



Information request 1

Circular economy success stories and measures of success

The PC is seeking views and information on the following.

- Australian case studies of circular economy activities already occurring, which may involve narrowing loops (e.g. reducing the demand for materials) closing loops (e.g. using materials multiple times) slowing loops (e.g. extending useful product life) or regenerating (e.g. using non-toxic materials and regenerating ecosystems). Information would be particularly welcome on:
 - how these activities affected business and economic outcomes (including costs), environmental outcomes (including waste and pollution) and social outcomes
 - levels of uptake
 - reasons why businesses, consumers and communities adopted circular economy activities
 - the effectiveness and costs of these activities (such as from project evaluations, participant surveys).
- Australia's overall potential to move to a more circular economy, as well as how best to monitor progress and measure success.

One notable case study is Ecopex Furniture, which exemplifies the shift in procurement practices necessary to support circular economy objectives. Ecopex has transitioned the office furniture lifecycle from a traditional buy-use-dispose model to a more sustainable rent-repair-reuse, or buy-use-resell model. This approach is particularly effective with high-quality furniture, where durability enhances reuse potential and aligns well with Ecopex's business model. Notably, Ecopex operates independently from furniture manufacturers, establishing itself as a dedicated service provider for this circular model. Although currently based in Singapore, Ecopex is expanding its operations into Australia, which presents an opportunity to adopt similar circular strategies in local markets.

This case illustrates the benefits of adapting procurement practices, where purchasing decisions now emphasize long-term value and circularity over short-term use. Key measures of success for Ecopex include the reduction in waste generated from office furniture disposal, cost savings for businesses by avoiding frequent purchases, and the environmental impact reductions from extending product lifecycles.

Additionally, within the facilities management sector, the adoption of the TRUE (Total Resource Use and Efficiency) Zero Waste framework and certification represents a progressive step. Facilities that attain TRUE certification meet rigorous standards for waste reduction, reuse, and overall sustainability, indicating a commitment to circular economy principles. Through the certification process, organizations refine procurement practices, for instance by prioritizing rentals over purchases or opting for suppliers that align with circular values.

Both of these examples highlight the tangible effects of procurement transformations to embrace circular principles. The success of such initiatives can be measured through environmental outcomes (e.g., reduced

waste, carbon footprint), economic benefits (e.g., reduced costs associated with waste disposal), and adoption rates across industries that signify growing acceptance of circular practices.

Information request 2

Priority opportunities to progress the circular economy

The PC is seeking views and information on the following.

Opportunities in Australia to improve environmental and economic outcomes through greater adoption of circular economy activities. These may relate to sectors, products or supply chain segments, and involve narrowing loops (e.g. reducing the demand for materials), closing loops (e.g. using materials multiple times), slowing loops (e.g. extending useful product life) or regenerating (e.g. using non-toxic materials and regenerating ecosystems). Information would be particularly welcome on:

- how these opportunities could affect business and economic outcomes (including costs), environmental outcomes (including biodiversity, climate and water, land and air quality), and social outcomes
- feasible levels of future uptake or adoption in Australia
- how their effects could best be monitored or measured, and how opportunities could be prioritised
- how Aboriginal and Torres Strait Islander knowledges could be valued, in ways that protect Indigenous cultural and intellectual property, to identify and develop these opportunities.

Analysis of which circular opportunities provide the greatest scope to improve environmental and economic outcomes in Australia and why, including information on:

- metrics used to inform this analysis
- modelling or analysis relating to the potential benefits and costs of implementing specific circular economy opportunities at the sector, product or supply chain segment level (including, but not limited to, life cycle assessments or cost-benefit assessments)
- the distribution of benefits and costs, and whether they will occur in the short, medium or long term.

Information on specific opportunities and risks for Australia resulting from international developments, including circular economy policy. These may include developments that:

- affect Australian exports, such as by opening or creating new markets, or by placing regulatory requirements on the design and production processes of Australian exports

affect Australian imports, such as changes to production methods internationally, or developments in international markets

innovative processes that could be adopted in Australia.

One of the core opportunities for advancing a circular economy in Australia lies in shifting perspectives on waste and instilling an education-driven transformation in procurement. Traditionally, waste has been viewed as a cost burden, with disposal often the simplest solution. However, reframing waste as a potential revenue stream—where one business's by-product can become another's raw material—presents a valuable opportunity for more sustainable procurement. This requires educating businesses on the economic and environmental benefits of such systems thinking. For instance, shifting procurement practices to consider the entire lifecycle and reuse potential of materials can create valuable inputs for other manufacturing processes, thus supporting a closed-loop system.

1. Systems Thinking in Procurement Practices

Adopting a systems-thinking approach in procurement enables organizations to recognize the interconnected nature of their operations and supply chains. This approach not only encourages the reuse and redistribution of materials within local markets but also promotes a more resilient supply chain by supporting local sources and suppliers. Emphasizing local sourcing, especially from Aboriginal and Torres Strait Islander suppliers, brings significant value by drawing on Indigenous knowledge for sustainable resource management. These suppliers often have deep-rooted practices in resource stewardship and offer insights that can enhance sustainable procurement in the circular economy. Incorporating such social procurement also helps companies meet corporate social responsibility (CSR) and diversity goals, while actively contributing to economic empowerment.

2. Global Competitiveness through Circular Practices

As global corporations like CBRE, Schneider Electric, AstraZeneca, Apple, Unilever, Mars, Lego, and Heineken increasingly prioritize decarbonizing their supply chains, Australian companies have a substantial opportunity to align with these trends by adopting circular economy practices. These multinationals are actively engaging their suppliers to help them calculate carbon emissions, establish decarbonization initiatives, or meet Science-Based Targets (SBTs) and net zero commitments. For instance, Apple now requires its manufacturing partners to shift to renewable energy sources, while other organizations provide support for emissions reduction efforts or demand similar commitments from suppliers.

By positioning themselves as circular and sustainable suppliers, Australian companies not only gain access to international markets (and continue to keep access in EU markets due to CBAM) but also future-proof their operations against rising expectations for sustainable practices. Moreover, as carbon pricing mechanisms become more prevalent, integrating circularity into procurement will allow businesses to quantify the carbon value of their operations, potentially driving further innovation and commitment to a circular economy. This alignment with international decarbonization strategies opens up long-term competitive advantages and reinforces Australia's potential to become a leader in sustainable supply chains.

3. Leveraging Sustainable Procurement Practices

To successfully scale a circular economy in Australia, procurement practices must incorporate criteria that prioritize circularity. For example:

- **Scope Development and Specification:** Establishing product specifications that mandate durability, repairability, and modularity can extend the product's lifecycle. This could involve choosing suppliers that offer take-back or remanufacturing programs, thus ensuring products continue to circulate within the economy.
- **Evaluation and Performance Criteria:** Embedding circularity metrics—such as recyclability, waste reduction potential, or carbon footprint—into supplier evaluations can align procurement choices with circular economy goals. By assessing suppliers based on these criteria, organizations reinforce the importance of circular practices throughout their supply chains.
- **Commercial Contracting Elements:** Contracts can incentivize circular outcomes through gain-sharing models or sustainability-linked performance clauses. For instance, suppliers may receive bonuses for reducing waste generated from their products or for achieving specific recycling targets. Similarly, adopting frameworks like the TRUE Zero Waste certification in facilities management creates a structured way to achieve and verify circular practices, while aligning with broader sustainability standards.

4. Skills considerations

The Global Standard¹ is the competency framework for procurement and supply. It defines the knowledge, skills and behaviours from entry level to strategic leadership level. It sets out what professionalism looks like in practice, at all levels, in all sectors, anywhere in the world. Procurement and supply professionals are uniquely positioned within organisations and are equipped with the necessary skills to deliver environmental outcomes. A procurement professional's skill set empowers them to drive circular procurement i.e. consideration of a product from design stage through to disposal. While procurement often focuses on sourcing stakeholder needs, professionals are equipped with the knowledge and skills to ensure circular economy principles are embedded as part of specification development, market analysis, procurement planning and strategy through to execution and supplier development and contract management.

However, a significant hurdle or barrier to a circular economy is that many organisations lack the procurement capability and/or capacity to affect strategic procurement. The CIPS-Hays Procurement & Supply Salary Guide 2024 Employer Report² tells us that procurement recruitment challenges and the so called "talent gap" in the profession is highest (or widest) in Australia and New Zealand with 79% respondents in the region experiencing difficulties hiring in the past year. This compares with the global average of 58%. One of the biggest challenges employers face in this regard is a lack of technical skills or evidence of formal procurement training. More generally, CIPS members tell us that on too many occasions, the procurement function is brought in to a procurement exercise at a late stage (e.g. when a contract is

¹ <https://www.cips.org/intelligence-hub/global-standard-for-procurement-supply>

² <https://www.cips.org/careers/salary-guide>

required), rather than at the outset. Engaging procurement at a late stage diminishes the scope for circular economy outcomes.

Overall, the shift to circular procurement requires a combination of education, systems thinking, and alignment with global market demands. As organizations begin to view waste as a valuable resource and integrate circular principles across procurement practices, they contribute to a more resilient, sustainable economy.

Information request 3

Hurdles and barriers to a circular economy

The PC is seeking views and information on the following.

- The main reasons businesses and consumers have not adopted circular economy practices to date, including (but not limited to):
 - costs
 - attitudes (including about risk)
 - regulatory constraints
 - lack of information or resources
 - lack of coordination.

Despite growing interest in circular economy principles, several significant barriers limit the adoption of circular practices by businesses and consumers. These barriers span cost considerations, regulatory limitations, gaps in both information and coordination, as well as attitudinal resistance related to perceived risks. Each of these challenges must be addressed to facilitate widespread adoption of circular economy practices.

1. Cost Considerations

Implementing circular economy practices often requires higher upfront costs, though they can result in lower ongoing expenses. For instance, investments in durable, repairable products or renewable energy sources may offer long-term savings and environmental benefits. However, the payback period for these investments can extend significantly—often closer to ten years—whereas many internal finance requirements mandate a much shorter, typically two-year payback. This disparity means that valuable circular and sustainable capital expenditures are frequently rejected because they do not meet traditional financial criteria, even though they could yield substantial benefits over time. Aligning financial evaluation models with longer-term sustainability goals is essential for overcoming this barrier and supporting circular economy practices.

2. Attitudinal Barriers and Risk Perception

Attitudes toward circular economy practices can hinder adoption. For many businesses, circular practices are perceived as risky or untested compared to traditional linear models. The idea of retaining ownership over products to enable reuse or refurbishment, for example, can feel novel and risky, as companies may be concerned about issues such as quality control, liability, and maintaining brand reputation. Additionally, procurement and finance teams often focus on the lowest-cost approach, which may prioritize new purchases over repairing or reusing existing assets. This challenge is exacerbated by the way items are financially valued; for instance, office furniture that has been written down to zero on a company's balance sheet is often viewed as worthless by real estate or asset managers. However, from a circular economy perspective, such assets retain significant value for refurbishment, resale, or even donation, creating both economic and environmental benefits.

3. Regulatory Constraints


Regulatory environments can inadvertently restrict circular economy initiatives. For example, stringent health and safety standards, while essential, may prevent the reuse or redistribution of certain materials or products, particularly in sectors like food, healthcare, and electronics. Furthermore, regulations on waste disposal may not adequately support or incentivize alternative, circular solutions such as remanufacturing or upcycling. Without reforms to align policies with circular economy goals, businesses face regulatory barriers that reinforce a linear approach.

4. Lack of Information and Resources

Businesses often lack the information, tools, and resources to effectively implement circular practices. For instance, companies may not have access to data on the recyclability or carbon footprint of their products, making it difficult to evaluate potential environmental impacts or develop circular strategies. There is also a need for accessible resources, such as guidelines and case studies, to help businesses understand the benefits and practicalities of circularity. Knowledge-sharing platforms or centralized resources from government or industry bodies could mitigate this gap, enabling companies to make informed decisions.

5. Lack of Coordination Across Sectors

Circular economy practices require a high degree of coordination across sectors and industries to succeed. For example, establishing closed-loop systems for materials demands collaboration between manufacturers, waste managers, and secondary users, which can be challenging to organize. A lack of coordination results in missed opportunities for waste-to-resource transformations and hinders the creation of circular value chains. Moreover, existing infrastructure for waste collection and recycling may not be equipped to handle the segregation and processing needs specific to circular models, leading to inefficiencies and increased costs.

 **Information request 4**

Governments' role in the circular economy

The PC is seeking views and information on the following.

- The extent to which policy or regulatory changes (national, state and territory, or local; or for specific sectors, products or supply chains segment level) could better enable the pursuit of circular economy activities. This may include:
 - financial incentives
 - information provision
 - regulatory changes (e.g. approval processes, standards and codes, mandatory reporting, competition and consumer regulation, chemicals regulation) and co-regulatory approaches
 - education and training
 - facilitating collaboration
 - planning, and urban and regional development.
- The extent to which current policies or regulations hinder the pursuit of circular economy activities. Specific examples of how current settings are acting as barriers would be welcome.
- The benefits, costs, risks and implementation issues associated with current or potential policy or regulatory changes that aim to address barriers to circular economy activities.
- What actions governments could take to facilitate Aboriginal and Torres Strait Islander roles in progressing the circular economy, including in drawing on Indigenous knowledges in policy design in ways that recognise and protect Indigenous cultural and intellectual property.

Government policy and regulatory support are essential to advancing the circular economy, particularly in sustainable procurement. Effective policies can align financial and environmental incentives, enabling businesses to adopt circular practices throughout their supply chains. Key areas for government intervention include financial incentives, regulatory support, and facilitating collaboration, with an emphasis on green financing and innovation.

1. Financial Incentives and Green Financing

Government-backed financial incentives are critical to reduce the upfront costs associated with circular practices in procurement. Tax incentives, grants, or subsidies could support the adoption of durable, repairable, or reusable products and services, helping to offset the longer payback periods these investments often require.

Furthermore, the national government could work with banks to expand green financing options tailored for circular economy initiatives. Currently, green financing in supply chains tends to focus on trade finance rather than the capital investments needed for circular systems. Establishing targeted green loans and financing programs can enable companies to pursue circular initiatives with more accessible funding. Additionally, a central national or state and territory fund for circular economy projects could provide critical funding and encourage companies to pilot innovative concepts with lower financial risk.

2. Regulatory Support for Sustainable Procurement

Current regulations often prioritize linear economic models, which can inhibit circular procurement. Key regulatory adjustments could include:

- Establishing circular economy criteria within public procurement guidelines, such as mandating durability, recyclability, and carbon footprint metrics in supplier evaluations.
- Revising standards and codes to support circular practices in procurement, including approvals for remanufactured or reused materials in specific sectors.
- Lowering regulatory barriers for experimentation, allowing businesses to innovate and test circular models without excessive administrative or financial burdens.

Mandating reporting on circular metrics—such as waste diversion rates or carbon reductions—can also improve transparency, setting a standard for private procurement to follow and TRUE certification.

3. Facilitating Collaboration and Knowledge Sharing

Government support in establishing industry networks and knowledge-sharing platforms is essential to build coordinated circular supply chains. Chartered Institute of Procurement and Supply chain (CIPS) could also support here. Circular practices often require collaboration across industries, such as connecting manufacturers, waste processors, and secondary users. However, industry collaboration is difficult to start and keep going without support and reduced collusion risks. By supporting regional “circular economy hubs,” governments can promote partnerships and co-innovation between large and small businesses, researchers, and community organizations. This collaboration is particularly valuable for smaller suppliers and Indigenous-owned businesses, which can bring unique circular economy practices based on traditional knowledge and resource stewardship.

4. Encouraging Innovation Through a Lower-Risk Environment

Innovating in the circular economy requires space to experiment. Governments could create a supportive regulatory and financial environment to encourage innovation, including:

- Offering innovation-friendly regulations that allow companies to test and develop circular practices with fewer constraints, similar to regulatory sandboxes in the fintech industry.
- Providing low-interest loans or grants for businesses exploring circular economy concepts, reducing the financial risks of early-stage projects and enabling more organizations to prove out circular models before scaling.

Conclusion

By aligning financial incentives, regulatory support, and green financing with circular procurement goals, governments can accelerate the transition to a circular economy. Further, by enabling collaboration and lowering barriers to innovation, Australia can foster a resilient, sustainable, and inclusive economy that leverages the unique strengths of both its corporate and Indigenous communities.

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