

2022 FEDERAL ELECTION POLICY STATEMENTS

CIRCULAR ECONOMY

Statement by Innes Willox Chief Executive of the national employer association Ai Group

Key Points

- The federal government should take a leadership role in circular economy transition through the creation of a cross-portfolio Circular Economy Strategy.
- Federal agency purchasing decisions can drive circular economy transition. Procurement processes should be well-designed, enough to manage competing policy interests, while delivering value.
- Support and investment should include new waste and resource recovery infrastructure and supply chains; incorporation of recovered materials as inputs to existing industries; and the commercialisation of new processes and products using recovered materials.
- The federal government should recognise credible international certificates and/or labelling provisions instead of duplicating this work and adding more complexity to doing business in our small market.
- Consideration should be given to a report, for instance from the Productivity Commission, on product stewardship activity. This report could explore areas of strength and opportunity as well as areas that need improvement in the Australian context.

Policy Approach

The continued difference in approaches across states and territories in their application of the National Waste Policy Action Plan and connected areas of policy is of concern. Wide scale circular economy does not exist in one city, state, or even country; it's achieved through interconnectedness, collaboration, and the commitment to make the best use of resources, whatever or wherever that involves. This kind of connectedness requires coordination and big picture thinking.

The federal government can provide this coordination by taking a leadership role in circular economy transition through the creation of a cross-portfolio Circular Economy Strategy. This would involve co-design with, and the ongoing consultation and feedback of industry, states, territories, and the community. A national strategy on circular economy (which goes well beyond waste) can help unlock benefits currently subdued by Australia's lack of coordination. These can include economies of scale, easier entry to standardised markets, and the ability of governments to provide clearer more consistent advice and education to households and businesses. It is also an opportunity to reframe the national discussion from one centered on waste, to one that is more focussed on inputs, and the broader circular economy opportunities for Australian businesses.

Public and private procurement is becoming increasingly complex due to our understanding of value evolving beyond cost to include social and environmental considerations. Our broadening view of value creates a need to manage complex and often competing policy objectives, such as reducing the red-tape burden associated with public sector procurement, buying local and using recycled inputs. For example, a product made locally may not be able to meet a recycled input or low carbon standard but could be considered better value or more sustainable for other reasons such as durability, local repair opportunities, better end of life prospects, stimulation of local jobs and greater oversight of adherence to Australian Standards (reduced risk of non-conformity).

Skilful sustainable procurement by government agencies should look beyond overly prescriptive blanket specifications (which are inflexible and vulnerable to supply issues) and instead target efforts to where they can foster genuinely improved outcomes and innovations without adding unduly to the costs and complexity of tendering and contracting for public sector work. This can be achieved through a flexible, principles-based process with sufficient flexibility to assess overall merit and value of product or service. Investment in skilling procurement experts to manage competing interests and determine best value can potentially unlock greater value for Australia.

Embedding circular principles into public sector infrastructure, procurement and grant-making processes in the flexible way proposed could make a big difference in speeding up Australia's transition to circular economy. Investment in this area can stimulate jobs and growth, while helping us to meet our critical requirements.

Many regions are ahead of Australia in their circular economy transition. We should learn from these regions, recognise best practice and, where appropriate, adopt international standards, and accept credible international certificates where possible. To make this effective in an Australian context, Australia should increase its efforts to secure the input of Australia and Australian businesses into the relevant international standards setting processes. This would generate efficiencies for industry and government while still providing a mechanism through which businesses can prove they are assisting in the transition to a circular economy. It would also reduce or remove a need for Australia only packaging and labelling, which is costly, and undermines the attractiveness of doing business in our relatively small market. Taking a more global approach to these matters while securing Australian input into the setting of relevant international standards would promote scale, increased options for consumers, innovation and growth. This could be further explored in the development of a Circular Economy Strategy and also at a procurement level.

The National Product Stewardship Investment Fund and other initiatives have created opportunities for significant expansion of stewardship activity in Australia and should be built upon in coming years. Consideration should be given to further funding opportunities to encourage product stewardship at a company level. This would further stimulate innovation, better design, and the establishment of pathways for circular management of products without the need for regulatory or scheme-based interventions. It also creates an opportunity to maximise the benefit of public funding through co-investment options.

To complement further investment in product stewardship and given its increasing role in circular economy transition, it may be prudent for government to consider a report on, or Productivity Commission inquiry into product stewardship activity. This work could explore areas of strength and opportunity as well as areas that need improvement in the Australian context. The findings of such a report would better inform future policy making and funding decisions in this area.