

7th April 2025

Productivity Commission
Opportunities in the Circular Economy Inquiry
Level 8, Two Melbourne Quarter
697 Collins Street
Docklands VIC 3008, Australia

Dear Commissioners,

Re: Information request response to the Interim Report on Australia's circular economy: Unlocking the opportunities

We appreciate the opportunity to provide insights in response to the Productivity Commission's interim report on Australia's circular economy. As an advocate for businesses across Queensland, representing enterprises of every industry, size, and region, we are pleased to contribute additional information to this critical topic.

In our initial response to the Commission's call for submissions on the opportunities in the circular economy inquiry, we highlighted the transformative potential of integrating circular economy principles to drive business growth, resilience, and sustainability. We emphasised the importance of reducing negative environmental impacts, fostering innovative business practices, and enhancing economic resilience and competitiveness. Our submission also addressed the challenges faced by businesses, particularly small and medium-sized enterprises (SMEs), in adopting circular economy practices due to resource constraints and other pressures.

In response to the interim report, we would like to expand upon several key points:

- right-sizing policy so that it is inclusive of, and enabling for micro, small, and medium-sized enterprises;
- the role of capacity-building in motivating and uplifting capability;
- the opportunity to drive collective impact by achieving innovative business outcomes through incremental business improvements and optimisations, not only through new-to-the world products and services.

Micro, small, and medium-sized enterprises (MSMEs) differ significantly from large businesses in terms of resources, capability, and regulatory compliance. It is crucial that any regulatory framework accounts for these differences to ensure MSMEs can comply effectively without undue burden.

Business Chamber Queensland has a proven track record of supporting SMEs through capacity-building programs. Our programs are designed to address current business challenges (i.e. rising input costs), whilst also proactively readying business for future opportunities or economic changes (i.e. mandatory climate-related reporting) by supporting them to build capacity, take action and measure outcomes.

Business Chamber Queensland

Level 14, 300 Queen Street, Brisbane 4000
1300 731 988 | www.businesschamberqld.com.au

As an example, Business Chamber Queensland's ecoBiz program, designed by business – for business, has helped thousands of MSME businesses reduce energy, water, waste and operational costs whilst also supporting businesses to baseline and benchmark their sustainability activity. ecoBiz currently supports more than 800 active businesses across Queensland, with an average engagement with the program of 3.5 years. The recent ecoBiz program expansion includes new modules focused on carbon, climate risk and adaptation, and circular economy- demonstrating our commitment to enhancing business awareness and capability in these areas.

Our experience working with MSMEs has given us insights into the varying levels of awareness, understanding and business maturity levels. These insights also help us to understand the specific challenges and opportunities for circular economy practice adoption. Targeted capacity-building programs are essential to engage these businesses, build greater awareness and support them to embrace circular principles while also delivering benefits to their business including greater efficiency, productivity and embedding innovative behaviours. By providing training, resources, and tailored support, we can enable businesses to develop the necessary capabilities and mindsets for success in a more sustainable and circular business environment.

Please refer to Attachment A for our detailed responses to the information requests outlined in the call for submissions on the opportunities in the circular economy.

We are committed to engaging in future consultations to ensure the circular economy framework continues to effectively support Australia's sustainability ambitions while also fostering our business community's growth and resilience.

Thank you for considering our input. We look forward to contributing further on this important topic and are committed to the adoption of sustainable business practices so Queensland and Australian businesses can thrive now and into the future.

Kind regards

Cara Westerman

General Manager – Business Sustainability

Attachment A: Australia's circular economy: Unlocking the opportunities Interim Report – Information Request 10.2 and 10.3

Information request 10.2: Supporting coordination, facilitation or brokering services

The PC is interested in further information on supporting businesses and communities to identify circular opportunities and develop partnerships:

- What government initiatives could most effectively support businesses' coordination?
 - How could governments use or build on existing platforms for information sharing or collaboration?
 - Are there examples of governments partnering with intermediaries, such as industry associations or other network bodies, to support collaboration? How might this be further strengthened?
 - What would be the benefits and costs associated with these initiatives, in terms of economic, environmental and/or social outcomes?
 - What lessons could be learned from successful government initiatives supporting facilitation or coordination in other industries?
- Are there special considerations for how governments might support businesses to identify partners in regional and remote Australia?
- How could governments support Aboriginal and Torres Strait Islander businesses and communities to identify opportunities and partnerships? What current or new initiatives could be adopted or extended?
- How do the needs of small and medium businesses or organisations differ from larger businesses or organisations in relation to adopting circular practices, and how might governments best support this cohort?

The PC is interested in further information on navigating regulatory complexity:

- What are the barriers to knowledge (or transition) brokers, project officers, community development officers and the like effectively assisting organisations to navigate regulatory complexity?
- To what extent is there a need for government to provide services, given that there are already private consultant services that can support businesses to navigate regulations?
- What kind of regulations do businesses most need help navigating to pursue circular opportunities? Are these at Commonwealth, state and territory, or local government level?

In considering regulatory approaches, it is essential to recognise that micro, small, and medium-sized enterprises (MSMEs) differ significantly from large businesses. While MSMEs tend to have greater agility, they are often resource-constrained, have lower capability and maturity in regulatory compliance, face higher relative costs, and may have lower awareness of regulatory changes and available support mechanisms. Any regulatory framework should account for these challenges to ensure MSMEs can comply effectively without undue burden.

For over a decade, Business Chamber Queensland has delivered the ecoBiz program in partnership with the Queensland Government, helping thousands of SMEs reduce energy, water, and waste while embracing sustainability, decarbonisation, and circular economy practices. Focused on real business action, ecoBiz delivers measurable savings and collective impact through avoided emissions.

In June 2024, an expanded digital platform was introduced to enhance accessibility, data collection, and scalability, featuring personalised dashboards, progress tracking, and a knowledge hub. Alongside this, the ecoBiz Carbon Module was launched to improve business awareness of carbon and emissions. In 2025, two additional modules will be introduced: the Climate Risk and Adaptation Module (Apr/May) and the Circular Economy Module (Sept/Oct).

The Circular Economy module for SMEs will raise awareness and build understanding of circular economy principles, highlighting opportunities and benefits for businesses. It will demonstrate how circular practices enable economic opportunities for business, whilst also aligning with broader sustainability goals, including carbon reduction, resource efficiency and climate risk management. The module will support businesses in developing actionable roadmaps and strategies to integrate circular practices, providing practical guidance on procurement, product design, manufacturing optimisation, product longevity, reuse, recycling, supply chain collaboration, and innovative business models like product-as-a-service. Additionally, it will leverage and connect SMEs with key incentives, including partnerships, grants, industry collaborations, innovation accelerators and tax incentives to operationalise ideas and innovative approaches.

One of the major strengths of ecoBiz is that it is industry-led, codesigned with government. This provides a level of independence, credibility and trust with businesses, whilst also allows us to leverage our networks, extensive partnerships and unlock opportunities from easily working across intersectional policy areas (decarbonisation, nature, innovation, digital and workforce) –still aligned to government policy and strategy.

ecoBiz currently supports more than 800 active businesses across Queensland, with an average engagement with the program of 3.5 years. The ecoBiz platform can be easily scaled and expanded beyond Queensland, as a MSME-specific capacity-building program. There is also opportunity to further strengthen and

amplify outcomes of the platform by using that platform to incubate lower maturity businesses, before connecting them into more in depth programs, challenges and programs. Equally, there is value in using the platform to build maturity as a pathway to grants to achieve better return-on-investment and outcomes from grant funding programs.

Government plays a critical role in funding upskilling initiatives for low-maturity businesses, helping them build awareness and identify opportunities within the circular economy. While consultants provide valuable expertise, many SMEs—particularly those in resource-constrained sectors—lack the financial capacity to engage them until they reach a certain level of maturity. Industry bodies like Business Chamber Queensland can bridge this gap by delivering practical, accessible programs, but ongoing funding is essential to sustain these efforts. Additionally, the current market lacks sufficient skilled professionals to support the entire business ecosystem in transitioning to circular practices. SMEs typically turn to their industry peers first for guidance, reinforcing the value of industry-led programs. Business Chamber Queensland’s extensive regional network, with over 65% of ecoBiz participants from regional areas, further strengthens its ability to connect businesses with tailored support where it is needed most.

Information request 10.3: Supporting greater adoption and diffusion of circular innovations

The PC is interested in further information on challenge-based funding for innovation:

- Are there examples of circular economy innovations that have been successfully funded through challenges (in Australia or internationally) and what determined their success?
- What might be the benefits and limitations to this approach? What are the likely costs?

The PC is interested in further information on connecting industry and research:

- What are useful models for how government can connect industry and researchers? When is this best done at the industry level, and when by location (such as a region or local government area)?
- Are there examples of successfully adopting or diffusing circular innovations across supply chains?
- What are additional examples of Australian, state, territory and local governments successfully fostering these connections?

The PC is interested in further information on Aboriginal and Torres Strait Islander knowledges and circular innovations:

- What actions could governments take to value Aboriginal and Torres Strait Islander knowledges, in ways that protect Indigenous cultural and intellectual property, in the adoption and diffusion of circular innovations?

One key limitation in addressing the challenges identified in the Australian Productivity Commission's report is the varying business maturity levels among small and medium-sized enterprises (SMEs). Many businesses, particularly those in the early stages of development or still adjusting to evolving market demands, may not yet be fully aware of the potential opportunities associated with sustainable practices, including those linked to the circular economy. These businesses, often described as "not yet on the journey," may not immediately recognise the value in adopting circular economy models or sustainability initiatives, despite being "ripe" for the opportunity.

However, this limitation also presents a significant opportunity. By focusing on capacity-building efforts, it is possible to engage a broader pool of businesses and bring them into the "funnel" of sustainable business practices. Capacity-building programs can help businesses of varying maturity levels understand the importance of sustainability, circular economy principles, and the benefits of integrating these approaches into their operations. These programs can provide training, resources, and tailored support to enable businesses to develop the necessary capabilities and mindsets for success in a more sustainable business environment.

Building capacity at early stages can foster an environment where businesses are more likely to adopt circular economy practices when they reach the appropriate level of maturity. Such initiatives not only increase the number of businesses involved but also ensure that a wider range of SMEs are better prepared to capitalise on these opportunities, ultimately driving long-term growth and contributing to the overall sustainability goals of the economy.