material streams where we are importing and exporting a similar amount of material – for example sending textiles overseas only to buy back rags for sale; virgin polyester fill and fibres for insulation and wadding, calico for twilling materials and single use products where reusables are readily available.

Extended producer responsibility - Where effective product stewardship schemes exist Good Sammy would consider collecting a larger range of materials at our 1,100 recycling points throughout metropolitan and regional WA, if practical and cost effective.

Repair & share hubs - Introduction of repair and share hubs would assist with convenient options for localised reuse and repair, partnering with charitable reuse stores. Repair initiatives should be supported by a rebate incentive such as the French or Austria¹

Repair, reuse and producer responsibility initiatives could be designed to support social enterprises, including employment for people with a disability.

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¹ <https://repair.eu/news/a-comprehensive-overview-of-the-current-repair-incentive-systems-repair-funds-and-vouchers/>



Optimising reuse - Our research has shown that the most convenient, highest use and most affordable method of accepting goods for reuse from the community is via community donation bins (cost benefit can be provided confidentially on request).

Since fewer sites are now available for community donation bins because of their removal by some Local Governments, this has reduced the amount of goods available for reuse and seen a lack of focus on textiles as a priority item.

Information request 3: Hurdles and barriers to a circular economy

Influx of cheap low quality goods - The biggest challenge for the charitable reuse industry is that not enough people buy second hand goods instead of new goods. There is an influx of cheap new goods that charities are unable to sell locally, hence the need for export markets. But even exporters are starting to become overwhelmed with goods as consumerism and fast fashion increases throughout Asia and the rest of the world. Therefore, government intervention is required to slow down the tap through accountability for whole of life costing. Decreased supply will assist in people valuing what they've got, extending the life of goods and reducing raw material consumption.

Australians pay on average \$13 for an item of clothing, in comparison to \$40 in the UK. Polyesters and synthetics dominate the fibre market, occupying 70% of market share, and the environmental impact associated with this fibre is significant. 35% of ocean microplastics are caused by the production and laundering of synthetic petrochemical-based textiles. Ultra-fast fashion brands such as Shein and Temu are bypassing traditional retail methods and creating a race to the bottom on cost of clothing and, consequently in Australian department stores, new shirts can be purchased for \$2.50.

Skills and staff shortages - Lack of availability of suitable volunteers to assist with identifying, grading, repairing / upcycling high value products to longevity of quality items.

Economic barriers - Charities receive many goods that could go to end markets at low or no cost if there was an economically viable way to sort and store the materials in the large number of specific categories requested by small volume users. Mandated extended producer responsibility schemes could create economic viability for these tasks.

Design for demanufacture and repair - Many products are increasingly difficult to repair, and/or break earlier than their intended lifespan. Composite products – for example toys made of many different materials, composite and new fabric blends, plastic film made of all types of plastics, make it difficult to identify and recover materials for a higher order end use.

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Legacy EPR costs/ Whole of life costing - Existing extended producer responsibility programs generally do not factor in legacy products or transport costs, therefore they only partially offset the cost of recovering the product. For example, the mattress product stewardship scheme is projecting \$10/mattress, processing costs are closer to \$40/mattress. It only collects revenue on new mattresses, not the 8-15 years of mattresses that charities and local governments receive. Shoe and toy product stewardship schemes do not have capacity, or transport costs available to recover most product from WA. National TV and Computer Recycling Scheme covers approximately half the cost of recycling included in e-waste. A significant proportion of e-waste (kitchen appliances, beauty/ grooming appliances, tools etc) is not covered under any e-waste scheme and are composite products that are unable to be easily repaired or demanufactured. These are cost prohibitively expensive to recycle.

Local labour costs - Grant funding is typically for infrastructure not operational costs. The operational costs of separating, decontaminating, storage, transport, repair are the most significant cost. Infrastructure offsets are not adequate to justify the operational expense of some initiatives.

Lack of alignment between Government policy and action - The Government has introduced a range of targets and policies that should set a framework for success – however the supporting actions required to achieve these targets have not been developed or resourced appropriately:

- Local skill and industry development targets (Future made in Australia; Clean energy workforce).
- Net Zero Targets.
- Waste reduction targets of 10%, and diversion from landfill of 80%.
- UN Sustainable Development Goals - Australia exceeds most planetary boundaries (Earth Overshoot Day) by April each year.

A circular economy, including designing out waste and decreased consumption underpins achievement of each of these targets.

Information request 4: Governments' role in the circular economy

Strong policy levers are required to create a viable local circular economy and reduce Australia's social and environmental impact locally and overseas.

Key areas considered for policy reform include:

- facilitating waste avoidance and designing out waste,
- market development,
- concurrent delivery of environmental, economic and social outcomes,
- repair, and
- creating local employment.

Specific government interventions are suggested under each of these topics below.

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Facilitating waste avoidance and designing out waste

- Low fee TAFE courses and micro-credentials that focus on designing for circularity and repair.
- Eco-modulated taxes or tariffs related to problematic goods such as electronic goods, batteries, mattresses, textile types such as petroleum-based imported fibres.
- Ensure consistency of Australia with EU in relation to banned products (e.g. PFAS) which will require changes to government procurement standards.
- Enforcing bans and Australian Standards related to low quality and problematic goods such as vapes, unsecured batteries and low quality / volatile batteries.

Concurrent delivery of environmental, economic and social outcomes

- Introduction of a Commonwealth Social Procurement Policy that targets opportunities to circular economy business-service delivers that can demonstrate delivery of social outcomes under the contract.
- Introduction of Circular Economy grant opportunities for social enterprises that can demonstrate concurrent delivery of environmental, economic and social outcomes.

Market development

- Sustainable procurement frameworks to drive local markets.
- Incentivise local production and invest in local manufacturing capacity:
 - E.g. United States has import duties on all clothing not produced in America. It has a higher tariff on goods produced in China.
- Maintaining mandatory carbon reporting – including scope 3 emissions that results in organisations reviewing their supply chain to understand environmental impacts.
- Mandatory EPR schemes – particularly for textiles, batteries, mattresses, other hazardous wastes, electronic waste, shoes and toys.

Repair

- Coordinated right to repair mechanisms including federal legislation.
- A Repair Coordinator based in each state government environment programs team (i.e. DWER -Waste Sorted) to facilitate and support a range of repair initiatives including Repair Cafes, local government activities, charitable reuse sector.
- Repair incentives preferably via the tax system that support extending product life (*see Netherlands and French models¹¹*).

Creating local employment

- Ensuring government procurement standards have a minimum requirement for disability employment, in the same way that there are minimum indigenous and gender equity requirements.
- Protecting local businesses through import duties. 1 July 2024 on the majority of the products that there are now voluntary product stewardship schemes from when nuisance taxes were removed. PLEASE reinstate the import duties at a level that prevents them being a 'nuisance' i.e. back to the 15-35% levels they used to be to protect local businesses and account for end of life handling for the products.

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Good Sammy look forward to continuing to assist the Productivity Commission as it implements its review and recommendations.

Yours sincerely

Kane Blackman
Chief Executive Officer

