



Friday, 11 April 2025

Productivity Commission

[Via online portal](#)

Australia's circular economy: Unlocking the opportunities

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide the Productivity Commission with feedback on the interim report relating to Australia's circular economy: Unlocking the opportunities (Interim Report). The Appendix provides further information about CA ANZ.

Our response reflects our experience as a membership body and is representative of our members, finance professionals in business and practice. Our submission builds upon our previous comments outlined in our earlier [submission](#) to the Productivity Commission Inquiry on opportunities in the circular economy.

We support the six priority areas identified in the interim report i.e., built environment, food and agriculture, textiles and clothing, mining, vehicles and electronics. We believe that collaboration between industry and government will be important to accelerate the adoption of circular economy practices within the Australian economy.

Information request 10.1

What would be the benefits of setting up a new institutional body to oversee harmonisation efforts? How would such a body need to be structured to improve on current arrangements, and what would be the costs of setting up and running it?

As a part of our general member and stakeholder outreach, we note that many businesses lack an understanding of a circular economy and are unaware of how their business (often non-manufacturing) can manage the related risks to operations and future growth.

We support the establishment of a new institutional body to harmonise efforts across Australia, however, believe that the body should have a multi-stream remit, which includes awareness raising and education to support business as well as provide a central point for other Government agencies, business and the public to refer to for access to circular economy initiatives and other support mechanisms.

Currently, accounting and financial methodologies do not appropriately value the financial benefits from a circular approach (as noted on page 47 of the interim report). As noted in the [Sustainable Business Network and Grant Thornton publication on the circular revolution](#) (the SBN publication), a barrier to measurement is that there is no single standard metric, tool or methodology for measuring circularity. The SBN publication identifies a 2020 report *Circular Metrics for Business, the Circle Economy and PACE*, that captures the landscape of current metrics and applicability to circularity. We would expect a new institutional body to undertake

consideration of existing research, such as this, to translate into practical considerations that business can utilise for their own operations in Australia.

The circular economy is multifaceted and multidisciplinary and a consistent and harmonised approach is needed. Collaboration across government departments, such as with the Department of Climate Change, Energy, the Environment and Water and the Department of Industry, Science and Resources, will be integral for a coordinated approach to ensure that policies are consistent with overall national goals and reduces the likelihood of inconsistent policy outcomes.

Information requires 10.2

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?

Government should consider the provision of services to small and medium businesses, who may not have the resources to engage private consultants to navigate regulations, with an initial focus on those that operate within the six priority areas identified in the interim report. Such services could be provided by the new institutional body or alternatively services could be government funded or subsidised enabling businesses to access approved consultants through a register housed and maintained by government (similar to the Clean Energy Regulators' find a greenhouse gas [auditor list](#)).

As noted in the SBN publication, practical solutions to expedite progress involve government at all levels (federal, state and territories and local) actively laying the foundations for a circular economy such as setting up the necessary infrastructure for circular practices for businesses to access (at scale) and incorporate into their own processes.

Government could also support the establishment of an ecosystem to support circular business models that rely on the sale or purchase of second-hand resources to manufacture products - an easy-to-use network to buy or sell used materials for disassembly, refurbishment, repair or reprocessing.

Initiatives such as this should not depend on location but should be available for businesses to access across Australia. The need for co-ordination through all levels of government will be critical for this to be achieved. We suggest that government consider a pilot program which establishes an ecosystem to support circular business models in collaboration with a state (and/or local government) to understand the requirements of implementation as well as the uptake and financial impacts and opportunities for both business and government.

Further, the SBN publication notes that the lack of infrastructure for processes like recycling increases the cost of going circular. Government has the opportunity to set up domestic recycling programs or provide retailers with incentives or rebates to utilise overseas recycling programs to encourage retailers to incorporate circular considerations within their business models. The establishment of recycling programs such as this could position Australia as a

regional leader in supporting businesses adopt circular economy activities. This in turn could attract international investment and trade opportunities as well as improving Australia's progress in meeting the United Nations Sustainable Development Goals (UN SDGs).

Information request 10.4

Will the proposed Australian sustainable finance taxonomy and enhanced ESG reporting provide sufficient information for investors to make informed decisions about circular economy projects? Or are further initiatives, required to improve investor confidence in the circular economy?

We do not consider the proposed Australian sustainable finance taxonomy and enhanced ESG reporting will provide sufficient information for investors. Only climate-related disclosures have been mandated in Australia, use of the proposed sustainable finance taxonomy and adoption of enhanced ESG reporting more broadly are voluntary in Australia. Comparable and consistent information is unavailable. As noted earlier, there is a lack of relevant consistent and comparable circularity metrics disclosed by business.

As investors increasingly refer to ESG reporting subject areas, including circularity, to inform their decisions, they will need a better understanding of the related risks, opportunities and value that it brings to a business. This will require a level of education and awareness that can be driven by both Government and industry. As knowledge and awareness of circularity builds amongst the investor community, confidence in the circular economy will inevitably increase.

Information request 10.6

Are there alternative indicators that would better measure the progress of Australia's circular economy? What would be the benefits and costs associated with these alternatives?

The United Nations Economist Network, in [their new economics for sustainable development circular economy paper](#) (the UN paper), notes that a circular economy has multiple dimensions that are difficult to capture with a single indicator. The UN paper suggests that the targets associated with UN SDG 12 "Ensuring Sustainable Consumption and Production patterns" and target 8.4 which aims to "Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation..." are relevant to the circular economy. We suggest that government considers these as potential indicators to measure the progress of Australia's circular economy.

What reporting format would be most valuable and accessible to stakeholders using the monitoring data (e.g. including in the Measuring What Matters framework, or a separate dedicated dashboard)?

We support the inclusion of monitoring data within the Measuring What Matters framework (the framework). The inclusion of monitoring data within the framework would strengthen the measurement of the circular economy indicator under the “protect, repair and manage the environment” dimension. This measure would also contribute to the indicators recommended in our response to information request 10.6 above.

Over what timeframe could the proposed expanded set of indicators be rolled out? How frequently should the set of indicators be reviewed and updated, so that they can remain fit for purpose to inform government and business decisions about the circular economy?

Indicators should be considered every five years incorporating findings from the quadrennial SDG review undertaken by the United Nations. However, when significant developments in measurement occur (domestically and internationally) a review could be considered on an ad hoc basis.

Sincerely,

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About Us

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 139,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 16 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.