

Opportunities in the Circular Economy
1st November 2024

SUBMISSION

To the Productivity Commission inquiry

VOICE / INFLUENCE / LEADERSHIP

 **community**
INDUSTRY GROUP



ACKNOWLEDGEMENT OF COUNTRY

We wish to acknowledge and respect the Traditional Lands of all Aboriginal people and to acknowledge Aboriginal and Torres Strait Islander people as the First Australian people of the land that we wave upon. We pay our respects to all Elders past, present and those of the future and ask that all those who walk, work and live on Traditional Aboriginal Lands to be respectful of culture and traditions.

About Community Industry Group

CI Group is the peak body working for community services and organisations in southern NSW. We support community organisations, promote expertise and innovation in community development, foster industry development and advocate for social justice.

For 30 years, CI Group has taken a leadership role in the local community services sector. We regularly engage with those organisations, services, and individuals who work with individuals, families, and communities experiencing disadvantage and vulnerability. We also advocate on behalf of community organisations and vulnerable communities to raise awareness of the issues which are impacting service delivery and affecting the lives and outcomes of individuals, families and communities experiencing disadvantage.

Our members include not for profit (NFP) service providers who deliver:

- Homelessness Supports
- Women's and Domestic Violence Support Services
- Child and Family Services
- Youth Services
- Aged Care
- Disability Services
- Generalist Community / Neighbourhood Centres

Key recommendations

1. Increase the availability of government backed circular economy financial incentives including grants, subsidies and low-cost loans for NFP's to support the establishment of bona fide circular economy business models and programs that support social enterprises that achieve demonstrated circular economy outcomes.
2. Introduce Australia wide procurement frameworks for all levels of government with requirements around environmental and social outcomes for government contracts (e.g. refer to the Victorian Gov's [Social Procurement Framework](#) model).
3. Introduce planning and reporting requirements for businesses in relation to reuseable and recyclable materials and set performance requirements for circular economy activities.
4. Invest in the expertise and capability of the NFP sector with procurement models that engage social enterprises as preferred providers to support employment opportunities for people with disability, youth and first nations communities in a range of recycling and resource recovery activities and businesses.
5. Engage NFP expertise in support for community behaviour change and activities with demonstrated outcomes in terms of minimising use of materials, waste reduction and negative environmental impacts.
6. Engage NFP's to apply their expertise to act as intermediaries, help businesses navigate transitions and provide training and support to enable the necessary behaviour change for successful implementation of schemes that change behaviour of consumers to engage in circular economy activities.
7. Provide funding for places for circular economy focused startups with innovation hub [iAccelerate](#) to partner with Not for Profits to promote start-ups, research and development, and facilitate knowledge sharing.
8. Increase funding for investment in infrastructure in terms of recycling and resource recovery facilities for a range of materials across all regions to create opportunities for circular economy business activities and to increase convenience for businesses and communities to participate in the circular economy.
9. Promote the examples of successful partnerships (e.g. such as that between Mirvac and Green Connect, p.4) to encourage private enterprise to make strategic investments to achieve measurable impacts in circular economy initiatives and social outcomes.

Introduction

Community Industry Group will demonstrate how a number of our members conduct, and already have considerable expertise and success in, a range of circular economy activities presently. This expertise and capability will play a crucial role in fostering a circular economy into the future. There is also capability in a number of members to join in this important work into the future.

Not-for-Profit (NFP) providers, by leveraging their unique position with their deep connection to community, wells of innovation and creativity and efficient use of resources and in line with their values and desire for ethical operations and sustainability, have great potential to contribute significantly to the transition towards a more sustainable and efficient economic model.

Our submission focuses on the 4 information request areas identified in the call for submissions paper.

Information Request 1

Circular economy success stories and measures of success

Illawarra NFPs are successfully delivering services, products and programs implementing circular economy principles in various ways and as demonstrated with the following examples¹.

The Flagstaff Group

[The Flagstaff Group](#) has an impressive record when it comes to thinking globally and acting locally with a strategic focus on the United Nations Sustainable Development Goal (SDG) # 13 on Climate Action and six climate positive actions. Employing over 400 staff with over 50% of these people having disability they have a strong focus on keeping reusable or recyclable materials out of landfill through their businesses and meshing environmental, social and economic outcomes.

¹ Community Industry Group gratefully appreciates the generous input of time and information from our members, The Flagstaff Group, The Disability Trust, Greenacres and Green Connect, to this inquiry submission.

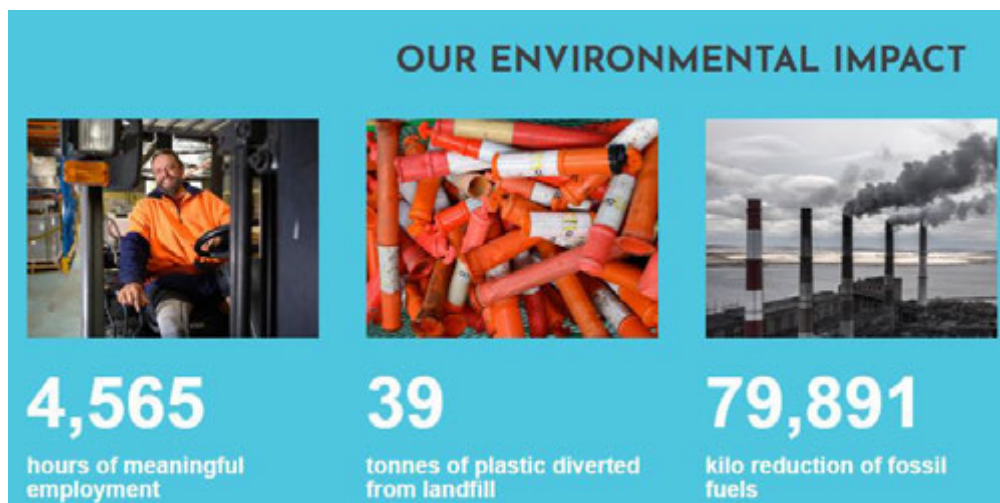
In one year Flagstaff processed 6,334 tonne of white paper, 16,607 tonne cardboard and 634 tonnes of plastic with 99.3% avoiding landfill.

Notably Flagstaff has recently formed a partnership with BlueScope Steel to reduce BlueScope’s impact on landfill and support recycling of strapping used on pallets. The strapping from pallets is fed into a special chipping machine creating work for people with disability and saving over 2 metric tonnes of plastic waste entering landfill in the first 12 months of the program. With a financial investment from Bluescope to support in the procurement of the plant equipment this initiative is seeing impressive social, environmental and economic outcomes.

Flagstaff note the importance of education for businesses to review their supply chains to see how things may be done differently to increase value, reduce waste and create employment and is working with a number of businesses locally including mining companies for laundering and repurposing of gloves and other safety clothing and getting a longer lifecycle for uniforms rather than just sending clothing to be turned into rags or to go to landfill.

The Disability Trust / OC Connections

The Disability Trust operates a number of social enterprises focused on employment for people with disability across their footprint in the Illawarra though perhaps the most notable focused circular economy model is based in their Victorian operations. OC Connections with their [Sustainable Eco Bollard](#) solutions social enterprise.



The OC Eco T-Top Bollard® is the first and only Australian-made, 100% recycled bollard that is also creating meaningful employment for people with disability. The bollard is

benchmarked against leading imported bollards all of which by comparison with the OC's product are made from virgin plastics and sent to landfill at the end of a short 6 month life span.

Greenacres

Greenacres is a highly regarded employer of people with disability in the Illawarra with a reputation of creativity and innovation and a history of developing sustainable recycling and recovery operations with a triple bottom line.

The organisation is doing important circular economy work in [e-waste recycling](#) with repurposing of electronic devices. Again we see the partnership model with partnerships with Cleanaway and SES resulting in employment of people with disability and the diversion of significant quantities of waste from landfill for recycling or reuse.

Green Connect

Green Connects' "[Zero Waste Services](#)" is a recognised industry leader in supporting organisations to effectively reduce waste through helping them identify opportunities to reduce waste, increase recycling and improve operational efficiency.



Green Connect has been working in partnership with the building company Mirvac since 2020 and was recently recognised with the [2024 National Game Changer Award](#) for Social Procurement Impact Partnership of the Year. This was a result of their work to support

this major building company to support their goal to reach zero waste by 2030. Categorising waste and where it is being sent has resulted in a reported 80 to 90% diversion of waste from landfill. This service is also directly creating jobs for people primarily refugees, unemployed youth and indigenous Australians creating work and training opportunities.

“Social enterprises must provide goods and services that stack up with performance and price.”

- Illawarra NFP Senior Manager

Information Request 2

Priority Opportunities to Progress the Circular Economy

Given Australia’s huge relative consumption of virgin materials and low materials productivity (OECD 2022)² the nation is starting from a very linear economic model presently. This means that there is a lot of opportunity and urgent need for improvement.

Community Industry Group sees opportunities for government to encourage a strong focus on supporting businesses in adopting circular economy practices through a range of strategies including:

- providing financial incentives, including building in the cost of recycling at the point of purchase as is now done with aluminium cans and paint for example,
- promoting and funding research and development,
- promoting a focus on the importance and need for responsible circular economy activities at a governance level of corporations,
- rewarding and recognising excellence,
- running forums with industry to promote collaboration and partnerships and
- facilitating knowledge sharing.

² OECD 2022, Materials Resources, OECD Environment Statistics (database).

As demonstrated in the examples provided against information request 1 above, NFPs can play a key role by acting as intermediaries, helping businesses navigate the transition, conducting assessments and providing training and support.

Additionally, it is of fundamental importance that government support and provide direct investment in infrastructure for recycling and waste management, making it easier for businesses and communities to participate in the circular economy.

There are also opportunities with new or existing circular economy schemes to engage NFP expertise to establish social enterprises and / or provide training and support to enable the necessary behaviour change for successful implementation of these schemes. This will help to increase success and continue to change behaviour of consumers. (e.g. increasing uptake of [Return and Earn](#) (NSW) or the [Food Organics and Garden Organics](#) (FOGO) scheme (Wollongong City Council).

"We can process anything[but you need to find a market for its use– There are a lot of requests for recycling]but businesses see that it's cheaper at the end of the day to send it to landfill."

– Illawarra NFP Senior Manager

Information Request 3

Hurdles and Barriers to a Circular Economy

A number of genuine barriers hinder the adoption of circular economy models. These include high upfront costs to invest in uncertain / untested business models, lack of funding and grant support to purchase plant and equipment, lack of consumer awareness, lack of a market for recycled product, and regulatory challenges.

Often as identified through a number of the respondents to our submission the cost of recycling or refurbishing is more than the cost of a new product which is a significant barrier. Increase in transport, labour, storage and logistics costs are genuine impediments to achieving circularity. One of our respondents provided an example of 10 pallets of folders being (approximately 2 tonnes of materials) that were requested to be recycled due to a company's rebranding, however analysis revealed multiple plastic types, elastic and

felt in the construction meaning that, much to everyone's disappointment including the vendor, the vendor did not wish to pay the cost of disassembly and recycling and so the entire 10 pallets were sent to landfill.

Another notable example illustrating hurdles and barriers is what was intended to be a success story for Greenacres in their innovative e-waste [copper recycling program](#) which saw significant investment in plant equipment with the purchase of a copper granulator. Unfortunately, while the copper extraction itself is profitable the other e-waste generated creates significant overheads with storage and disposal costs meaning this valuable raw material recycling program is to date not a viable business model. This has resulted in a large amount of sorted and stored plastic waste as a byproduct and has seen the program paused for the time being.

Through gathering information for the submission we heard evidence that there may also be inequities impacting social enterprises with large commercial operators seemingly able to secure funding for plant and equipment in NSW that NFP's are missing out on to the potential detriment of community and social outcomes. NFP's need to be able to compete at the point of securing funds and grants to get viable business models off the ground to secure the triple bottom line outcomes, environmental, social and economic, that these businesses clearly demonstrate they can achieve.

NFPs need support from government though continue to work to overcome some of these barriers by raising awareness, advocating for supportive policies and regulations, actively [supplying workforce](#) and other forms of practical assistance to businesses looking to adopt circular practices.

Collaboration between NFPs, businesses, and government agencies is essential to address these challenges effectively.

Information request 4

The Government's Role in the Circular Economy

The government has a pivotal role to play in advancing the circular economy by ensuring the levers and mechanisms are in place to support it. This means implementing regulations that encourage sustainable practices, providing financial incentives for businesses to adopt circular models, and investing in education and training programs.

NFPs can support these efforts by partnering with government agencies to deliver programs and services that promote circular economy principles and achieve social and economic objectives. Additionally, the government should facilitate cross-sector collaboration to ensure a cohesive approach to achieving circular economy goals.

The comparative experience of OC Connections (part of The Disability Trust) in Victoria is valuable in comparison with the NSW jurisdiction. Vic Gov's [State Procurement Framework](#) requirements mean that social procurement in that state is outperforming the NSW jurisdiction and demonstrates that the playing field can be levelled to create greater environmental outcomes and additional cost can be offset through legislated requirements to increase performance and circular economy value chains benefiting the environment and the community.

Clear Victorian procurement activity requirements for government buyers for contract values over \$20m have legislated performance in relation to developing social procurement plans which “Set targets for supplier expenditure with social enterprises, Australian Disability Enterprises or Aboriginal businesses” with performance standards and targets in relation to a range of “greenhouse gas emissions and climate change resilience” factors.

This type of approach to legislation and performance for procurement by government has clear and measurable performance outcomes in relation to creating opportunities and stimulating growth for the circular economy and is clearly needed across the country.

Government also has a role to play in the requirements regarding product design regulations to ensure that before a product is manufactured there is a requirement through development to reverse engineer the dismantling of that product in order that it can be cost effectively recycled. Otherwise, as we saw in the example of the pallets of folders above, costs mean that many products will continue to go direct to be disposed at landfill at the end of their life or if they are no longer required.

To encourage this government could introduce incentives for single material products or higher tariffs on multi material products as well as introducing a “recycling fee” to be put to a fund to enable the recycling of that product (as we see with Return and Earn already for example).

Further suggestions include introducing incentives for business / product trials in which successful viable models that demonstrate circular economy outcomes result in the ability to apply for a cash back component based on spend to date. This approach would reward

success rather than a simple grant scheme which often results in a lot of failures and money spent because it needs to be rather than because there is a good idea that the business wants to trial and is invested in.

“The Victorian Social Procurement Framework is miles in front with mandated and enforceable targets.”

– Victorian NFP Senior Manager (working with an Illawarra based company).

Conclusion

The government has a strong role to play to drive circular economy activities in Australia and NFP providers are well-positioned to contribute to the circular economy by leveraging their resources, demonstrated expertise, and community connections. By working together with government and businesses, NFPs can help drive the transition towards a more sustainable and efficient economic model.



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