

## SUBMISSION TO VICTORIAN GOVERNMENT CIRCULAR ECONOMY ISSUES PAPER CONSULTATION

**2 August 2019**

Thank you for the opportunity to provide feedback on the Circular Economy Issues Paper.

Environment Victoria is one of Australia's leading independent environment groups. With more than 40 member groups and over 150,000 individual supporters, we've been representing Victorian communities on environmental matters for almost 50 years. Through advocacy, education and empowerment, Environment Victoria seeks significant and enduring solutions that will safeguard the environment and future wellbeing of all Victorians.

This submission contains two parts:

1. Environment Victoria's feedback on points raised in the Circular Economy Issues Paper, together with the findings of our own research and quantitative results from a survey of Environment Victoria supporters specifically seeking feedback on and contributions to the Victorian Government's circular economy policy and action plan;
2. The raw data collected from qualitative questions in the same supporter survey. This is unfiltered contributions from members of the Victorian public, provided to us in the understanding that their comments would be passed on to DELWP as part of this consultation (with personal information removed). This is included as a *separate spreadsheet*.

Our survey was open for less than a week - from July 25th to July 31st, 2019. With more than 1,800 completed responses, it shows the scale of interest in and public support for moving Victoria to a circular economy

### **Overview**

We believe Victoria needs to take every opportunity to urgently shift to zero emissions and a circular economy, to combat the growing crises affecting our climate and environment.

We commend the Victorian Government's commitment to develop a circular economy policy and action plan by 2020. This is a crucial opportunity to address the severe and irreversible impacts of the current linear approach to resource use on our natural environment and to start reducing greenhouse gas emissions from multiple sectors of the economy.

At the same time, the development of a circular economy strategy presents an opportunity for Victoria to stimulate new industries, capitalising on our strengths in research and development, following cradle-to-cradle principles for the design and manufacture of products.

For the past year, the promise of developing a circular economy has footnoted almost every troubling news story about the waste and recycling crisis in Victoria. The current breakdown in Victoria's recycling and waste management systems has created the opportunity, and the need, for the Victorian government to step in and implement circular economy oriented policies to not only fill the holes in our local waste management, but transform our current unsustainable linear economy.

The aftermath of China's National Sword policy has proven the inadequacy of Victoria's current systems when it comes to dealing with the waste we create. Rather than just build new recycling plants or waste-to-energy facilities, we need to use these failures as an avenue to implement transformative change. China's plastic ban was foreshadowed by China's own dedication to and experimentation with circular economy principles. Vietnam, Thailand, and other countries are now following suit with their own bans on imported plastics. With the population, and resulting waste, only expected to grow, a circular economy is key in not only safeguarding the environment but also in creating jobs and social wellbeing.

### **Defining a “circular economy”**

A circular economy policy and action plan should go beyond waste management and must seek to transform our current economic model. When defining circular economy, a comprehensive but succinct definition may be something along the lines of: a circular economy is a departure from the current dominant system of 'take-make-waste' and involves a complete transformation in our economy and business models with the ultimate goal of decoupling economic growth from resource exploitation and environmental degradation.

In a circular economy:

- Consumption is reduced
- Products are easily repaired, upgraded and made from recovered materials
- Waste is avoided through innovative business models like leasing models and the sharing economy, supported by improvements in digital and peer-to-peer technology.

As innovative resource recovery schemes are explored, it is important to note that 'downcycling' is not a substitute for a proper circular economy. If the re-use or recycling of a material results in a lower-value product whose next destination is landfill, then it really isn't circular at all. The resource loop is not closed – the creation of waste is just slightly delayed.

While delaying the creation of waste is a step in the right direction, we encourage the government to exercise caution, to avoid supporting and entrenching new industries that still rely on materials ultimately ending up in landfill or being incinerated. The focus must be on supporting industries that genuinely close production loops.

## Developing a comprehensive action plan

As noted on pages 18-19 of the issues paper, an important step in formulating the circular economy policy and action plan is to identify which policies, programs, and incentives already exist that work to promote circular economy goals. We support the need to evaluate these initiatives to determine how and if they should be expanded.

Following the advice of the Victorian Auditor-General's Office in their report on *Recovering and Reprocessing Resources from Waste*,<sup>1</sup> it would be beneficial to study how successful the education campaign around the new e-waste ban is in order to inform the development of a successful circular economy and recycling education campaign.

In order to change household level habits, it is important to employ a heavily funded education campaign alongside a more comprehensive recycling program. The focus of these campaigns should extend to reducing consumption and making environmentally responsible consumption choices, not just on recycling rules. It is always important to remember that the waste hierarchy begins with *prevention, minimisation and re-use*, before getting to recycling.

## A circular economy goes beyond recycling

Victoria's current waste crisis must not undermine the current opportunity for a transformative circular economy action plan. It is important that immediate steps to deal with our waste crisis do not lock-in unsustainable practices and derail medium- or long-term circular economy solutions. As alluded to above, the waste hierarchy cemented by the Environment Protection Act of 1970 should be adhered to as the circular economy action plan is developed. Focus should be on *reducing waste* and not only reprocessing.

It is also important that within the energy recovery tier that not all waste-to-energy recovery methods are equal in terms of their environmental impact and local health concerns. For example, incinerators are the antithesis of a circular economy – materials and resources are literally destroyed. Further, incinerators potentially make significant contributions to greenhouse gas emissions, especially as organics are increasingly diverted to other uses and incinerators are left to burn increasingly high percentages of residual plastics, effectively turning them into fossil fuel power stations.

China has been a leader in closing production loops, due to having more than half of its manufacturing activities conducted in industrial parks and export processing zones.<sup>2</sup> This differs from Western countries where governments tend to be less hands-on in encouraging companies to collaborate along a supply chain. As new resource recovery facilities are explored, the Victorian government should provide special incentives for companies wishing to

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<sup>1</sup> <https://www.audit.vic.gov.au/report/recovering-and-reprocessing-resources-waste>

<sup>2</sup> <https://www.nature.com/news/circular-economy-lessons-from-china-1.19593>

collaborate to build their own eco-industrial parks to promote industrial symbiosis. One way this can be achieved is through the creation of Circular Economy Precincts where business can co-locate to maximise resource efficiency and material re-use – for example, where the ‘waste’ from one facility becomes the feedstock for a neighbouring facility. This could be modeled after the circular economy hub in Phoenix, Arizona, in the US – the Resource Innovation Campus. The campus seeks to form public-private partnerships by leasing land cheaply and providing infrastructure support and access to the city’s waste streams.<sup>3</sup>

## Setting goals

A crucial aspect of the circular economy policy and action plan is how to measure progress and what the plan’s targets should be. The various factors outlined by the issues paper are a good starting point. Circular economy principles need a long-term and consistent commitment in order to fully take root, but it is also important that more immediate waste-related targets are ambitious.

In order to accurately measure waste industry improvements, there needs to be better data on our current state. The VAGO report found that the Sustainability Victoria data on Victoria’s recycling is incomplete, unreliable, and, in some cases, clearly inaccurate. This needs to be remedied in order to accurately measure progress. As an immediate goal, the Victorian government should commit to an ambitious landfill diversion target by 2030.

Further metrics for success will be necessary. These could include:

- The volume of material being produced in each waste stream and setting five-yearly targets for reducing each
- The number of businesses identifying as or promoting themselves as using circular economy approaches – a metric like this suggests there may be a need for a certification scheme, to prevent ‘greenwashing’
- The comparison of new materials being used versus economic outputs – ie. Are businesses achieving the same profits with fewer raw material inputs
- Targets for rapid reductions in greenhouse gases, especially from industrial processes, land use and waste – these could be linked to sector pledges being developed under the *Climate Change Act*.

## Manage and adequately fund the transition

The circular economy policy and action plan currently being drafted may be a 10-year action plan, but the Victorian government needs to look further into the future as they initiate the

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<sup>3</sup><https://www.phoenix.gov/publicworkssite/Documents/Resource%20Innovation%20Campus%20Brochure%2010-17.pdf>

transition to a circular economy. This is especially important when forming contracts and managing expectations with private companies.

Also, as circular economy adoption does promise more jobs and social wellbeing, it is important that the policy emphasizes that the transition will not be linear. As we transition to a circular economy, jobs created will experience changes in skill requirements and shifts in location. Government intervention and support will be necessary in order to minimize transition issues.

Among academic and grey literature, technical factors are mentioned as the leading barrier to eco-innovation necessary for circular economy implementation. Technical barriers include inappropriate technology, lag between design and diffusion, and lack of technological support and training. The secondary barrier mentioned is institutional/regulatory factors which include misaligned incentives, lack of a conducive legal system, and a deficient institutional framework.<sup>4</sup> In developing policy interventions – such as legal frameworks, tax incentives, infrastructure development – the Victorian government should actively seek measures to overcome these known barriers to a circular economy.

In supporting the development of end markets for new circular-economy products, DELWP and/or other branches of government will need to make a concerted effort to understand the daily business of industries that would be reusing materials, in order to fully understand any barriers to uptake and to develop, jointly with businesses, strategies and plans for overcoming those barriers. Small to medium enterprises with little to no spare staff capacity are unlikely to develop fully-formed solutions, or to attempt to find solutions, or to engage in the circular economy process at all. There is a very active role for government in partnering with businesses to find and implement solutions that work.

### **Learn from countries leading the way**

As DELWP formulates its first draft of the circular economy policy and action plan in the coming months, it is essential that they continue to draw upon successful European policies. The EU has paved the way with the release of an action plan in 2015 and is now tackling plastics with its Circular Economy Plastics Strategy.

CE Plastics Strategy addresses all plastics with an ambitious target of reprocessing 10 million tonnes of plastics by 2025 – a giant leap from current levels of 3 million tonnes in 2018. Strong cooperation of brand owners, manufacturers, industry associations, and governments are needed to reach this goal. In order to increase plastics reprocessing, EU countries are significantly investing in plastics infrastructure and processes, introducing bans on single-use plastics, committing to consumption reduction targets and collection targets of single-use plastic

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<sup>4</sup> De Jesus, & Mendonça. (2018). Lost in Transition? Drivers and Barriers in the Eco-innovation Road to the Circular Economy. *Ecological Economics*, 145(C), 75-89.

drink bottles, introducing new labelling requirements, and other initiatives. Several of these initiatives were mentioned by our supporters in our survey (see attachment).

Following the policy development approach of Portugal, Denmark, and the Netherlands, Victoria would benefit from a “circular economy summit” to better directly involve the business community. A summit like this should still be pursued despite the 2019 deadline.

### **Key actions we want to see as part of the Circular Economy policy and action plan**

Several actions we strongly recommend from the issues paper and our own research:

1. Facilitate the creation of Circular Economy Precincts where business can co-locate to maximise resource efficiency and material re-use.
2. Commit to world-leading green public procurement guidelines to use the government’s purchasing power to create more markets for environmentally friendly goods and services.
3. Ensure every council provides kerbside collection of food waste.
4. Create a system for food waste collection for commercial food producers and ensure markets exist for end-use products.
5. Host a Circular Economy Summit to better involve the business community in circular economy initiatives and to bring in innovative ideas from other countries.
6. Promote circular economy developments in small businesses through grants, tax incentives, subsidised consultancy advice and other initiatives.
7. Invest heavily in public education campaigns around waste in order to change community behaviour to prioritise waste avoidance, reuse and recycling and better inform Victorians about what can or cannot be recycled.
8. Develop a clear set of rules to prevent ‘mixed’ or ‘unsorted’ waste being disposed to landfill or waste-to-energy facilities.
9. Ensure better design and construction of buildings and infrastructure, using more recycled materials and enabling better material recovery during demolition.
10. Develop an ecolabel which helps consumers choose products that have a reduced environmental impact throughout their lifecycle.
11. Provide incentives for companies to design products with increased durability and products which are easier and safer to dismantle, repair, reuse and recycle, and create disincentives for producing things that cannot be reused or recycled.
12. Provide incentives to support the sharing economy (where under-used assets are shared as a service and goods are sold peer-to-peer, reducing the need for new products to be made) and remove any possible legislative barriers.

### **Submissions from Environment Victoria supporters**

We invited our supporters to fill in a short survey to share with us their thoughts about developing a circular economy, to inform our own submission and to elicit more inputs to the government's consultation.

Over 1,800 Victorians completed the survey.

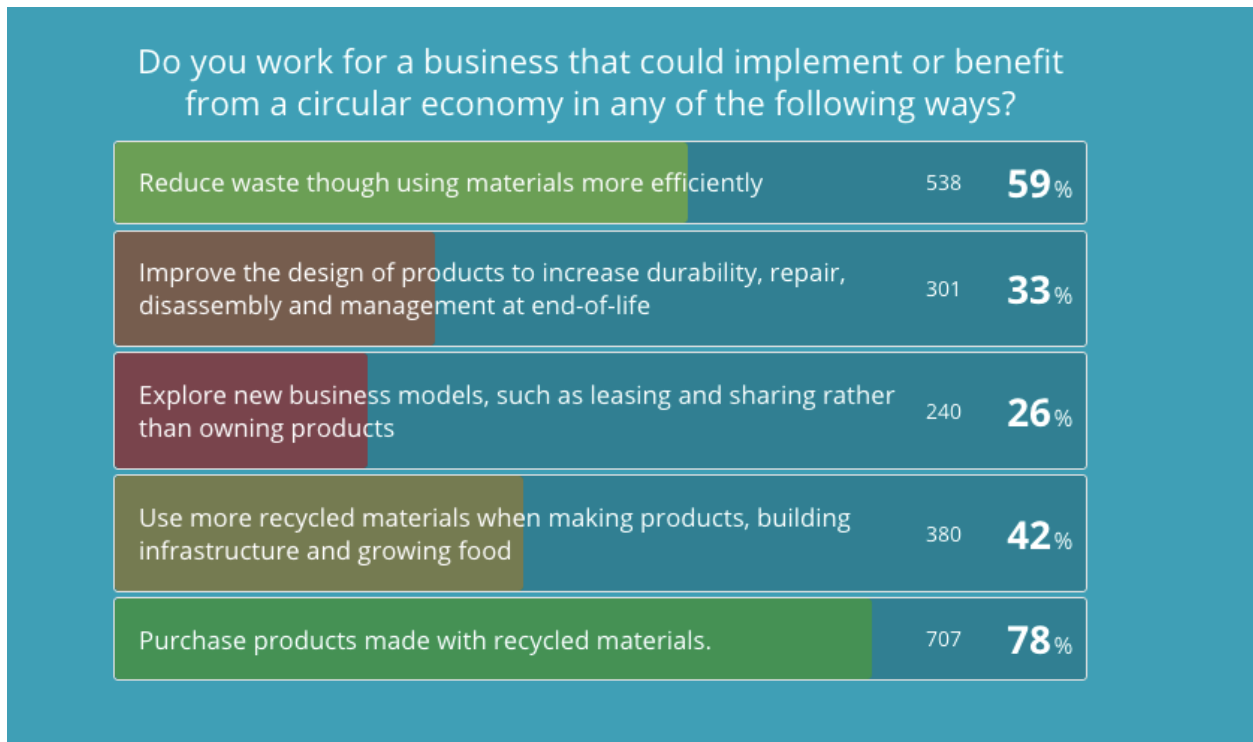
The survey included a number of questions that asked about the level of support for particular types of actions the government could include in its Circular Economy Policy and Action plan. As shown in the table below, the list of 12 actions recommended above has significant amounts of public support, with each scoring between 4 and 5 on a scale of importance from 1-5.

Question	Ranking out of 5
How satisfied are you Victoria's current waste and recycling system? <i>1 (very dissatisfied) to 5 (very satisfied)</i>	1.83
<b><i>How important do you think the following actions are for the Victorian Government to include in their circular economy plan?</i></b> <i>1 (not very important) to 5 (very important)</i>	
Commit to world-leading green public procurement guidelines to use the government's purchasing power to create more markets for environmentally friendly goods and services.	4.71
Ensure every council provides kerbside collection of food waste.	4.39
Invest heavily in public education campaigns around waste in order to change community behaviour to prioritise waste avoidance, reuse and recycling and better inform Victorians about what can or cannot be recycled.	4.7
Develop a clear set of rules to prevent 'mixed' or 'unsorted' waste being disposed to landfill or waste-to-energy facilities.	4.76
Ensure better design and construction of buildings and infrastructure, using more recycled materials and maximising material recovery during demolition.	4.84
Develop an ecolabel which helps consumers choose products that have a reduced environmental impact throughout their lifecycle.	4.65
Provide incentives to support the sharing economy (where under-used assets are shared or leased as a service and goods are sold peer to peer).	4.42
<b><i>How important do you think the following business-facing actions are for the Victorian Government to include in their circular economy plan?</i></b> <i>1 (not very important) to 5 (very important)</i>	

Facilitate the creation of Circular Economy Precincts where business can co-locate to maximise resource efficiency and material re-use.	4.46
Host a Circular Economy Summit to better involve the business community in circular economy initiatives and to bring in innovative ideas from other countries.	4.41
Promote circular economy developments in small businesses through grants, tax incentives, subsidised consultancy advice and other initiatives.	4.43
Provide incentives for companies to design more durable products which are easier and safer to dismantle, repair, reuse and recycle, and create disincentives for producing things that cannot be reused or recycled.	4.79
Create a system for food waste collection for commercial food producers and ensure markets exist for end-use products.	4.73

Our supporters were also asked whether they worked in a business that could implement or benefit from a circular economy.

The response to this question (shown in the chart below, answered by approximately 1000 people) shows that there is a lot of scope to make a circular economy a big success for Victoria's business community.





### **Timeline for the action plan**

We have some concerns around the timeline of the action plan. Compared to other policies and initiatives, the proposed turnaround time for developing the circular economy plan is significantly shorter. While we certainly welcome efforts to accelerate the implementation of ambitious plans, we would not want a shortened timeline to lead to a lower level of ambition, creativity and economic transformation in the final action plan.

### **Conclusion**

Moving to a circular economy will bring many benefits to Victoria: more sustainable resource use, less environmental damage, a more competitive and future-focused economy, lower greenhouse gas emissions, less strain on waste and recycling systems. As our trading partners also shift towards circular economies and become less depending on raw material imports, Victoria will stand to gain from an early-mover advantage and avoid having our economy left behind by the changes happening in other countries.

We would welcome the opportunity to contribute further to assist in the development of Victoria's Circular Economy Policy and Action Plan.

Regards,

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