# **ARa submission**

Australia’s circular economy: Unlocking the opportunities

(Interim report)

APRIL 2025

**INTRODUCTION**

The Australian Retailers Association (ARA) welcomes the opportunity to contribute to the Productivity Commission's consultation on opportunities in the circular economy.

The ARA is the oldest, largest, and most diverse national retail body, representing a $430 billion sector that employs 1.4 million Australians – making retail the largest private sector employer in the country. As Australia’s peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects, and unifies our independent, national, and international retail community.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium-sized members, who make up 95% of our membership. Our members operate across the country and in all categories - from food to fashion, hairdressing to hardware, and everything in between.

**BACKGROUND**

The retail sector has committed to transitioning to a decarbonised, circular and nature positive future, recognising the opportunities a circular economy can unlock and the challenges to be overcome through the ARA. This approach includes designing out waste and pollution throughout the supply chain and operations, keeping products and materials in use for longer (including through design, manufacturing, use and recovery of products and materials), and regenerating nature in the process. As a sector which serves all Australian’s and is a vital part of local communities, retail is uniquely positioned to support large scale behavioural change and positive outcomes. By adopting circular economy principles, the industry aims to reduce environmental impacts and unlock new opportunities for value creation a circular economy provides.

The ARA supports the Australian Government’s efforts to transition to a circular economy, however, recognises that while individual retailers are making progress, no business alone can achieve the systemic change needed in the timeframe required. Additionally, a circular economy is much broader than recycling, which is considered a lower outcome on the waste hierarchy. Any review into circular economy opportunities should ensure there is a greater focus on other opportunities in the hierarchy, including repair and refurbishment. The ARA has outlined a set of recommendations that will help accelerate progress being made within the retail sector, and beyond, including influencing behaviour change at a national scale. We look forward to continuing to collaborate with Governments to achieve positive social, environmental and financial outcomes.

This submission has been informed by consultation with the ARA’s Sustainability Advisory Committee and by broader research with ARA membership.

**KEY REFLECTIONS ON INTERIM REPORT**The interim report aligns with several ARA priorities, particularly around reducing regulatory barriers, harmonising waste classifications, and expanding product stewardship schemes to emerging waste streams. It also reflects support for repairability and durability labelling, an important step toward empowering consumers to make sustainable choices. The emphasis on sustainable procurement and performance-based standards for recycled content also mirrors ARA’s calls to unlock demand-side levers that can support circular innovation.

However, the ARA recommends the following areas be further developed in the final report to help guide meaningful policy reform:

* The ARA’s proposed **program-based funding model**, drawing on successful examples from other sectors, offers a practical approach to build capacity and support systems-level transformation across the retail industry.
* The opportunity to expand **R&D tax incentives** to stimulate innovation in circular business models.
* Creating a **comprehensive national circular economy policy** with fragmented state and territory approaches continuing to create inefficiencies and uncertainty.
* The **role of consumers** in circular economy outcomes – without consumer support, any scheme will fail.

Focusing on these areas is critical to achieving the required scale and pace of transition.

Refer to Appendix A for key recommendations outlined in the ARA’s previous submission (page 8).

**RESPONSES TO THE INFORMATION REQUESTS**

The ARA is responding to the interim report’s questions with a focus on three priority sectors most relevant to retail: food and agriculture, textiles and clothing, and electronics. While the report identifies six sectors, the ARA’s input highlights retail-specific opportunities and barriers to support the development of practical, sector-aligned policy for a more circular economy.

**Chapter 5 - Food and Agriculture**

* **Information request 5.1: Reducing food waste through food relief and donation to charity**

**Leveraging data infrastructure for strategic resource allocation:**We recommend support to evolve the Australian Research Data Commons - Hunger Map. An enhanced Hunger Map could provide near-real-time, granular data on food surplus locations, demand hotspots, and logistical capacities of major food rescue organisations. This would enable these organisations to develop a sector-wide strategic approach, optimising resource allocation and minimising duplication and/or redundancy. The data generated would also serve as a crucial tool for local, state, and federal governments to make informed decisions regarding financial grants and other hunger relief investments. This would ensure that public funds are directed towards the most impactful initiatives.  
  
**Recommendation:** Provide financial support to enhance the Australian Research Data Commons - Hunger Map.

**Fostering cross-sector collaboration:**We propose the establishment of a cross-sector taskforce, coordinated by an existing body like End Food Waste Australia. With appropriate authorisations, this taskforce should include major hunger relief organisations (e.g. SecondBite, OzHarvest and Foodbank), and major food donors (e.g. retailers and manufacturers). The taskforce's primary objective would be to facilitate information sharing, identify transport and storage synergies, and unlock efficiency gains through improved resource application. This collaborative approach would streamline operations and maximise the impact of food relief efforts.  
  
**Recommendation**: Establish a cross-sector taskforce to facilitate information sharing, identify transport and storage synergies, and unlock efficiency gains through improved resource application.  
  
**Incentivising food donations:**The ARA previously endorsed the Parliament's Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024, and again reiterate calls for this legislation to be passed in the next parliament. If passed, this legislation would provide a tangible financial incentive for businesses to donate surplus food to charitable organisations. The primary purpose of this policy is to reduce food waste – for example, Woolworths publicly stated that it would not seek to benefit from a tax deduction like this but support it on the basis that it would be a benefit to primary producers and smaller businesses with excess stock.  
  
**Recommendation**: Implement legislation that offers incentives for businesses to donate food.

**Chapter 6 - Textiles and Clothing**

* **Information request 6.1: Protections for consumers of textiles and clothing**

Insights from a 2024 Kmart Group study show that while sustainability is increasingly on consumers' radar, it remains a lower priority amid cost-of-living pressures. Sustainability is often viewed as synonymous with quality. Consumer awareness also tends to focus more on waste than less tangible impacts like carbon. In categories like furniture, bed linen, and beauty, consumers have stronger intent to buy sustainably. In apparel, durability is valued but hard for shoppers to assess. However, probably due to lighter use baby and childrenswear shows the highest intent for sustainable and quality-led purchases, with reuse in mind.

**Recommendation:** The ARA supports the development of a national garment labelling scheme that highlights durability. Many brands already maintain technical specifications, such as UV colour fastness, abrasion resistance, pilling, and wash cycle performance which could serve as the foundation for a standardised, consumer-facing label. The Primark Cares Durability Standard offers a strong example of international best practice that could inform local implementation. Additionally, the ARA recommends exploring a nationally consistent disposal labelling program to assist consumers in making informed decisions at the end of a product's life.

To protect consumers and support the development of a circular economy, the retail industry supports a suite of actions that governments and stewardship schemes could implement to improve the availability and accuracy of sustainability-related information, provided they are designed in close collaboration with industry and that there is adequate consideration given to economic and commercial impacts. These include:

* **National Standards and Definitions:** Develop a consistent, government-endorsed framework for sustainability claims in textiles and clothing, including definitions for key terms (e.g. “recyclable,” “biodegradable,” “sustainable,” “ethical”).
* **Accreditation and Verification:** Support or endorse recognised certifications that are reputable, transparent and have a strong commitment to environmental protection. Encourage the use of third-party verification for sustainability claims, and consider establishing a national registry or recognition platform for credible certification marks.
* **Guidance:** Expand existing consumer law guidance (e.g. greenwashing guidance) specific to the textiles sector, and encourage government to establish clear guidelines on sustainability claims, providing businesses with specific frameworks for making credible environmental claims and helping prevent greenwashing.
* **Education and Awareness Campaigns:** Fund national consumer awareness initiatives to increase understanding of trusted certification marks, the importance of circularity, and how to identify credible sustainability claims.
* **Support for Retailers and Brands:** Provide guidance for businesses - especially SMEs - on how to make credible claims and communicate sustainability information in a transparent, consistent way.
* **Information request 6.2: Product labelling for textiles and clothing**

**Requirements for Accurate and Consistent Information**

To ensure reliable product labelling, businesses need access to standardised information from across the textile supply chain. This requires consistent reporting and traceability from fibre producers, mills, manufacturers, and suppliers. Tools such as digital traceability platforms, blockchain-based supply chain mapping, or integrated product lifecycle management systems can support this.

However, many retailers - particularly small and medium enterprises - lack the infrastructure or influence over complex supply chains to obtain this level of detail. Industry-wide collaboration and investment in accessible traceability technologies will be essential. Governments could play a role by supporting the development of common data frameworks, subsidising access to technology, and establishing minimum labelling requirements that balance rigour with feasibility.

**Opportunities and Costs of Building on Existing Systems**

Australia could leverage existing international standards and information systems to accelerate the development of a national labelling framework. Standards such as ISO 14024 (Type I environmental labelling), ISO 20400 (sustainable procurement), and certification systems like GOTS or OEKO-TEX provide established benchmarks for sustainability attributes. The Australasian Recycling Label (ARL) is another model that could be adapted for textiles to communicate recyclability and disposal options in a clear, accessible format.

However, significant investment would be required to translate these frameworks into a practical labelling system for textiles, particularly in developing the infrastructure to collect, verify, and communicate sustainability data across diverse and globalised supply chains. Implementation costs may include retooling labelling systems, staff training, certification fees, and product redesign in some cases. Care must be taken to avoid duplicative or overly burdensome requirements, especially for smaller businesses.

A phased, industry-informed rollout that builds on existing certification schemes, encourages voluntary participation, and provides clear transition pathways would help manage costs and facilitate uptake.

Beyond point-of-sale product labelling, other forms of information transfer can enhance circularity across the textiles lifecycle. Business-to-business labelling or certification—such as environmental product declarations (EPDs) or supplier sustainability disclosures—can support sustainable procurement and manufacturing practices. Digital product passports are emerging as a valuable tool for embedding traceability, repair guidance, and end-of-life instructions into the product itself via QR codes or RFID tags.

These systems can be linked to retailer or recycler databases to streamline decision-making and reverse logistics.

End-of-system labelling such as embedded product IDs or fibre markers can also aid in automated sorting and material recovery at scale. For these approaches to succeed, cross-sector coordination, government support, and interoperability standards will be required.

* **Information request 6.3: Textiles and clothing product stewardship schemes**

Retailers that have engaged with product stewardship schemes report both benefits and ongoing challenges. On the positive side, participation helps businesses enhance their reputation, build consumer trust, and demonstrate a tangible commitment to sustainability. It also offers access to useful data and insights around consumer behaviour and product disposal trends, which can inform product design and circularity strategies.

However, participation is not without its difficulties. Establishing effective systems for take-back, reuse, and recycling is particularly complex for retailers that lack reverse logistics infrastructure or internal capacity. Moreover, the current lack of scalable, local textile sorting and recycling facilities limits the impact and cost-effectiveness of these efforts. Retailers also report that the absence of consistent national policies makes it difficult to design and implement cohesive programs, especially for businesses operating across multiple jurisdictions. Addressing these issues will require a coordinated policy response, underpinned by shared national standards, infrastructure investment, and robust industry-government collaboration.

For large businesses that sell multiple categories of products, a significant barrier to participation is the additional costs, high levels of free-riders, and complex landscape of voluntary schemes, which creates confusion and limited clarity for businesses on their obligations. National harmonisation of these schemes would help streamline compliance requirements and reduce operational complexity, making it easier for businesses to participate across different product categories. Cost is another deterrent, especially for retailers that do not immediately see commercial returns from participation. , As a voluntary scheme, Seamless’ membership remains limited, with around 70 participating members – primarily smaller retailers that represent a fraction of the textiles market. Additionally, some businesses feel that the current focus of schemes such as Seamless primarily on reuse rather than broader recycling and fibre recovery does not fully address the sector’s end-of-life waste challenges.

To increase participation, government and scheme administrators could consider targeted incentives such as tax offsets, co-investment grants, and recognition programs. Expanding the scope of schemes to cover the full lifecycle of textiles including innovation in design, material reuse, and recycling and integrating them into a broader, nationally supported product stewardship strategy would further enhance their credibility and appeal.

Retailers have identified several limitations in the current government approach to accreditation for voluntary stewardship schemes. At present, there is no national extended producer responsibility (EPR) framework for textiles, nor are there clear definitions for key terms such as “unwearable” textiles in the context of exports which contributes to inconsistent interpretation and enforcement. Existing accreditation mechanisms also lack visibility and incentives for participation, which can reduce their uptake and overall effectiveness.

To enhance the impact of voluntary schemes, the retail industry recommends that government develop a nationally consistent, mandatory EPR framework for textiles and clothing. This should be supported by updated export regulations, an expansion of R&D tax incentives to include circular economy activities, and funding for recovery infrastructure and innovation. Nationally led education and awareness campaigns will also be crucial to shifting consumer behaviour, supported by consistent messaging across jurisdictions. Ultimately, a more active and coordinated government role will be key to enabling scalable, effective, and equitable solutions for textile and clothing waste in Australia.

**Chapter 9 Household, consumer and emerging electronics**

* **Information request 9.1 Barriers to greater reuse and repair**

There is growing consumer demand for reuse and repair services in the electronics sector, particularly for high-value or frequently used items such as smartphones, laptops, and small appliances. Many consumers face limited access to affordable and convenient repair options, with barriers including high costs, inaccessible service providers, and product designs that inhibit repair. This unmet demand is especially pronounced in regional areas and among low-income households, where replacement costs can create significant financial strain. Additionally, product re-use, whether through second-hand domestic markets or broader second-hand resale channels, requires a significant consumer shift that has yet to fully materialise, with many of these systems either underdeveloped or not functioning as effectively as they should - ultimately placing the burden of infrastructure, logistics, and education costs disproportionately on retailers.

Retailers and independent service providers report systemic obstacles to expanding repair services. These include restricted access to spare parts, repair manuals, and diagnostic tools due to manufacturer controls, as well as a lack of accredited training pathways and limited economic incentives to invest in repair infrastructure. Additionally, many products are designed in ways that hinder disassembly or use proprietary components, further reducing repairability.

From both retailer and manufacturer perspectives, it is also important to recognise that, for certain low-cost electronic goods, such as entertainment devices, the cost of repair may exceed the value of the product. In such cases, a more practical and sustainable solution may be for manufacturers to offer replacement devices (refurbished where possible) while ensuring the faulty product is responsibly recycled or refurbished.   
  
Furthermore, any right to repair framework should acknowledge that not all products are equally suited to repair requirements. As seen in the EU’s approach, prioritising highly repairable products like smartphones, tablets, and TVs can be more effective than a one-size-fits-all model that may not be feasible for more complex or lower-value goods.

Government action can play a key role in enabling a more robust repair economy. This includes supporting technical skills development, establishing nationally recognised repair accreditations, and improving coordination through publicly accessible directories of repair services. Expanding right to repair legislation and introducing labelling or incentives that promote repairability would also help reduce waste, extend product lifespans, and improve consumer choice.

* **Information request 9.2 Product stewardship for small electronics, including embedded lithium-ion batteries**

Retailers recognise that current barriers to the collection and recycling of small electronics including products with embedded lithium-ion batteries stem largely from low public awareness, inconsistent access to convenient drop-off points, and limited recycling infrastructure (there is not product stewardship scheme beyond the NTCRS – that’s the key challenge, along with a mix of voluntary and co-regulated). These barriers differ by product type; for example, mobile phones and accessories are more frequently collected due to targeted campaigns, while items like smartwatches, headphones, or e-cigarettes are often overlooked. Products containing embedded batteries pose additional challenges for safe handling and disassembly, further deterring both consumers and recycling providers from participating in collection efforts.

Expanding product stewardship to include a wider range of small electronics could deliver strong environmental benefits, such as diverting e-waste from landfill, reducing pollution risks from improperly disposed batteries, and recovering valuable materials like rare earth metals. Socially, it would improve consumer access to safe disposal options and promote greater environmental responsibility. Economically, the inclusion of small electronics could support growth in local recycling and refurbishment industries. Rather than developing a new scheme, building on the existing frameworks would be a cost-effective approach, leveraging established infrastructure and consumer familiarity. A staged rollout prioritising high-usage items like mobile phones, earbuds, and power tools would allow for gradual industry adaptation and infrastructure investment.

While product stewardship schemes may introduce additional costs into the value chain, it is essential that any approach adopts a systems-wide perspective—one that is designed for longevity, simplicity, and long-term effectiveness.

Notably, businesses managing diverse state-based recycling requirements can face significant operational challenges and compliance costs across jurisdictions. With the NSW Product Lifecycle Responsibility Bill 2025 establishing new product stewardship obligations, it is critical that future national or state-based legislations maintain consistency with existing frameworks rather than create parallel obligations. This alignment is particularly important for small electronics and battery recycling schemes, where coordinated approaches across jurisdictions are essential for achieving operational efficiency and improved environmental outcomes.

Clearly defined responsibilities for importers, manufacturers, and retailers will help ensure all parties contribute appropriately to the scheme's objectives and will promote industry participation and ensure fairness. Additionally, the scheme could be strengthened by incorporating incentives for sustainable design and supporting the repair and reuse of small electronics early in their lifecycle.

**CONCLUSION**Australia stands at a pivotal moment to lead in the circular economy, with the retail industry ready to drive this transition, provided the appropriate policy settings and incentives are in place to support industry through this period. Embracing circular principles like designing out waste, extending product lifecycles, and regenerating nature allows retailers to meet growing consumer demand for sustainable options. To capitalise on this, retail needs policy support, clear legislation, and national consistency in waste management and EPR schemes, creating a level playing field and fostering long-term growth. With targeted investment in technology, infrastructure, and innovation, Australia can unlock the full potential of the circular economy, positioning itself as a global leader in sustainable practices and economic resilience.

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Thank you for the opportunity to provide a submission to this inquiry. Any queries regarding this submission can be directed to the ARA policy team at [policy@retail.org.au](mailto:policy@retail.org.au)

**APPENDIX A: KEY PRINCIPLES AND RECOMMENDATIONS FROM PREVIOUS SUBMISSION**Achieving a truly circular economy will be challenging without meaningful progress on the following key principles. These were outlined in detail in our previous submission, which can be found [here](https://www.retail.org.au/wp-content/uploads/ARA-Submission-Opportunities-in-the-Circular-Economy.pdf).

**1. Invest in infrastructure and systems change**

Invest in expanding recycling facilities, improving waste management systems, and enhancing material recovery capabilities to support the transition to a circular economy.

**2. Establish national harmonisation**

A coordinated effort across all levels of government is essential to overcome institutional barriers and establish regulations for a uniform transition to a circular economy.

**3. Identify incentives to support fit-for-purpose resource recovery sector**

Conduct a review of state-based policies, including aspects such as waste levies, to identify best practice and help inform a consistent national approach, incentivising waste diversion and circular investments.

**4. Introduce a right-to-repair legislation**

Develop right to repair legislation in collaboration with industry to facilitate easier access to repairs, extend product lifecycles, and create new service-based business models.

**5. Leverage R&D tax incentives**

Extend R&D tax incentives beyond the technology sector to support businesses innovating in circular business models and sustainable practices.

**6. Introduce public information campaigns**

No national behavioural change campaigns currently exist, yet consumer action is essential for proper recycling of packaging, beyond what retailers can achieve through improved design and labelling. Leverage the retail sector’s ability of wide-spread consumer and community reach for a coordinated public campaign.