



Ai Group Limited
Level 5, 441 St Kilda Road
Melbourne VIC 3004 Australia
PO Box 7622
Melbourne VIC 3004 Australia
Telephone: 03 9867 0111
www.aigroup.com.au
ABN 81 632 926 099

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

15 April 2024

WASTE REDUCTION AND RECYCLING POLICIES INQUIRY

The Australian Industry Group (Ai Group®) welcomes the opportunity to make a short submission to the Inquiry addressing the state of play with Australia's waste reduction and recycling policies and broad directions for improvement.

About Ai Group

Ai Group is a peak national employer organisation representing traditional, innovative and emerging industry sectors. We have been acting on behalf of businesses across Australia for 150 years.

Ai Group and partner organisations represent the interests of more than 60,000 businesses employing more than one million staff. Our membership includes businesses of all sizes, from large international companies operating in Australia and iconic Australian brands to family-run SMEs. Our members operate across a wide cross-section of the Australian economy and are linked to the broader economy through national and international supply chains.

Key Points

- Current efforts to develop mandatory product stewardship schemes are progressing well. Industry deeply appreciates the consultation the government is undertaking, which demonstrates a desire to create ambitious and commercially viable outcomes.
- Ai Group supports the federal government's establishment of the Circular Economy Ministerial Advisory Group and their orientation to a cross-portfolio approach. Businesses need a supportive and cohesive policy environment to develop circular economy industries and propel the transition.

- The federal government should recognise credible international certificates and/or labelling provisions wherever possible, instead of duplicating this work and adding more complexity to doing business in our small market.
- Federal agency purchasing decisions can drive circular economy transition. Procurement processes should be designed to deliver environmental and economic value. This includes considering whether the procurement need can be satisfied by higher-order R-Strategies¹ for circular economy, such as repair or refurbishment, as well as the inclusion of recycled content and lower embodied carbon products.
- Any additional mandatory product stewardship initiatives should be designed through early and deep consultation with industry to ensure they are both ambitious and achievable.

Current Environment

Progress is being made towards the overall goal for creating a circular economy by 2030.

Industry welcomes the recent opening of new recycling facilities – some funded by federal government grants – which will increase our capacity to recover and source secondary materials.

Reforms to packaging product stewardship are currently under development by the federal government. So far, the Department of Climate Change, Energy, Environment and Water (DCCEEW) is consulting well, and we anticipate informed and nuanced decisions regarding the development of a mandatory scheme for packaging.

The National Television and Computer Recycling Scheme – technically a co-regulatory scheme – is performing well within its existing scope. However, many electrical and electronic items are out of scope and a large volume of devices reaching end-of-life are not being recovered. Ai Group's members broadly support DCCEEW's work to expand the NTCRS into a wider e-waste product stewardship scheme.

¹ European Commission , Categorisation System for the Circular Economy, 2020, https://circulareconomy.europa.eu/platform/sites/default/files/categorisation_system_for_the_ce.pdf - accessed 03/04/2024

It is important to acknowledge the role that voluntary product stewardship and state-based mandatory stewardship (such as container deposit schemes) plays in the current circular economy landscape. While some voluntary stewardship organisations have struggled to address challenges like free-riding, others have been able to drive real and commercially successful changes to the management of their target products and divert valuable resources from landfill.

Likewise, the National Traceability Framework has been welcomed by our members as a positive.

Procurement practices at the Federal level have begun to incorporate circularity into their decision-making processes.

Potential opportunities for improvement

Ai Group would like to see a policy environment that supports and drives investment in and growth of the circular economy. Changing systems requires a cross-portfolio approach. Circular economy, recycling and waste issues primarily sit with the federal Environment portfolio. However, there are clear policy interactions with the Industry, Infrastructure, Energy and Climate Change, and Treasury portfolios. And while DCCEEW brings some of these issues within a single Department, too often they remain siloed in practice.

While federal government procurement policies have begun to incorporate circular economy considerations, more can be done to ensure that decisions made by any department or agency deliver value environmentally and economically, and that federal procurement policies are consistent. Procurement should start with consideration of whether the need can be met through higher-order R-Strategies for circular economy including repair or re-use; and both incorporate and appropriately value recycled content, lower embodied carbon products, and the overall life cycle of the procured items, including maintenance and recyclability.

Australia needs further investment in and policy enablement of our national recycling capacity, particularly for currently difficult-to-recycle materials and materials in high demand with few current onshore suppliers. Enablement involves changes to allow better uptake of secondary materials in infrastructure and other areas not currently using recycled inputs; to enable businesses to



invest in Research and Development to improve the circularity of their products; and in some instances, to allow for businesses to incorporate higher order R-Strategies into their practices.

Some of our members have struggled to access suitable recycled materials for inclusion in their products. One member has secured supply of recycled polymer from international markets. They are concerned that while this is a positive step forward overall, internationally sourced content does not address Australian circularity; and that international transport partly offsets some of the carbon emissions reductions from circularity. Our members have also raised the difficulty in creating demand for recycled content given its typical additional costs.

As a small market internationally, current consumption patterns will not enable all the materials recovered onshore to be manufactured into new value-added goods in Australia. Therefore, the federal government should acknowledge virgin-equivalent secondary materials as genuine tradeable commodities, and not treat them as waste products when exported or imported.

Likewise, as a nation that imports many products, Australia should recognise credible international certificates and/or labelling provisions related to material origin, recoverability and recovered content wherever possible. Members are cautious about the administrative burdens associated with a potential shift to an Australia-specific circularity certification and/or labelling scheme,, and would prefer acknowledgement of existing robust international certifications that would give Australian manufacturers and exporters global credibility.

Modern supply chains and product manufacture processes are complex. Specific policy initiatives should support industry to invest in research and development towards implementing circular design, more circular materials, and better end-of use treatments for existing materials.

If you have any further questions regarding this submission, please contact our Advisor, Molly Knox (molly.knox@aigroup.com.au).

Sincerely yours,



Louise McGrath.

Louise McGrath
Head - Industry Development and Policy
Australian Industry Group