



## Victorian Government Circular Economy Feedback

### Introduction

*NACRO Incorporating Zero Waste Network* commends the Victorian Government on its proactive commitment to developing a Circular Economy policy and action plan.

Victoria has long been a leader in waste and resource recovery, and the July 2019 Issues Paper promises to be a significant step to ensure Victoria responds to global recycling market changes and identifies ways to effectively reduce waste, and accelerate reuse, repair, recycling while creating new jobs, growth and social inclusion.

*NACRO Incorporating Zero Waste Network* (NACRO) is committed to supporting and partnering with the Victorian Government in developing its Circular Economy policy, with specific emphasis on our area of influence and authority:

- NACRO represents the entire charitable reuse, recycling and retail sector in Australia.
- Members include every single influential charitable recycling brand in Australia to deliver a sector with powerful collective impact, already committed to Circular Economy principles.
- 3,000 charitable op shops and reuse enterprises already divert more than 588,000 tonnes of waste from landfill each year through reuse, resource recovery and recycling.
- 285 million products a year are given a second life through reuse and resale, while engaging 40 million consumer transactions to underpin Australia's second hand economy.
- To become zero waste, the 60,000 tonnes of unusable donations dumped in charities also needs to be diverted, including material flows like clothing /textiles (16%), kitchenware (16%), furniture (15%), homewares (12%), toys (11%), electricals (6%) and more.
- In addition to already upholding Circular Economy principals, these charitable recyclers, social enterprises and community reuse organisations are active innovators, entrepreneurs and participants in waste diversion, resource maximisation, reuse and recycling acceleration.
- Together, the charitable reuse, recycling and retail sector also generates \$500 million in revenue for charitable mission and social welfare programs – with the proceeds going direct to the most disadvantaged people and communities in Australia. From homelessness to meals for those in need to crisis support to mental health to migrant assistance to almost every spectrum of illness and disability, right down to protecting the welfare of our pets, the charitable work and mission of this sector underpins essential Government programs.
- The charitable reuse, recycling and retail sector provides Victoria with arguably the greatest triple bottom line impact for the state – with environmental, social and economic benefits.

*NACRO Incorporating Zero Waste Network* is delighted to speak on behalf of this sector, which prides itself on collective impact, to support the Victorian Government with the following specific feedback in respect of the Circular Economy Issues Paper.

### **Q1. Is this a useful definition of circular economy? How would you change it?**

Yes, the definition effectively encompasses all the key principles of a circular economy in line with how all key stakeholders nationally are aligning on the opportunity. It is consistent with the waste hierarchy and articulates the broad vision, ethos and social licence of circularity.

Reading deeper into the Issues paper itself, it is exciting to see a focus on driving innovation with proposed solutions for resource productivity in new manufacturing technologies and advanced forms of recycling. These futuristic new solutions are high profile gamechangers that will facilitate the full long-term transformation from a linear economy to a circular one. It requires multiple stakeholders to work collaboratively, and we all need to play our parts to bring them to fruition.

However, there is also a massive opportunity for the Victorian Government to scale and leverage the groundswell of organisations already operating with circular economy principals. These organisations sit at the very top of the waste hierarchy, fully committed to avoidance, reuse and recycling, and are the purest early adopters. By providing adequate support for the cost-effective solutions that already exist, the Victorian Government can accelerate measurable results both fast and efficiently, to scale the groundswell of this community-wide movement.

Who are these early adopters of circularity?

This is the charitable reuse, recycling and retail sector. Of the 3,000 charitable op shops and reuse enterprises nationally, 26% are in Victoria and already diverting 158,000 tonnes of waste from Victorian landfill each year through reuse, resource recovery and recycling. They extend the life of 76 million products in Victoria through reuse and resale, while engaging 10 million Victorian consumer transactions to underpin the state's second hand economy. They are committed to becoming zero waste by eliminating the 16,212 tonnes of unusable donations illegally dumped on their premises that they are forced to send to landfill every year.

They have the fullest social licence to operate because they are firmly committed to social and environmental impacts, while also delivering the proceeds of \$136 million in revenue to support essential Victorian Government services for the most disadvantaged communities in the state.

They may not be glamorous in their solutions, but they are already effective, and the feedback in this document speaks to how they can assist the Victorian Government transition into a circular economy – and what the Victorian government can do to help charities recover more resources from donations, and help materials flows for community reuse organisations. Helping these engaged early adopters do more is perhaps the easiest and most effective thing the Victorian Government can do.

This feedback seeks to inform the Victorian Government of the importance and easy scalability of the charitable reuse, recycling and retail sector.

NACRO is also committed to participating in working groups to better highlight an adequate understanding of the existing organisations that are active in these areas, their strategic goals, and their resource needs – for the Government's consideration.

### **Q2. Do you think Victoria should pursue a more circular economy? Why or why not?**

Yes! We've got this. We're already doing it. Let's scale it up together!

### Q3. Are there other benefits of a circular economy to be considered in developing the policy?

#### Regional Economic Development

- 780 charity op shops and community reuse enterprises across Victoria are perfectly placed to drive regional economic development through circular economy principles. This unrivalled network of sites reach deep into regional and remote areas, as well as metropolitan locations and are already making goods available for recirculation while also generating funds to support the community and employing people, including those with disabilities.
- Supporting these organisations do more with specific, local grants to encourage repurposing will directly increase recycling rates, and drive regional economic development and new employment opportunities. The perennial difficulty for charities to invest exclusively (to do even more) is that they would have to divert core funds from their mission. Investing more in recycling often equates to how many fewer meals they can provide for those in need, or a reduction in mental health counselling session – gruelling decisions for any board. If the Victorian Government can spark small grants of even \$5 to \$10K in each location, it will ignite charitable recyclers to co-fund multiple small scale social enterprises; for example tote bags being hand-stitched from textile waste for resale in charity shops, as a social enterprise.

#### Growth and Social Inclusion

- This can be a catalyst for the development of new skills, resources and facilities for repair and reuse across Victoria. It can engage residents and consumers to change their attitudes and consumption patterns, creating and enabling new and existing communities of practice around reuse, repair and other sustainable forms of material consumption.

#### Collaboration with Other State Governments

- Collaborations with other State Governments, and the Federal Government to harmonise an integrated best-practice policy (and implementation) across the country. This issue is too big and too important for a fragmented approach. The pull factor is harmonisation, which means the circular economy message is crystal clear so that mainstream consumers and businesses fully buy in to its benefits. The push factor is to make it economically beneficial so consumers and businesses are driven to invest in circular economy practices through tax and fiscal policy.
- NACRO is committed to sharing best practice between State Governments in respect, specifically and solely, to the charitable reuse, recycling and retail sector.

#### More Charitable Behaviour

- Through education, there is an opportunity to drive more charitable behaviour, including more environmentally conscious consumption as well as more ethical considerations as consumers and businesses become more mindful.
- By supporting the charitable reuse, recycling and retail sector to do more, the Victorian Government will also accelerate trust in charities, which in turn will drive more quality donations, which creates a virtuous cycle. Driving the second hand economy, also creates new income for charities to support the most disadvantaged people in Victoria.

#### **Q4. Which parts of the economy, which materials, or which activities should be a priority focus for Victoria's circular economy policy? Why?**

##### The Charitable Reuse, Recycling and Retail Sector

- The triple bottom line impact of the charitable reuse, recycling and retail sector is perhaps unmatched by any other sector in terms of the social, environmental and economic impacts already delivered on a dollar for dollar basis. Without the support of the charitable sector, Governments would need to budget hundreds of millions of additional dollars nationally to support the essential services underpinned by charitable organisations.
- More specifically in terms of recycling impact, a NSW study showed that charitable recycling enterprises created nearly 200 full time equivalent jobs for every 10,000 tonnes of material reused, compared with the commercial recycling industry's 9.2 jobs per 10,000 tonnes.
- This sector needs to be a priority focus for the Victorian Government because of its importance and impact. It is also a sector that does not need a huge investment to scale its impact, because it is already entrenched in circular economy principles, already has a huge network of sites to be leveraged, and already engages a wide spectrum of the community. It just needs to be scaled with appropriate support and government investment.

##### Repair, Reuse and the Second Hand Economy

- The repair and reuse sector has typically not received much Government focus or support historically, but the development of a circular economy now necessitates that this becomes a priority – because it sits at the top of the waste hierarchy.
- For most products, extending the product lifespan is the most efficient use of materials. Supporting access to reuse and repair services for the majority of residents is something that can readily be achieved through the existing networks of charitable op shops and community reuse enterprises across the state.
- Charitable op shops already extend the life of 74 million products a year in Victoria. With a move to the circular economy, there is an opportunity for the Victorian Government to help drive demand for the second hand economy. With appropriate support and policy settings in place, this figure could rise to 150 million products given an extended life. Doubling the second hand economy will act as a massive catalyst towards a circular economy.

##### Clothing and Textiles

- Charitable recycling organisations are perfectly positioned to assist the Government with a total solution to the clothing and textile waste stream. Textiles is shaping up to be the next big battleground, and the problem is intrinsically linked to mainstream consumer behaviour.
- However big the Government thinks the problem of textile waste and fast fashion is – it is bigger. What is unseen is the tens of millions of kilograms of unusable clothing and textiles being exported internationally each year at 50 cents a kilo to developing countries. If export markets dry up (and some are closing in order to develop their own manufacturing or through competition from new garments in China) Australia will face a horrendous return of mountains of unusable clothing and textiles headed straight to our landfill.

- Government support for a solution to the clothing and textile waste problem is both critical and urgent. Multiple conversations are happening right now amongst multiple stakeholders, committed to collaborating for the benefit of our planet, our resources and our economy.
- NACRO is playing its role in driving, facilitating and/or supporting roadmaps, collaborations and conversations to solutions:
  - Textile collections, sorting and logistics
  - Textile Reuse
  - Textile Repurposing
  - Textile Upcycling
  - Textile Recycling
  - Textile Take Back Scheme (ACTA)
  - Textile Product Stewardship
- The Victorian Government has a massive role to play in anchoring solutions to the textile waste stream with effective policy settings and investment to support (proven) interventions. Textiles needs to be firmly on the Victorian Government's radar.

#### Other Waste Streams

- Waste avoidance (or diversion) is at the top of the waste hierarchy, and represents an environmentally sustainable and employment intensive option for waste management. This requires dedicated funding from the Victorian Government to accelerate innovation in processing methods, collection methods and sales channels. It also requires the adoption of specific targets for waste diversion.
- In addition to clothing and textiles, the charitable reuse, recycling and retail sector provides the Victorian Government with an opportunity to tackle numerous waste streams. The following Waste Composition Estimate was prepared for DELWP by NACRO with data from Victorian charitable recycling organisations in the Victorian Landfill Levy Relief Program.



## Illegal Dumping at Charities

- Illegal dumping at charities is the greatest burden on charitable recycling organisations, causing them to spend over \$13 million on waste management each year – that’s \$13 million that is diverted from social welfare programs for Australia’s most disadvantaged people – like homelessness, food and shelter, crisis counselling, refugee assistance, mental health and a wide spectrum of disabilities and illnesses.
- The successful and long-standing Victorian Landfill Levy Relief Program provides protection for charities from the levy and also enables them to invest more in initiatives to reduce their waste to landfill, and increase their recycling efforts. Like all other State Governments, Victoria supports charities in understanding they should not pay a tax on illegally dumped and unusable products left on their doorsteps. This support is gratefully acknowledged.
- NACRO is also calling on all State Governments to invest just \$10 for each tonne of waste charities are forced to send to landfill each year, through illegal dumping and unusable donations. NACRO is also calling on the Federal Government to join the conversation and match the funding.
- With this funding, we can eliminate illegal dumping at charities and take a massive step towards a zero waste circular economy future.
- Three key interventions form the basis for this plan, with the second two fully immersed in circular economy principles. The second two interventions are increasing recycling and consumer education. The policy document is available on the NACRO website.

## **Q5. What issues will the government need to consider or manage in the shift to a circular economy?**

### Deeper Sectoral Understanding

- It is obviously important for the Victorian Government to develop a deep understanding of each of the key sectors contributing to a circular economy, and the Issues Paper is to be commended on that.
- Specifically for the charitable reuse, recycling and retail sector, NACRO can provide the Victorian Government insights and feedback understand the key drivers and any unintended consequences before they arise. For example, the creation of regulations to avoid waste to landfill without appropriate support for end-of-life processing could potentially lead to increased dumping at charitable op shops and collection bins, similar to surges in dumping caused when landfill levies are introduced or increased and/or landfill bans implemented on different types of products or materials.
- It is also recommended that the circular economy policy be developed with reference to best practice in social procurement, an approach which has so far created hundreds of jobs for people experiencing disadvantage in Victoria through the engagement of charities and social enterprises.
- Perhaps critically, the Government can ensure that there is sufficient funding in order to actually implement the development of a policy. It needs to walk the talk – and invest.

**Q6. Would the shift to a circular economy adversely affect your industry? How could government mitigate these effects?**

The greatest risk for the charitable reuse, recycling and retail sector is the financial burden of illegal dumping and unusable donations.

- The best way the Victorian Government can mitigate these effects, is twofold:
- Firstly, to maintain the future of the highly successful Victorian Landfill Levy Relief Program.
- Secondly, to invest in the proven interventions to help charitable recycling and community reuse organisations improve their reuse, repair, recycling and resource recovery activities.

**Q7. How do you think the Victorian Government should measure and report on progress toward a more circular economy?**

We all agree that metrics are vital to guide us to circularity. Without metrics, how would we know when we are fully sustainable. Through this Issues Paper, the Victorian Government will likely receive many recommendations from stakeholders on macro metrics to report on progress.

NACRO would like to focus specifically on the charitable reuse, recycling and retail sector, by highlighting some ground-breaking social impact measurement work already developed by the Zero Waste Network, that has now been incorporated into the IP and remit of NACRO – and that promises to be a powerful tool for the Victorian Government.

- NACRO’s Zero Waste Network Impact Measurement Tool seeks to quantify the benefit of providing one tonne of a given item for reuse or recycling, including the avoided environmental and economic impacts associated with an alternative of landfilling.
- This approach allows an accurate comparison between various scenarios, specifically:

Scenario	Description
Business as Usual	The current situation, including current reuse and recycling
Direct Reuse	Charity Retail Direct Transfer Internet
Preparation for Reuse	Through Community Recycling Centre facility Through Bulky Waste Collection Service Through Donations to Charities/Non-profits Through Commercial Enterprise
Recycling	By Charities/Non-profits By Commercial Enterprise
Disposal	Landfill Energy Recovery

- In order to capture and attribute the social, environmental and economic impacts of reuse and recycling activities, and to produce standardised reporting across different government departments and levels of government, three interdependent components are required:

## **Data Collection**

A sector-wide system for recording and reporting reuse and recycling data alongside social, environmental and financial impacts (including job creation, community education, waste diverted from landfill, transaction value, goods diverted to disadvantaged individuals and communities).

This requires:

- The adoption of consistent measures to report on material, social and financial impacts.
- The co-design of universal onsite data collection methods (Handheld tablet, POS, Pallet Jack)
- The development and adoption of standard item-type classifications for enterprise POS systems, in order to link data from incoming donated materials with itemised outgoing sales.
- The implementation of a regular training, auditing and data validation program to ensure ongoing consistency and accuracy of data.

## **Data Aggregation and Analysis**

A standard methodology and platform for the harmonisation and analysis of reported data, including a methodology for understanding the impacts of waste management activity in a range of scenarios, and reporting of data across government departments.

This requires:

- The adoption of a standard protocol for attributing impacts to reuse and other waste diversion activities.
- A single data management platform with Application Program Interfaces (APIs) for different on-site data collection methods (Weighbridge, Pallet Scale, Point of Sale).
- The data to be managed centrally and securely, with tiered access available for various stakeholders.
- A consistent methodology to be used for analysis of material flows and impacts.
- Units of analysis and classifications of impact (material, financial, social) to correspond to those currently in use by Victorian Government departments.

## **Reporting and Data Visualisation**

A universal reporting and data visualisation system for waste management activity, to allow comparison between different waste-management scenarios and to improve knowledge-sharing between enterprises and all levels of government.

This requires:

- The aggregated data to be available local and state government departments, to facilitate forward planning and resource allocation.
- The operating sites to receive reports on their impacts in a standardised format appropriate for reporting to stakeholders.



**Q8. What are the most effective actions the government can take to shift Victoria to a circular economy?**

- Support and invest in the charitable reuse, recycling and retail sector.
- Work with NACRO to deliver maximum collective impact, by enabling the unrivalled triple bottom line impact of the sector in terms of social, environmental and economic impacts.
- Encourage charitable reuse in the second hand economy with a target of 150 million products given a second life through charitable op shops and community reuse enterprises.
- Invest in multiple small scale grants to accelerate charitable recycling as a driver of regional economic development as well as the creation of new employment opportunities.
- Prioritise the clothing and textile waste stream for investments and interventions.
- Investigate emerging textile recycling technology and support the textile tack back scheme proposed by the Australasian Circular Textile Association (ACTA).
- Stop the negative proliferation of fast fashion.
- Maintain the future of the Victorian Landfill Levy Relief Program as a foundation.
- Remove the greatest obstacle to charitable recycling to tackle illegal dumping at charities by investing just \$10 per tonne of waste charities are forced to send to landfill every year.
- Collaborate with other State Governments for a harmonised approach to the circular economy.
- Create measurable metrics by enabling and supporting NACRO's plans to develop the Zero Waste Network Impact Measurement tool.
- Move to a social procurement policy.
- Support the growth of the second hand economy, and reuse channels including mainstream approaches to the acquisition and disposal of reuseable goods, including online platforms and garage sale trails as well as charitable op shops and community reuse enterprises.
- Invest in consumer education campaigns to shift mindsets around the second hand economy, remove confusion from recycling and fully leverage the consumer support for a sustainable, prosperous, zero waste, low carbon-emitting future.
- Communicate the link between a circular economy and better lives for all Australians.
- Investment in research with charitable and community sector organisations.
- Remember that the charitable reuse, recycling and retail sector is the purest, earliest adopter of the circular economy in Victoria. It is one of the easiest to scale in the transition towards a circular economy. Help them succeed.