



Productivity Commission
GPO Box 1428
Canberra ACT 2601

29 October 2024

Dear Commission,

Re: Inquiry into Opportunities in the Circular Economy

Thank you for the opportunity to contribute to the Productivity Commission's Inquiry into Opportunities in the Circular Economy.

I welcome the Government's request for the Productivity Commission to undertake this Inquiry to identify priority circular economy opportunities and advise on how best to measure progress and address barriers. As the Member for North Sydney I have heard consistently from my community that developing a circular economy is an important priority, so it is encouraging that the Government is seeking input on this issue.

In this submission I would like to raise three key points on behalf of the community-members and experts who have raised them with me:

- The Government should take advantage of nascent green industry policy to build in circular economy principles and support the development of associated recycling industries.
- The Government should support innovation by private businesses to develop the circular economy across all industries.
- Circular economy principles, though necessary, should not distract from the important task of reducing waste streams entirely where possible, such as in the case of unnecessary packaging.

First, the Government has an opportunity to combine the circular economy and principles with the development of green industry in Australia. I've welcomed the Government's recent Future Made in Australia legislation which provides a national framework to support the development of green industries from manufacturing to energy. This focus on green industries could be expanded into a broader development of the circular economy.



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Independent Federal Member for North Sydney



Other jurisdictions provide ample inspiration of the ways in which this synthesis can be achieved. For example, the Norwegian government's circular economy strategy has encouraged the co-development of battery recycling capacity with their electric vehicle industry. The Norwegian company Hydrovolt is now capable of recycling batteries from 25,000 electric vehicles every yearⁱ, showing the clear benefits of a mixed approach that combines incentives, funding and regulatory frameworks not only for the industries themselves but for their relevant recycling counterparts.

Secondly, it is clear there are huge advantages to be gained by supporting the innovation of private businesses in this space. There are several businesses in the North Sydney electorate that can serve as case studies for the systems and organisations that we are trying to build in Australia. They include Samsara Eco, an organisation that has developed technology that can infinitely recycle plastics and textiles in partnership with the Australian National University. Samsara Eco has partnered with companies like clothing brand Lululemon to create new clothing products from recycled polyester. These practices help 'close the loop' for plastics and textiles by fully reusing materials.

Another success story is SwapUp, a company that allows Australians to buy and sell second-hand clothes online with minimal friction. By offering a simple service and financial incentive, SwapUp's platform encourages people to participate in the circular economy, 'narrowing the loop' by reducing the demand for virgin materials and 'slowing the loop' by extending useful product life.

Organisations like these are clear examples of how innovation by the private sector can drive shifts in Australian sustainability practices. But for organisations like these to develop and succeed at scale, we need the Federal Government to implement a clear strategy that incentivises and supports businesses like these.

Finally, it is important to recognise that incentivising circularity will not be enough. No economy is truly a closed loop, with some amount of virgin materials usually required to engage in processes of recycling and repair. As one researcher puts it: "Every loop around the circle creates dissipation and entropy... New materials and energy must be injected into any circular material loop, to overcome these dissipative losses."ⁱⁱ In conjunction with developing cycles of reuse we will need to implement measures to reduce or eliminate waste streams.

One particularly pressing example is plastic waste. I have heard strong calls from my community to address this issue, particularly in the wake of the failed REDcycle scheme which saw the New South Wales EPA order Coles and Woolworths to dump more than 5,200 tonnes of soft plastic waste into landfill. In 2023 I hosted a soft plastics roundtable to discuss policy solutions to this crisis, and the message I heard was that Australia needs to



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move faster to reduce plastic waste, and increased recycling is only part of the solution.

To date there has been a focus on improving recycling solutions, but we need to shift our focus upstream to prevent virgin plastics from entering the market in the first place. In this context, my community is calling for mandate national packaging targets and product stewardship and to shift the onus from the consumer to the creator. This is also why I continue to call for a levy on the production and consumption of single-use plastics made from virgin plastic. Federal measures of this kind will be needed to shift economic incentives towards a reduction in waste.

In summary, I welcome this Inquiry into opportunities in the circular economy and the Government's willingness to explore options in this space. By tying the circular economy to green industry reforms, supporting innovative businesses, and reducing waste itself, we have an opportunity to create a truly sustainable economy for Australia.

Yours Sincerely,

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Independent Federal Member for North Sydney

ⁱ Mari Wardeberg, Henrik Brynthe Lund, Jens Hanson, Riina Kärki, Linda Rekosuo, Anna Tenhuen-Lunkka, Sarianna Palola, Strategies for circular economy in the Nordics: a comparative analysis of directionality, *Cambridge Journal of Regions, Economy and Society*, 2024.

ⁱⁱ Cullen, J. M. (2017). Circular economy: Theoretical benchmark or perpetual motion machine? *Journal of Industrial Ecology*, 21(3), 483–486.