

11 April 2025

Opportunities in the circular economy Inquiry
Productivity Commission
Locked Bag 2, Collins St East
Melbourne VIC 8003

Submission on the Productivity Commission Interim Report on Australia's Circular Economy: Unlocking the Opportunities

Cement Concrete and Aggregates Australia (**CCA**) welcomes the opportunity to make a submission on the Productivity Commission's Australia's Circular Economy: Unlocking the Opportunities Interim Report (**the interim report**)

CCA is the voice of the heavy construction materials industry in Australia.

Our members operate cement manufacturing and distribution facilities, concrete batching plants, hard rock quarries and sand and gravel extraction operations throughout the nation. CCA membership produce the majority of Australia's cement, concrete and aggregates, and ranges from large global companies to SMEs and family operated businesses.

It generates approximately \$15 billion in annual revenues and employs approximately 30,000 Australians directly and a further 80,000 indirectly. The Heavy Construction Materials Industry is vital to the nation's building and construction industries and underpins the development of Australia's physical infrastructure.

Comments on the Interim Report

Australian cement, lime, concrete and aggregate producers form part of a critical manufacturing industry of national importance, especially given the need for sovereign capability to support Australia's infrastructure (such as roads, bridges, water supply structures, medical facilities, defence structures, housing and commercial buildings) and as part of the overall transition to net zero.

Understanding each material component that makes up our industry is critical to recognising the specific challenges and actions required to decarbonise each component of our sector.

CCA is therefore pleased that the Commission has reflected in the interim report some of its concerns, as set out in page 74 of the interim report:

*Participants have suggested that some standards and specifications for infrastructure projects unnecessarily restrict the use of recycled materials.³² The Business Council for Sustainable Development Australia suggested that some state road authorities apply 'conservative specifications that limit the use of recycled aggregates and plastics in road construction' (sub. 175, p. 24). Polar Enviro, which manufactures low carbon and recycled products for roads, noted that prescriptive Australian standards and state specifications inhibit uptake of circular alternatives (sub. 29, p. 14). **In particular, the CCA noted that the Australian standard related to general purpose and blended cements (AS3972-2010) needed to be updated to support greater use of supplementary cementitious materials in concrete (sub. 55, p. 16).***

Different specifications and standards across states increases compliance costs for companies with national operations that use recycled materials. This was also noted by various inquiry participants.³³ The Cement Industry Federation recommended that steps be taken to 'identify, remove and avoid regulatory duplication' across all levels of government (sub. 103, p. 13). Similarly, the Australasian Procurement and Construction Council noted inconsistent regulations across governments pose challenges to using recycled materials in construction (sub. 74, p. 3). Infrastructure Australia has also said more action should be taken to develop, update and harmonise performance-based specifications, standards and guidance for use of recycled materials in roads (2022, p. 48).¹

The Commission also acknowledged CCAA's observations that builders can use by-products and recycled materials (such as recycled glass, tyres and fly ash) for construction instead of virgin materials, without compromising safety in civil infrastructure construction, such as road building.²

CCAA therefore endorses reform direction 4.1 which suggests the Commission is considering ways governments can reduce unnecessary regulatory barriers to using fit-for-purpose recycled inputs in public infrastructure projects (such as roads).

Fit-for-purpose materials is about using the right materials in the right location, where it makes economic sense, and includes quality raw quarry materials, recycled construction materials and marginal quarry materials.

As an example, the Victorian Department of Transport and Planning has recently amended a range of road construction specifications to allow for the inclusion of recycled products such as crushed concrete and brick, glass fines and reclaimed asphalt but only in specific, certain circumstances. There is still significant opportunity in this area.

Recommendation

- 1. That the Commission should recommend in its final report that jurisdictions review all prescriptive based requirements with a view of determining whether they can be amended to become performance-based documents.**

This should include the review of relevant Australian Standards, so that they have the flexibility to capture improvements in processes without comprising safety outcomes.

One such Standard that should be reviewed as a matter of priority is AS 3972-2010 *General Purpose and Blended Cements*.

In the context of moving towards performance-based specifications and away from prescription, the minimum amounts of Portland cement required by the standard should be reviewed to promote the greater uptake of higher limestone additions and other supplementary cementitious materials (SCM's) such as Fly Ash and Blast Furnace Slag, thus facilitating the adoption of new, lower-carbon cement types.

When it is fully utilised, the change would save an estimated 10% of the embodied carbon in concrete and so support the Government's Net Zero objectives.

¹ Interim Report P 7

² Interim report:69

CCAA therefore particularly endorses the observation on page 7 of the interim report that:

- *Prescriptive standards governing construction can limit the narrowing of material loops by constraining adoption of more sustainable design and material-efficient technologies, such as prefabrication. Prescriptive building standards can also limit the use of recycled materials in public infrastructure projects, such as roads, reducing businesses' ability to close material loops. Governments could work with industry and stakeholders such as Standards Australia to update standards for using recycled materials in construction, and target standards around performance rather than prescription to avoid unnecessarily limiting the use of modern construction methods.*

Recommendation

2. **That the Commission should encourage as a priority a review of Australian Standards relevant to advancing the circular economy, commencing with AS 3972-2010.**

CCAA also notes the observation in the interim report that:

A key theme cutting across sectors was the need for governments to reduce regulatory barriers to greater circularity – particularly inconsistency of regulations across Australia – and help businesses navigate complex and time-consuming regulations. Governments can also support innovation and investor confidence in circular initiatives. And governments can bring parties together, including with place-based approaches.³

CCAA also notes reform direction 10.1 (Governance arrangement to harmonise regulations that pose barriers to circularity) that:

The PC is proposing that the Australian Government facilitates coordination between state and territory governments to harmonise inconsistent regulations across jurisdictions. The PC is considering how existing coordination mechanisms in Environment portfolios can be made more effective, what the role for the Australian Government should be in driving change (such as chairing, providing secretariat and/or resourcing, setting the agenda, leading the development of an intergovernmental agreement), and whether a new interjurisdictional body dedicated to circular economy harmonisation efforts is both practical and warranted.⁴

CCAA believes these considerations are relevant to other policy areas, such as those under the general responsibility of the Infrastructure and Transport Ministers' Meeting (ITMM).

Recommendation

3. **That for the reasons discussed in both this and the original CCAA submission⁵, reform direction 10.1 should be amended to also include the Infrastructure portfolio.**

³ Interim Report P 152

⁴ Interim Report P 155

⁵<https://www.ccaa.com.au/common/Uploaded%20files/CCAA/Policy/2024%20Submissions/CCAA%20Submission%20-%20PCs%20Circular%20Economy%2007.pdf>

CCAA finally notes Reform Direction 4.2

The PC is exploring the potential for governments to introduce or expand delivery mechanisms around sustainable public procurement policies to facilitate coordination between suppliers, contractors and government agencies. This could include publishing information or connecting suppliers and users of recycled materials, as in Victoria's ecologiQ program.⁶

CCAA commends the Commission for moving in this reform direction, as recommended by CCAA (among others).

CCAA looks forward to the Commission's final report in this vital area.

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⁶ Interim Report P 14