

15 November 2024

Joanne Chong and Alison Roberts
Commissioners
Australian Government Productivity Commission

Dear Commissioners,

Submission on Opportunities in the Circular Economy

Bega Valley Shire Council (Council) is grateful to have the opportunity to provide a submission to the Opportunities in the Circular Economy Inquiry.

There is heightened interest in our shire in circular economy opportunities with the formation of Bega's Regional Circularity Cooperative (RCC) and NSW Government funding for a National Centre for Circularity in Bega. The RCC has mobilised an array of corporate, educational, government and non-government organisations around an ambition for the Bega Valley to become a leader and pilot of circularity in regional Australia. Council is supportive of the vision and has engaged closely with the RCC since its inception.

This submission focuses on the opportunities and challenges for local government to engage in and support transition to a circular economy. It also will briefly highlight some observations and case studies from our region which may assist the Commission in this Inquiry.

The Bega Valley Shire's main industries are health care and social assistance, agriculture (primarily dairy and beef), food product manufacturing (primarily dairy product manufacturing), tourism and construction. Other significant industries include forestry and wood product manufacturing, aquaculture and fishing. Council recognises circular economy opportunities in all these industries.

Role of Local Government in the Circular Economy

Council has been embracing circular practice for many years. This includes water recycling, wastewater biosolid reclamation and land application, food and garden organics collection, processing and beneficial reuse, and renewable energy projects. These projects have eventuated as we seek to find operating efficiencies and meet the needs of our community. We were one of the first Councils in NSW to adopt Food Organics Garden Organics (FOGO) and have continued to provide leadership and guidance in this space to other Councils.

Council's circularity projects are guided by a strategic framework that does not necessarily label them as such. That framework includes the following strategies and plans:

- Clean Energy Plan 2019-2030
- Climate Resilience Strategy 2050
- Recycling the Future: Waste Strategy 2018-2028 (currently under review)
- Water and Sewer Strategy 2022-2025
- Economic Development Roadmap 2022-2025

- Recycled Water Strategy (in development)

Council has a net zero program and acknowledges the community interest and concern in mitigating impacts from climate change by reducing its emissions. Council recognises the strong synergies and shared focus between net zero and circularity principles.

Council is about to commence a high-level circularity audit and opportunities assessment to clarify which of our current operations support a circular economy and identify circular economy opportunities within our organisation. When this work is complete, we will have a clearer picture of Council's role in the circular economy and may have further insights to share with the Commission.

In many ways, local government is well placed to lead the transition towards a more circular economy, through procurement, design, asset management, land use planning, economic development programs, and in delivering environmental, waste and water services. However, local government in NSW faces significant resource and funding constraints, particularly in regional areas. Council has limited capacity to proactively investigate and implement circular economy opportunities within the services we provide. We are also resource constrained to help support our community to both understand and transition to a circular economy. We encourage the Commission to evaluate the productivity implications of an under-resourced local government sector in realising circular economy opportunities. The Commission may consider a framework for targeted resourcing of the local government sector to address these challenges.

Many local government circular economy opportunities will be similar across the country. It is inefficient for local governments to duplicate effort in developing circular economy programs. We encourage the Commission to investigate the benefits of a state or federal government led program to invest in and develop circular economy resources for local government. This could include a procurement protocol or guidelines to help find or rate circular products and suppliers.

In keeping with the above, Council has worked closely with the Canberra Region Joint Organisation (CRJO) on several projects. The Canberra Region Economic Development Strategy 2022 (CREDS), developed by the CRJO, ACT and NSW governments, sets out a coordinated approach to activate critical economic development opportunities and realise the full potential of industry, employment and growth across the Canberra region. The CRJO developed the Regional Waste and Sustainable Materials Strategy 2022-27 and has been working on a regional circular economy analysis and business case project. The CRJO also developed a net zero guide and action plan for each member council. These projects have highlighted the need for quality baseline material flow data and the challenges in data collection. The business case project demonstrated that policy intervention of some form or another is required to support circular transition in a market where circular products struggle to compete with traditional supply chains.

Council is in the early stages of scoping a new enterprise precinct. In collaboration with the Regional Circularity Cooperative and with support from other levels of government, there is an opportunity for this to become a pilot circularity precinct. The project will require investment from state and federal governments and the private sector.

We note that much of the conversation about circular economy opportunities has focused on resource optimisation through value-adding waste streams. As the authority primarily responsible for managing waste in our region, Council advocates for an 'upstream' focus, through design innovation, materials substitution, product standards and producer responsibility, waste avoidance, and ongoing support for community education and awareness around resource use and waste.

Regional Circularity Cooperative

Bega is home to the Bega Group, one of Australia's leading food and beverage corporations. Bega Group has partnered with several organisations to form the RCC, including the University of Wollongong, Charles Sturt University, Rabobank, Deloitte, KPMG, nbn co, AA Co and the Pact Group. The RCC recognises the unique

features of the Bega Valley as conducive to developing the shire as a sandbox to test and demonstrate circularity in practice in regional Australia.

The RCC has been granted NSW Government funding to construct the National Centre for Circularity in Bega, a visitor, education and research facility. The Centre will be adjacent to the Bega Cheese factory and integrates our agriculture, food manufacturing and tourism industries into a visitor experience as an education opportunity. The RCC is also committed to the Centre facilitating sharing First Nations' experience and knowledge of circular practice.

The next priority project for the RCC is to conduct a material flow analysis of the shire. The analysis will provide a baseline and projections of future material flows, against which progress may be measured. An understanding of materials flowing in to, out of and through our local economy will inform an opportunities assessment for industry and underpin the research and education program at the Centre for Circularity. While the RCC brings together an array of expertise, its proposed research, development and education program will likely require government investment. While the theoretical benefits of the circular economy are apparent, to realise the opportunities will require whole of government prioritisation, financial investment, research, evidence and sharing of knowledge.

We encourage the Commission to consider how best to resource data collection analysis to maximise benefits circular economy opportunities.

Housing

With the current focus on housing affordability and supply by all levels of government, it is an opportune time to investigate mechanisms to incorporate whole-of-life costs in housing and construction pricing. Buildings designed and constructed for longevity, energy efficiency, and ease of disassembly and reuse of materials are likely to deliver long-term productivity gains and affordability outcomes. However, these benefits are difficult to realise when the upfront cost to implement is an impediment to developers and purchasers. Council encourages the Commission to assess the viability of incentives, education programs and regulations to encourage circularity in the construction industry.

Increasing housing construction costs have been driven by local material supply shortages and increasing supply chain costs, including freight. Ensuring local construction material supply in the medium-long term would reduce transport emissions and put downward pressure on housing costs. A well-managed, local, sustainable timber supply would support this end as well as potentially offering a carbon capture opportunity.

Hurdles and barriers to a circular economy

Circular economy projects in the region have been hampered by complicated and expensive regulatory and planning pathways. An example is highlighted in the Blue Economy Cooperative Research Centre's exploration of opportunities for regenerative aquaculture on the NSW south coast. The CRC found that there was 'a strong and vibrant future for a regenerative aquaculture industry...constrained by a regulatory pathway to approval that places prohibitive levels of risk on individual proponents.' Council encourages the Commission to review the CRC's work which can be found at the link in Attachment 1.

A key barrier to a transition to a more circular economy is knowledge and understanding. Despite the work of the RCC and media interest in the Bega Circular Valley project, the Bega Valley community is generally uncertain about what a circular economy means, with varying levels of understanding. As discussed above, investment in systems for measuring and benchmarking circularity will assist with identifying opportunities and challenges, and provide data to inform policymakers, industry and the wider community.

To bridge the information and knowledge gap, there is a need for improved inter-governmental and inter-agency communication and data sharing. On several occasions we have experienced difficulty accessing state

and federal government data and encountered confusion about which agency is responsible for various data assets. We recognise that local government is the custodian of much important data, but has limited resources to maintain, communicate and analyse that data.

Circular economy success stories

The shire is home to an array of businesses and grassroots organisations applying circular economy principles in their operations. The following organisations are narrowing, closing and slowing loops and may be interesting case studies for the Commission:

- [Ocean2Earth](#) – utilising fish and timber waste to produce compost
- [Renewable Cobargo](#) – renewable energy and microgrid for the Cobargo community
- [Recycling Technologies Group](#) – value adding wood waste
- [The Triangle Tool Library](#) – tool-share for community and business, maximising utility of equipment
- [Bega Repair Café](#) – volunteers increasing product longevity through repair
- [Grow the Future](#) – growing food and regenerating the landscape; engagement, training and employment opportunities for young people
- [Bend neighbourhood](#) – 22-lot community-title housing development utilising sustainable design principles, recycled building materials and onsite greywater treatment and reuse system
- [Sapphire Community Pantry](#) – rescuing food that would otherwise go to waste and making it available for those in need
- [Candelo Go](#) – small village community car share

The call for submissions document supporting this inquiry asked, ‘What action should governments take?’ with some deliberation on the appropriate level of government action needed to initiate and support transition to a circular economy. From a local government perspective, it is imperative that both the Federal and State Government utilise the various levers they have at their disposal to initiate and drive support for circularity. Without a top-down approach, Councils are limited in our capacity to effect change and support our communities to become more circular.

Yours sincerely,

Anthony McMahon
Chief Executive Officer

Attachment 1

Links

Councils Strategies and Plans: <https://begavalley.nsw.gov.au/council/plans-and-strategies>

Canberra Region Economic Development Strategy: <https://www.crjo.nsw.gov.au/Our-Approach/Strategies/Canberra-Region-Economic-Development-Strategy>

Blue Economy Cooperative Research Centre: <https://blueeconomycrc.com.au/collaborativeproject/regenerative-aquaculture-nsw/>

Ocean2Earth: <https://ocean2earth.com.au/>

Renewable Cobargo: <https://renewablecobargo.com/>

Recycling Technologies Group: <https://www.recyclingtechgroup.com.au/>

The Triangle Tool Library: <https://triangletoolibrary.org.au/>

Bega Repair Café: <https://www.facebook.com/BegaRepairCafe/>

Grow the Future: <https://growthefuture.com.au/>

Bend neighbourhood: <https://bend.org.au/>

Sapphire Community Pantry: <https://www.sapphirecommunity.org.au/>

Canelo Go Inc – <https://canelogo.org/>