

14 April 2025

Opportunities in the circular economy Inquiry

Productivity Commission
Locked Bag 2, Collins St East
Melbourne Vic 8003

By email to: circular.economy@pc.gov.au.

Dear Ms Chong

Australia's circular economy: Unlocking the opportunities

The Institute of Public Accountants (IPA) welcomes the opportunity to provide comment on Australia's circular economy interim report.

The Institute of Public Accountants is one of the three professional accounting bodies in Australia, having been established in 1923, and represents over 50,000 accountants, business advisers, academics, and students throughout Australia and internationally. Three quarters of the IPA's members work in or are advisers to small business and Small to Medium Enterprises (SMEs).

General Comment:

The IPA supports the proposals outlined in the interim report and commends the effort to advance the circular economy agenda in Australia. We firmly believe that increased investment and comprehensive research in this field are beneficial and essential. Australia has lagged behind international counterparts in adopting and implementing robust circular economy initiatives and regulations, and decisive action is now critical to rectify this. The transition towards a circular economy presents significant opportunities for innovation, economic growth, and environmental sustainability, and we urge a proactive and ambitious approach.

However, there is further research and guidance required:

1. **Strategic involvement of large corporations.** While the report touches on various stakeholders, further detailed exploration is required regarding the specific roles, responsibilities, and incentives for large corporations in driving the circular economy transition. This should include strategies for fostering corporate leadership, promoting circular design principles within their operations and supply chains, and ensuring accountability for their environmental footprint. Clear guidance is needed on how large corporations can effectively engage and incentivise to invest in circular solutions and infrastructure.
2. **Development and implementation of effective repairability schemes.** The report outlines several promising proposals that were initially presented in the Commission's *Right to Repair Productivity Commission Inquiry Report* in 2021. For completeness and accessibility, we suggest the recommendations from this report are incorporated into the final circularity review report.

To truly embrace a circular economy, Australia needs concrete strategies to ensure products are designed for durability and ease of repair. This includes addressing the availability of spare parts, repair information, and supporting the repair sector. Without explicit measures to promote repairability, the report risks overlooking a fundamental pillar for extending product lifespans, reducing waste, and empowering consumers to participate in a more sustainable system. The omission of detailed plans for repairability schemes represents a missed opportunity to accelerate Australia's transition to a truly circular economy significantly.

3. **Robust and standardised data collection methodologies.** Effective monitoring, evaluation, and policy development for the circular economy hinge on reliable and consistent data availability. The report should delve deeper into establishing standardised methodologies for data collection across various sectors and material streams. This includes identifying key performance indicators (KPIs), exploring digital solutions for data tracking, and addressing challenges related to data accessibility, comparability, and quality without creating more red tape for SMEs. Clear frameworks for data sharing and reporting are also crucial.
4. **Proactive prevention of unnecessary regulatory burden.** While regulatory frameworks and robust data collection are necessary to guide the transition, it is imperative to proactively identify and mitigate potential increases in unnecessary regulatory burden for businesses, particularly SMEs. Research should focus on designing efficient and streamlined regulations that incentivise circular practices without creating undue complexity or compliance costs. This includes exploring smart regulation, regulatory sandboxes, and providing clear and accessible guidance to businesses navigating new requirements.
5. **Clear demarcation of governmental responsibilities.** Clear roles and responsibilities of different levels of government (federal, state, and local) are necessary in facilitating the circular economy. Defining clear lines of accountability and fostering effective intergovernmental collaboration are crucial for a cohesive and efficient national strategy. Research should explore optimal governance structures, resource allocation mechanisms, and mechanisms for harmonising policies across jurisdictions.
6. **Ensuring ethical practices and robust measures against greenwashing.** As the focus on sustainability intensifies, the risk of greenwashing becomes increasingly significant. The transition to a circular economy needs to focus on defining ethical practices within the circular economy and developing robust mechanisms to prevent and address greenwashing. This includes establishing clear definitions and standards for circularity claims, enhancing consumer protection measures, and outlining penalties for misleading environmental and sustainability claims. Research should explore best practices in international jurisdictions and consider the role of independent verification and certification schemes.
7. **Stronger electric vehicle policies and incentives.** The enduring popularity of utility vehicles (utes) as top-selling cars in Australia underscores a critical barrier to EV adoption: a lack of sufficient incentives. While EVs offer long-term environmental and potential cost benefits, the current market signals that Australians, particularly those who rely on the practicality and versatility of utes, are not adequately incentivised to make the switch. Without more substantial financial and policy support tailored to the needs of this significant segment of the market, including addressing price parity, charging infrastructure in regional areas, and potentially developing electric ute options, Australia risks falling further behind in its EV transition, hindering progress towards a circular and sustainable automotive future. Another issue to be considered

is the lifespan of lithium-ion batteries, which is 500 charges or three years of continuous use, and sustainable ways of either repurposing or recycling them. Disposing of lithium-ion batteries can be dangerous and detrimental to the environment. The continued dominance of traditional utility vehicles highlights the urgent need for targeted incentives that make EVs a viable and attractive option for all Australian drivers.

The IPA looks forward to further engagement with the Productivity Commission in developing a comprehensive and effective circular economy strategy for Australia.

If you have any queries or require further information, please contact me

Yours sincerely,

Michael Davison
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Institute of Public Accountants

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