



Response to Interim Report – Circular Economy Ministerial Advisory Group

CARPET INSTITUTE OF AUSTRALIA LIMITED

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Introduction

The Carpet Institute of Australia is pleased to present our responses to the recommendations outlined in the Interim Report released by the Circular Economy Ministerial Advisory Group. As the peak body representing the Australian carpet industry, the Institute is dedicated to fostering sustainable practices and advancing the circular economy within our sector.

We recognize the importance of the recommendations put forth in the Interim Report and are keen to actively participate in discussions and initiatives that may influence our industry. Our responses are crafted with the aim of contributing constructively to the dialogue and ensuring that the interests and expertise of the carpet industry are considered in the development of a more sustainable and circular economy.

The Carpet Institute of Australia remains committed to collaborating with the government, industry stakeholders, and the broader community to achieve shared environmental goals. We look forward to working together to implement effective solutions that will benefit both our industry and the environment.



Report Recommendation 2

Set national and sector-based circular economy targets and routinely measure and report progress against the following upstream indicators of circularity in the Measuring What Matters framework:

1. National extent of circularity
2. Material footprint
3. Domestic material consumption
4. Resource productivity.

Carpet Institute Response:

1. National Extent of Circularity:

- The carpet industry is actively working to enhance circularity by increasing the use of recycled materials in our products.
- We support initiatives to develop and implement recycling programs nationwide, ensuring that carpet waste is diverted from landfills and re-entered into the production cycle. This will require funding and coordination.

2. Material Footprint:

- The industry is committed to reducing its material footprint by optimizing production processes to minimize waste and utilizing sustainable materials. Innovations such as bio-based and recyclable fibres are being explored and integrated into product lines. This forms part of the Carpet Institute environmental certification scheme in wide use.

3. Domestic Material Consumption (DMC):

- We are promoting the re-use of modular carpet tiles, which allow for selective replacement of worn-out sections instead of replacing entire carpets, further reducing material consumption.

4. Resource Productivity:

- The carpet industry is investing in advanced manufacturing technologies that enhance resource productivity. Techniques such as precision cutting, and automated production lines reduce material waste and increase efficiency.

Report Recommendation 3

The Productivity Commission should investigate how resource efficiency supports economic growth and productivity.

Carpet Institute Response:

Support for the Investigation

1. Alignment with Industry Goals:

- The carpet industry is committed to resource efficiency as a key component of our sustainability strategy. We recognize that efficient use of resources can lead to cost savings, innovation, and competitive advantages, which are essential for economic growth. This is supported through our ECS environmental certification program that all manufacturers utilise covering water, waste and energy reduction targets.

2. Advocacy and Education:

- We advocate for resource efficiency across the broader flooring manufacturing sector, including Resilient flooring, Acoustic Panels, Adhesives, Artificial Turf, Underlay and educate these industries on the benefits and practicalities of adopting similar measures.

Report Recommendation 4

Expand the scope of the sustainable finance taxonomy and Green Bonds framework to include the circular economy, in line with international best practice. At a minimum, the taxonomy should include 'do no significant harm' requirements for the circular economy.

Carpet Institute Response:

Support for Inclusion of Circular Economy in Sustainable Finance

1. Access to Sustainable Financing:

- Including circular economy principles in the sustainable finance taxonomy and Green Bonds framework will facilitate access to funding for carpet manufacturers dedicated to implementing sustainable practices. This **access is crucial** for investing in research, development, and deployment of circular technologies.

Benefits of an Expanded Taxonomy

1. Encouraging Circular Innovations:

- A broader taxonomy will encourage innovation in circular product design, manufacturing processes, and business models within the carpet industry. This can lead to the development of carpets that are more durable, recyclable, and made from sustainable materials.

2. Financial Incentives for Sustainability:

- By expanding the Green Bonds framework, the industry can leverage financial incentives to fund projects that support circular economy goals, sustainable material sourcing, and end-of-life carpet management including mechanical and chemical recycling projects.

Industry Actions to Support the Expanded Taxonomy

1. Engaging with Financial Institutions:

- The carpet industry will engage with financial institutions to develop and refine sustainable finance products that meet the needs of circular economy projects. Collaboration will ensure that the financial products are effectively tailored to support industry-specific sustainability goals.

2. Advocating for Best Practices:

- We will advocate for the adoption of international best practices in sustainable finance and circular economy. By aligning with global standards, we can enhance the credibility and impact of our sustainability efforts. We have identified 10 downstream circular economy practices that can be imported to Australia to support the transition by the formation of Joint Ventures with offshore partners and Green Bonds.

Report Recommendation 6

Explore with ASIC opportunities to raise the profile of circular economy activities in directors' duties. This could include asking the Australian Accounting Standards Board and ASIC to create guidance for how businesses can use the circular economy to comply with new climate-related disclosure requirements.

Carpet Institute Response:

Support for Integrating Circular Economy in Directors' Duties

1. Alignment with Corporate Governance Goals:

- The carpet industry recognizes that incorporating circular economy principles into directors' duties can enhance corporate governance and sustainability performance. Every director of the Carpet Institute has established an enterprise specific environmental plan (Code of Practice) for their organisation.

Report Recommendation 7

Embed circular economy principles and actions across key climate policies including all net zero sector plans, to support emission reductions.

Carpet Institute Response:

Industry Actions to Support the Recommendation

1. Implementing Circular Economy Practices:

- The carpet industry will actively implement circular economy practices, such as using recycled and renewable materials, designing products for extended use, and developing recycling programs for end-of-life products.

Collaboration and Stakeholder Engagement:

- The industry will collaborate with policymakers, and other stakeholders to further develop and implement our circular economy strategies. This includes the Green building Council of Australia, manufacturers, importers, and flooring retailers.

Report Recommendation 9

Develop an assessment on how the circular economy can be adopted to maximise the recovery of valuable resources that will help us to deliver our net zero transition.

Carpet Institute Response:

Benefits of a Circular Economy Assessment

1. Identifying Valuable Resources:

- An assessment will help identify valuable resources within the carpet industry that can be recovered and reused. This includes materials such as fibres, backing materials, and adhesives that can be reprocessed into new products. New products include cushion backing for commercial tiles, ceiling and wall insulation.

2. Reducing Waste and Emissions:

- Maximizing resource recovery reduces the amount of waste sent to landfills and lowers greenhouse gas emissions associated with the production of new carpets. For the carpet industry there are two divergent strategies required; for broadloom carpets and modular tiles.

3. Promoting Innovation:

- The Carpet Institute is examining the development of an industry led scheme focusing on carpet sold in Australia which would assist in funding grants and investments into the circular economy supply chain in Australia. By identifying opportunities for resource recovery, the industry can develop new technologies and practices that enhance sustainability by providing a funding mechanism beyond "Green Bonds"

Industry Actions to Support the Assessment

1. Conducting Comprehensive Evaluations:

- The carpet industry will conduct comprehensive evaluations of current practices to identify areas where circular economy principles can be effectively implemented. This includes analysing production processes, material usage, and waste management systems. This work is on-going and requires funding from government.

2. Collaborating with Experts and Stakeholders:

- We will collaborate with sustainability experts, research institutions, and other stakeholders including carpet manufacturers, importers, existing recycling entities and offshore circular economy product manufacturers already participating to develop and refine the assessment. This collaboration will ensure that the assessment is thorough, accurate, and aligned with best practices.

3. Developing Resource Recovery Programs:

- Based on the findings of the assessment, we will develop and implement resource recovery programs. These programs will focus on collecting, processing, and reusing valuable materials from end-of-life carpets and production waste.

Report Recommendation 10

Revise and strengthen Commonwealth regulations to be fit-for-purpose and future-ready to support a circular economy, especially for products and materials. The Australian Government should consider:

1. The development of a circular economy framework power, which would operate as an overarching framework for setting specific circularity requirements, including for products, materials and services
2. Using this power to set or adopt national circular economy standards for products and materials or create relevant directives that drive circularity
3. Focussing this framework power initially on fast moving consumer goods.

Carpet Institute Response:

Support for a Circular Economy Framework Power

1. Alignment with Industry Goals:

- The carpet industry aligns with the objective of creating a circular economy framework power. This overarching framework would provide clear, consistent guidelines for setting specific circularity requirements, which are essential for promoting sustainable practices within our industry.

Setting National Circular Economy Standards

1. Standardization of Circular Practices:

- Setting or adopting national circular economy standards for products and materials will standardize practices across the industry. This standardization ensures that all companies operate under the same guidelines, fostering fair competition and encouraging widespread adoption of sustainable practices. It is important to develop realistic and agreed timelines with industry.

Industry Actions to Support the Recommendation

1. Engaging with Policymakers:

- The carpet industry is prepared to engage with policymakers to provide input on the development of the circular economy framework power. Our insights and expertise will help ensure that the regulations are practical and effective for our sector. We wish to be involved in committee work to assist in the development of this important initiative.

2. Advocating for Effective Regulations:

- The carpet industry will advocate for regulations that are effective, achievable, and support the long-term goals of sustainability. We believe that well-designed regulations can drive significant positive change without imposing undue burdens on businesses. Consultation with industry is important and the Carpet Institute wishes to be involved to helping set the framework.

Report Recommendation 11

Co-design of opportunities that will deliver circular solutions.

Carpet Institute Response:

Benefits of Co-Designing Circular Solutions

1. Enhanced Resource Efficiency:

- Co-designing circular solutions will enhance resource efficiency by identifying and implementing best practices for material reuse, recycling, and waste reduction across the Australian carpet manufacturing sector.

Industry Actions to Support Co-Design

1. Engaging Stakeholders:

- The carpet industry will actively engage with stakeholders to co-design circular solutions. This includes participating in workshops, forums, and collaborative projects to identify opportunities and develop actionable plans. It will also involve engaging with our industry bin the United States, UK, Japan and Europe to determine best practices.

2. Establishing Partnerships:

- We will establish partnerships with other offshore companies, Australian based industries, research institutions, to leverage their expertise and resources. These partnerships are crucial for developing and scaling circular solutions/products that can be implemented industry wide. We have identified 10 offshore companies who have expertise we require in Australia.

Report Recommendation 12

Develop good design principles for circular design that result in clear, concise and adoptable design criteria at a: product and service level, built environment level, business level, industry level and societal level.

Carpet Institute Response:

1. Societal Level:

- Educating consumers about the environmental benefits of choosing circular carpeting solutions, raising awareness about proper disposal and recycling practices, and actively participating in community outreach programs to promote sustainability is central to the environmental ECS program managed by the Carpet Institute.

Report Recommendation 13

Use the National Reconstruction Fund (NRF) to incubate markets for key areas/enablers of circular economy. This should be built into the design of the NRF and supporting documents. The NRF Board should ensure expert advice on the circular economy is considered in NRF Board deliberations. Co-Investment Plans should be informed by industry expertise in circular economy.

Carpet Institute Response:

As a representative for the carpet industry, we fully support the recommendation to utilize the National Reconstruction Fund (NRF) to incubate markets for key areas and enablers of the circular economy.

1. Development of Co-Investment Plans:

- Co-Investment Plans should be developed in close consultation with industry stakeholders who have expertise in the circular economy. By leveraging industry knowledge, the NRF can identify and prioritize investment opportunities that will have the greatest impact on fostering circular practices within the carpet industry and beyond. Co-investment plans can support joint ventures with existing non-Australian companies manufacturing circular products from the carpet industry and attract them to Australia. There will necessarily be incubation of new companies which may well be aligned to the existing carpet manufacturing sector in Australia.

2. Targeted Funding for Market Incubation:

- We propose that the NRF allocate specific funding to support the incubation of markets for circular economy enablers within the carpet industry. This includes investing in technologies and processes that promote recyclability, resource efficiency, and waste minimization. Additionally, funding could support pilot projects and initiatives that demonstrate the viability and benefits of circular economy practices.

3. Capacity Building and Innovation Support:

- The NRF should provide resources for capacity building and innovation within the carpet industry. This includes supporting research and development, offering training programs, and facilitating knowledge sharing among industry players to accelerate the adoption of circular economy principles.

Report Recommendation 14

Circular economy priorities in the built environment net zero sector plan.

Ministers with responsibility for developing the net zero plan for the built environment should consider how the plan can:

- Prioritise circular economy principles to support net zero such as:
 - Refurbishment over demolition
 - Design for modularity and disassembly
 - Inclusion of recycled content
 - Diversion of waste from landfill.
- Include benchmarks, expectations and/or targets to drive capacity building and uptake of these principles
- Include (or link to) a clear description of circular economy roles and responsibilities for sector actors (derived from Building 4.0 CRC project)
- Include specific long-term target/s around regenerative practice*
- Complete a peer review of the finalised plan to ensure the circular economy elements are
- adequately reflected.

*A regenerative target could drive industry towards practices essential for circularity like eliminating worst-in-class chemicals in new builds

Carpet Institute Response:

1. Prioritizing Circular Economy Principles:

- Design for Modularity and Disassembly: We are committed to designing carpets that are modular and easy to disassemble, facilitating maintenance, repair, and end-of-life recycling.
- Inclusion of Recycled Content: We will continue to increase the use of recycled materials in our products, reducing reliance on virgin resources and promoting circularity.
- Diversion of Waste from Landfill: We aim to enhance our waste management practices, ensuring that carpet waste is diverted from landfill through recycling and reuse programs.

Report Recommendation 16

Work with states and territories on nationally consistent requirements for tenderers to address circularity in their business cases for infrastructure, capital works and government buildings projects. Support adoption of these nationally consistent requirements in local government procurements.

Carpet Institute Response:

1. Implementation in the Carpet Industry:

- **Design for Circularity:** Our industry will continue to focus on designing carpets that are modular, easy to disassemble, and made from recycled materials, ensuring they meet the circularity criteria set by the nationally consistent requirements.
- **Lifecycle Assessment:** Our industry will continue to conduct thorough lifecycle assessments of our products to demonstrate their sustainability credentials and align with the circularity requirements in tender processes.
- **End-of-Life Management:** We will enhance our end-of-life management practices, offering take-back schemes and recycling programs to ensure carpet waste is minimized and managed responsibly.
- **Training and Environmental Programs:** Develop training programs to educate industry participants on the benefits and implementation of circular economy principles. The Carpet Institute is the leading environmental certification body for textile floor coverings today.

Report Recommendation 20

Work with jurisdictions to agree a central coordination and support point and/or approach to guide the construction industry's transition to circularity. This should include progressing:

- A national database of environmental product disclosures and model procurement clauses
- A function and approach to identifying market opportunities and innovation capacity building
- Provision of an educative and upskilling function for industry
- Communication to industry and the general public to support the other changes proposed.

Carpet Institute Response:

1. Central Coordination and Support Point:

- We agree on the necessity of an industry approach to coordinate and support the transition to circularity within the construction industry. With the support of government, the Carpet Institute can provide guidance, resources, and support to all stakeholders involved within the flooring sector.

2. National Database of Environmental Product Disclosures and Model Procurement Clauses:

- Environmental Product Disclosures (EPDs): We support the creation of a national database of EPDs. This database will provide standardized information on the environmental impact of carpet products, helping stakeholders make informed decisions based on sustainability criteria. This database must be attractive to the architects and specifiers who will specify EPD's in their work. EPD Australasia provides a service today although it is aligned with their European organisation.

About the Carpet Institute of Australia

The Carpet Institute of Australia Limited (CIAL) is the peak industry body representing the Australian carpet manufacturing sector. Established in 1966, CIAL serves as the unified voice for the industry, advocating for the interests of carpet manufacturers, suppliers, and retailers across the nation.

Mission and Objectives: The mission of CIAL is to promote the growth, sustainability, and success of the Australian carpet industry. The institute is dedicated to ensuring that Australian-made carpets meet the highest standards of quality, innovation, and environmental sustainability.

Key Activities:

1. **Advocacy and Representation:** CIAL engages with government bodies, regulatory agencies, and other stakeholders to influence policy and legislation affecting the carpet industry.
2. **Standards and Accreditation:** The institute plays a critical role in developing and maintaining industry standards, ensuring that Australian carpets meet rigorous quality and safety benchmarks.
3. **Environmental Certification Scheme (ECS):** CIAL environmentally certifies all flooring products through the ECS program, ensuring they meet stringent environmental standards.
4. **Australian Carpet Classification Scheme (ACCS):** The institute grades carpets through the ACCS program, providing a reliable guide to the quality and performance of carpets available in the market.

Membership and Collaboration: CIAL's membership comprises major carpet manufacturers, suppliers, and retailers in Australia. The institute fosters collaboration among its members and with other industry stakeholders to address common challenges and drive collective success.

For more information about the Carpet Institute of Australia and its initiatives, please visit www.carpetinstitute.com.au

