Member: Anastasia Gazis

Member: Dominic Dsilva

Date: 8th April 2025

Dear Productivity Commission,

We are writing to you on behalf of members of the Circular Textile Working Group (CTWG) WA, a subgroup of Circular Economy Western Australia (CEWA). CTWG WA has been established to raise awareness, build networks and advance local action to significantly reduce clothing textile waste and its damaging impacts. CTWG consists of members from local and regional government, academia, clothing design and manufacture, social enterprise and business owners. This working group represents a broader membership of over 80 stakeholder subscribers.

In response to your request for further information in section 6:1 and 6:2 of The Productivity Commission's Interim Report, Australia's circular economy: Unlocking the opportunity, CTWG would like to provide you with our comments below.

Response to Information Request 6.1

Consumer Consideration of Certification Trademarks in Textile and Clothing Products

- Australian consumers increasingly consider certification trademarks when purchasing textiles and clothing. A 2024 study by CRDC found that 57% of surveyed consumers were willing to pay a premium for T-shirts made from natural fibres (cotton, hemp, viscose) if they carried credible sustainability certifications beyond basic Fair Trade labels[1].
- Certification trademarks influence purchasing decisions by reinforcing trust, verifying sustainable inputs, ensuring ethical labor practices, and assuring product quality.

Most Trusted Certification Trademarks in the Textile Industry

The most recognized and trusted certification trademarks in Australia include:

1. Oeko-Tex Standard 100 – Ensures textiles are tested for harmful substances.
2. GOTS (Global Organic Textile Standard) – Certifies organic fibre content and ethical production.
3. Fair Trade Certified – Guarantees fair wages and ethical labor practices.
4. Better Cotton Initiative (BCI) – Focuses on sustainable cotton farming.
5. Bluesign – Ensures environmentally friendly and resource-efficient production.
6. Australian Made Certification – Supports local manufacturing with national environmental and labor laws.

[1] *https://crdc.com.au/are-people-willing-pay-more-sustainability-credentials*

* These certifications stand out due to their transparent auditing, international credibility, and alignment with sustainability goals.

Summary: Although certifications do have their merit with a seal of compliance and best practices, however these certifications audits are conducted manually on a yearly basis and can be very expensive, thus using a decentralised model like a supply chain traceability tech platform would allow brands and consumers access to much more transparent info in the value chain along with sustainable metrics such as fibre origin, energy usage, logistical footprint, water consumption and fair wages. This helps brands to be more agile in their sourcing and consumers are better informed with the choices.

In addition to certifications and supply chain traceability tech, we would like to draw attention to the consumer-friendly Australian app 'Good On You'. Many consumers with ethical or environmental purchasing intent, consult this app first for brand ratings on pollution, waste and human rights abuses. They are providing simple ratings to give consumers confidence in their purchases. Ratings include "we avoid", "not good enough", "it's a start", "good" and "Great". Supporting and developing this app to also integrate circular textile criteria into their reporting systems, could build on an already well known and trusted information source for consumers.

Misleading Practices in the Textile Industry[2]

Manufacturers and retailers engage in misleading behaviors, including:

- **False sustainability claims ("greenwashing")** – Using terms like "eco-friendly" or "sustainable" without verifiable backing.
- **Misleading logos and terminology** – Creating proprietary "certification-like" symbols to mislead consumers.
- **Insufficient or vague information** – Hiding unsustainable practices behind selective transparency.
- **Inaccurate labelling of fibre type** – A Dutch report[3] indicated that 41% of labels incorrectly record the fibre type. Good Sammy WA replicated this study for pre-loved goods which indicated 53% label inaccuracy. Many garments did not provide enough detail on labels to determine fibre type accuracy.

Note: Existing consumer protection laws, particularly ACCC regulations, address most deceptive claims. The misleading practices that fall outside of these laws are too difficult to know or track. Saying that, given we know that upwards of 40% of micro plastics found in our oceans and waterways come from laundering of polyester textiles[4][5], we have concerns about the environmental claims of clothing and textile products that are made from recycled polyester or plastics, recovered from other industrials. Also, the absence of 'Hazardous' or 'Toxic' labelling on any polyester products, virgin or recycled, could be considered misleading by default. Other than this, generally a more proactive enforcement of current laws, may in itself be a deterrent to greenwashing as a whole. We would also ask, that the ACCC add greenwashing in the clothing and textile industry, to their priority list for 2025-26.

Harms to Consumers from Misleading Claims[2][6]

1. **Financial harm** – Paying premiums for falsely advertised sustainable products.
2. **Erosion of trust** – Consumers struggle to differentiate genuine certifications from greenwashed claims.
3. **Environmental harm** – Greenwashing enables continued unsustainable production.

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[2] *https://www.researchgate.net/profile/Ngoc-Nguyen-456/publication/373632703_Fast_Fashion_Greenwashing_The_Worst_Combination_for_Sustainability/links/64f453f882707431 3ff598ad/Fast-Fashion-Greenwashing-The-Worst-Combination-for-Sustainability.pdf*

[3] *https://www.circle-economy.com/resources/clothing-labels-accurate-or-not*

[4]*https://www.monash.edu/__data/assets/pdf_file/0006/3059394/MSDI_Circular_Economy_Textiles_Transitions_Report.pdf*

[5] *https://www.sciencedirect.com/science/article/pii/S2405844021012081*

[6] *https://www.sciencedirect.com/science/article/pii/S2452223622001225*

4. **Reduced circular economy participation** – Misinformation discourages informed, responsible purchasing.
5. **Ethical concerns** – Consumers inadvertently support unethical labor practices.

Note: Research indicates that for the environmentally concerned consumer, even the perception of greenwashing will adversely affect their green purchasing intentions[1].

Response to Information Request 6.2

Useful Product Labelling Information for Consumers and Circular Businesses

To support consumers in choosing circular textiles, product labels should include:

- Disclaimer Tag -front and foremost as a swing tag on garments ie. 'Natural', 'Un-natural' or 'Toxic'.
- QR codes/RFID tags – Linking to supply chain transparency reports.
    - Origin - Country, components and raw materials
    - Material composition – Identifying natural vs. synthetic fibres.
    - Durability and reparability – Expected lifespan, ease of repair.
    - End-of-life options – Biodegradability, recyclability, or landfill impact.
    - Fair labor certification – Compliance with ethical production standards.

To support textile recycling and upcycling businesses, labels should include:

- The use of QR codes/RFID tags
    - Fibre content breakdown – Necessary for sorting and processing textiles.
    - Dye and chemical treatments – Identifying barriers to recycling.
    - Manufacturing processes – Insight into durability and decomposition factors.
    - Repairability score – Standardized ratings for repair ease.

Note: The challenge is to have printed QR codes that are durable throughout the garment's lifespan. Available option with QR codes, is photoluminescent inks that provide an invisible label printed on the garment and which is scannable using a UV scanner. Also, RIFD filament can be seamlessly inserted in clothing that acts as a tag and is readable by a sensor to identify and track assets automatically.

Regulatory Challenges

1. B2C Imports and Fragmented Waste Processing Regulations

- Global online shopping circumvents Australian regulatory frameworks, enabling unchecked imports of non-compliant textiles.

2. Environmental Management and Waste Segregation at Source

- Regulations often fail to distinguish between hazardous waste and clean post-consumer textiles (e.g., old garments vs. contaminated waste).
- Overly broad rules accidentally hinder businesses that process clean used garments for recycling or resale.
- Regulations need to adapt regionally to accommodate municipal composting and bio-digestion innovations.

3. Composting and Bio-Digestion Innovations

- Certain textiles (e.g., underwear, degraded clothing) cannot be resold and should be compostable.
- The pace of circular innovation requires supportive policies to prevent textiles from defaulting to landfill or incineration.
- A world-first compostable textiles standard is under development, led by Australian Standards, Deakin IFM researchers, and industry contributors.
- Financial support mechanisms are required to assist in refining and implementing these composting standards.

Note: Most of these issues and challenges could be managed much better through the use of QR codes and RFID tags.

Building on Existing Systems vs. Creating New Ones

- A product labelling scheme could expand on certifications like Oeko-Tex, GOTS, BCI, and Bluesign.
- QR codes or RFID tags could provide digital access to traceability data and sustainability credentials.
- Regulations should mandate synthetic fibre disclosures and introduce warning labels for polyester-based textiles.

Alternative Forms of Labelling to Improve Circularity

B2B traceability platforms **–** Enabling full supply chain transparency.

- Retail take-back programs – RFID-integrated smart bins for garment collection.
- Government incentives **–** Tax benefits for businesses adopting repair and recycling models.
- Digital passports for garments – Tracking lifecycle, ownership history, and circular economy potential.
- A traffic light system indicating level of circular integration of a product or business, similar to that used by Monash Sustainable Development Institute to track progress towards 2030 SDG goals and others to measure CO2 levels in food systems. This could simplify sustainability messaging for consumers[7][8].

Summary:

- Focus on technology development to decentralize supply chain traceability via tech platforms by incorporating QR codes and RIFD tagging for better transparency and accurate immutable data sharing, to reduce the reliance on external certifications as the only means for ethical practices and compliance monitoring.
- Implementation of warning labels and SDG grading systems to deter the use of polyester textiles and other synthetic materials to simplify sustainability messaging for consumers.
- Waste segregation at source by implementing technology via QR codes and RIFD tagging.

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[7] *https://www.monash.edu/__data/assets/pdf_file/0006/3906186/MSDI-Transforming-Australia-SDG-Progress-Report-2024.pdf*

[8] *https://www.sciencedirect.com/science/article/pii/S0950329323000071#:~:text=A%20traffic%20light%20label%20fosters,concern%20and%20carbon%20footprint%20labels.*

Supporting Best Practice

This impact report published by the brand Spell (Link to report provided here- https://cdn.shopify.com/s/files/1/0216/3104/files/Spell-FY24ImpactReport.pdf?v=1736890759), is an example of best practice. This level of effort to trace and disclose the supply chain would be difficult without supporting technologies, not to mention financially burdening for SME.

Suggestion: Tax benefits for efforts in this area, or subsidised access to emerging tech for supply chain traceability and management.

Thank you for the opportunity to contribute to this consultation. We would like to reiterate the need for mandatory product stewardship schemes, market development, community awareness and financial levers (via tax incentives/grants) to drive positive practices, and financial disincentives (via taxes/ tariffs/ levies) to reduce consumerism, and drive sustainable design practices.

We are happy to provide further clarification on any of the points raised, and provide additional information related to a circular economy for textiles in Australia.

Kind regards

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