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Commissioner Joanne Chong
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SUBMISSION TO THE PRODUCTIVITY COMMISSION ON OPPORTUNITIES IN THE CIRCULAR ECONOMY

Dear Commissioners

Green Industries SA (GISA) welcomes the opportunity to provide a submission to the Productivity Commission inquiry into Australia's opportunities in the circular economy to improve materials productivity and efficiency in ways that benefit the economy and the environment.

GISA is a statutory corporation and South Australian Government agency under the *Green Industries SA Act 2004* supporting the development of the circular economy and building on South Australia's achievements in waste management and resource efficiency. We work closely with government agencies, local government, businesses, industry sectors and the community in accordance with our various functions in driving waste management, resource recovery and circular economy outcomes. Our programs are detailed in an annual business plan that is [available on the GISA website](#).

South Australia has a strong history of leading Australia in the diversion of material from landfill through recycling and recovery efforts, and in 2022–23 achieved a nation-leading resource recovery rate of 82.3%. Encouraging and supporting the recycling of materials at the highest and most beneficial use is a key area that GISA supports through policy measures, program and grant funding support and a range of other measures. As a smaller Australian jurisdiction, leading can be challenging due to a range of factors including limited market share and influence. Therefore, we are supportive and grateful when the Federal Government takes a leadership position, particularly where there is clear national interest in doing so.

As the Commission would be aware, the circular economy is an economic model that seeks to improve materials productivity by reducing reliance on virgin resources, the continued circulation and extended lifecycle of resources at their highest functioning utility, and in a manner that eliminates waste, pollution, and harm to the environment. The circular economy

provides significant opportunities for economic development and reducing greenhouse gas emissions.

In 2017, GISA commissioned a report into the potential benefits of a circular economy with the resulting report, [Potential benefits of a circular economy in South Australia](#), comparing a transition to a circular economy with a (then) business as usual scenario.

The report estimated that SA's circular economy has the potential to generate 25,700 jobs and reduce greenhouse gas emissions by 27% by 2030. South Australia's waste and resource recovery sector has an annual turnover of about \$1 billion, contributing \$500 million to Gross State Product (directly and indirectly).

Building upon this early work, the benefits of transitioning to a circular economy is recognised by the Government of South Australia and incorporated in key state government policy and legislation.

By way of example, [South Australia's Economic Statement](#) released by the Government of South Australia in March 2023 identifies the circular economy as a global trend affecting our future, and recognises that to capitalise on the global green transition (Mission 1) that the state's early adoption of circular economy principles can provide a path to prosperity through greater efficiency and sustainability. The economic statement acknowledges that coordination and cooperation across governments, businesses and finance providers will be required to reduce greenhouse gas emissions and limit resource use, to address climate change and live within planetary boundaries.

[South Australia's Advanced Manufacturing Strategy](#) published in October 2023 identifies the circular economy as a growth enabler and an important part of a modern industrial framework.

The circular economy is a guiding principle for GISA under the Act, and a transition to the circular economy is a priority and guiding focus for [South Australia's Waste Strategy 2020-2025](#) and its successor, the 2025-2030 Waste Strategy (currently in preparation).

The SA Environment Protection Authority is currently undertaking a review of the *Environment Protection (Waste to Resources) Policy 2010*, which provides the regulatory framework for resource recovery activity in SA, and has released a [Discussion Paper](#) for public consultation in September 2024. The Discussion Paper has a strong focus on supporting a circular economy in SA through a contemporary and effective regulatory framework.

At a regional level, GISA has collaborated with Regional Development Australia committees in the [Murraylands and Riverland](#), and the [Limestone Coast](#) to identify and communicate the circular opportunities for these regional communities. The economic, social, and environmental impacts of the circular economy for regional SA can create more resilient and sustainable regional economies and communities.

Circularity in SA's built environment provides significant benefits in both material and energy sustainability, including embodied carbon. It includes maximising the use of recycled content in infrastructure, extending the useful lifespan of the infrastructure asset, and sustainably managing the waste generated during both construction and demolition. The [Circular](#)

[Economy in South Australia's Built Environment – Action Plan](#) summarises the opportunities in the built environment for SA, and outlines key actions and stakeholders that will need to work collaboratively to drive the transition from linear to circular.

Circular procurement is an approach to purchasing works, goods and services that accelerate the transition to a more circular economy. The goal is to reduce reliance on virgin materials, keep materials in use for longer, and support businesses which promote circular business models. Circular procurement also plays an important role in stimulating local market demand for circular business models and increasing uptake and use of recycled materials and recycled content products. To support this, GISA developed the [Circular Procurement Knowledge Hub](#) to provide a platform for knowledge and information sharing around circular procurement in SA, to help organisations and businesses at all stages of their journey.

International studies have repeatedly demonstrated the positive economic, societal, and environmental benefits a transition to a circular economy can have by working within environmental limits, creating jobs, and reducing carbon emissions. Further to SA's credentials in renewable energy and water efficiencies and recycling, our state's work towards a circular economy will build upon established policy settings, initiatives and activities designed to reduce waste, improve material and energy efficiency, and reduce greenhouse gas emissions.

For further information, including the matters discussed above, along with case studies and other material that may help inform your consideration of the benefits of a circular economy, you are encouraged to [visit GISA's website](#).

SA's approach and experience supports the view that the potential benefits of a circular economy in Australia are substantial and in the national interest, and therefore worth understanding more and pursuing actively.

If you require clarification or would like to discuss GISA's submission, please contact Ian Harvey – Director Policy and Evaluation on (08) 8204 1954, or at ian.harvey@sa.gov.au. GISA would be happy to provide further information to the Productivity Commission should this be required and looks forward to providing feedback of the interim report once it is released in February 2025.

Yours sincerely

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Chief Executive
Green Industries SA

31 October 2024