



**AUSTRALIAN COUNCIL OF RECYCLING
SUBMISSION:
REFORM OF PACKAGING REGULATION
CONSULTATION PAPER**

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About the Australian Council of Recycling

The Australian Council of Recycling (ACOR) is the peak industry body for the resource recovery, recycling, and remanufacturing sector in Australia. The Australian recycling industry contributes almost \$19 billion in economic value, while delivering environmental benefits such as resource efficiency and diversion of material from landfill. One job is supported for every 430 tonnes of material recycled in Australia.

Our membership is represented across the recycling value chain, and includes leading organisations in advanced chemical recycling processes, CDS operations, kerbside recycling, recovered metal, glass, plastic, paper, organic, tyre, textile, oil and e-product reprocessing and remanufacturing, and construction and demolition recovery. Our mission is to lead the transition to a circular economy through the recycling supply chain.

Contacts for this submission

Suzanne Toumbourou
Chief Executive Officer
Australian Council of Recycling
ceo@acor.org.au

Aziza Kuypers
Policy Adviser
Australian Council of Recycling
policy@acor.org.au

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Contents

1	Overview	2
1.1	Minimum thresholds for Australian recycled content.....	2
1.2	Effective ecomodulation.....	4
1.3	Contamination and community engagement.....	4
1.4	Processing infrastructure and capability	4
1.5	Soft plastics.....	5
1.6	Design priorities.....	6
1.7	A national resource recovery framework.....	6
2	Responses to Consultation Paper questions.....	7
2.1	Reform options	7
2.1.1	Effectiveness of reform options in achieving reform outcomes	7
2.1.2	Reform principles and functions for an EPR scheme administrator	7
2.1.3	Education for businesses and consumers	9
2.1.4	EPR fees, funded activities and other incentives	9
2.1.5	Regulations to provide industry certainty.....	9
2.2	Packaging obligations	9
2.2.1	Support for proposed packaging obligations on design, labelling and recycled content	9
2.2.2	Anticipated benefits associated with proposed packaging obligations	10
2.2.3	Packaging reuse systems.....	10
2.3	Scope and liability for reforms	10
2.3.1	Business-to-consumer (B2C) and business-to-business (B2B) packaging	10
2.4	Recyclable packaging design	10
2.4.1	Packaging materials and chemical additives that impede recyclability	10
2.4.2	Mandatory label on packaging.....	11
2.5	Recycled content thresholds	11
2.5.1	Proposed minimum post-consumer recycled content thresholds.....	11
2.5.2	Requirements to support traceability and verification for mandatory recycled content thresholds in packaging	12
2.5.3	Mass balance approach and recycled content labelling	13
3	Conclusion	13

1 Overview

The recycling sector strongly supports nationally harmonised packaging regulation and would like to urge the Australian Government to promptly deliver reforms in order to propel the transition to a circular economy.

A move to a better regulatory footing is overdue. It has been three years since the [Independent Review of the co-regulatory arrangement under the National Environment Protection \(Used Packaging Materials\) Measure 2011](#) (UPM NEPM), identified that key elements of this measure have ‘not been implemented or have not been operationalised effectively’, creating ‘a lack of clarity for brand owners, enabled free riders (and) reduced confidence in the scheme’. Eighteen months ago, the Australian Packaging Covenant Organisation’s (APCO) [Review of the 2025 National Packaging Targets](#) identified that these targets were ‘not on track to be met’ within the nationally agreed timeframe.

ACOR agrees with APCO’s assessment that the current coregulatory framework does not contain the required incentives or enforcement to drive the required change. Meanwhile, packaging regulation has not been enforced at the State-level, as intended by the NEPM.

There must be a harmonised national approach for packaging reform, to avoid inefficiency, uncertainty and regulatory fragmentation.

It is ACOR’s firm position that there should be an extended producer responsibility (EPR) scheme for packaging—specified as ‘Option 3’ in the Consultation Paper—and the delivery of such a scheme should be expedited.

At the same time, as recommended by the Independent Review of the UPM NEPM and [supported by the Australian Government](#), there must be ‘interim actions to reinforce the ongoing expectation that parties who can influence the design, procurement and use of more sustainable packaging will re-design packaging to improve sustainability, optimise recovery and reuse, collaborate across the packaging chain and be accountable for the achievement of outcomes’.

As such, ‘Option 1: Strengthening administration of the coregulatory arrangement’ and core elements of ‘Option 2: National mandatory requirements for packaging’—particularly relating to the banning of chemicals of concern and additives, and minimum recycled content thresholds for PET packaging—must be more expediently progressed while the necessary longer-term reform through an EPR scheme is implemented.

A welcome development has been APCO’s engagement with the recycling sector at a peak level, to address design standards, material stewardship, and markets more meaningfully for recycled content. This engagement should inform a constructive approach for a scheme coordinator under an EPR scheme for packaging.

1.1 Minimum thresholds for Australian recycled content

If enacted effectively, packaging reform can drive Australia's transition to a circular economy and encourage growth in the domestic recycling and packaging manufacturing sector. To do so, this reform must incentivise the procurement of domestically produced recycled materials.

Australia is a net importer of packaging material, all of which reaches domestic waste streams. At the same time, the export of several formats of unprocessed recovered packaging has been regulated, requiring for this material to be reprocessed domestically—a priority for the Australian recycling sector. To that end, it is crucial to prioritise markets for domestically processed recycled content, both within Australia and internationally. Due to higher costs of production in Australia, domestically produced material competes on an uneven playing field with cheaper virgin and recycled imports. Mandatory requirements must be established for procurement of domestic recycled content, to ensure a viable recycling system, diversion from landfill and Australia’s move towards a circular economy.

There are lessons to be learned from Europe, where the failure to prioritise domestic recycled materials has led to 'European plastics recycling companies ... (being) forced to operate well below their production capacity' due to an 'uncontrolled increase of imports of cheap plastics, both virgin and plastics labelled as recycled' (EuRIC position paper, February 2024).

Recycled content thresholds for domestically produced materials must be established at the start of an EPR scheme, where domestic processing capacity exists. For instance, Australia's current investments in recycled PET (rPET) and HDPE production should be supported to drive the necessary changes without delay. These thresholds should be aligned with domestic processing capacity, while supporting a trajectory of increased ambition and capability.

PET recycling is well-established in Australia and can support a pilot for implementing Option 3, which can assess the effectiveness of these measures and identify any necessary adjustments before implementing them more broadly. This includes mandating minimum thresholds for domestically produced rPET in PET packaging and implementing an eco-modulated fee that prioritises Australian rPET content.

There must be support for domestic recyclers to prevent Australia being inundated with low-cost and unregulated imported recycled products that threaten the viability of domestic producers and manufacturers. Industry has partnered with State and Federal Governments to invest hundreds of millions of dollars in new and upgraded recycling facilities across Australia. This investment must not be undermined by cheap and unverified products. For example, a significant and increasing volume of food grade rPET (resin and packaging) is already being imported and sold at or below the cost of Australian manufactured products, with questionable provenance.

The proposed packaging laws must ensure there are mechanisms to incentivise the use of verified recycled content made in Australian facilities from recovered packaging, in particular materials whose export is regulated, including plastic resins (PET, HDPE, LDPE and PP) and fibre.

A suite of necessary measures for domestic recycled content in packaging should include:

- **Environmental standards:** The EU has recently passed laws—the [Packaging and Packaging Waste Regulation](#)—which oblige all importers of recycled resins and packaging to meet strict EU environmental standards. Implementing similar measures in Australia would ensure the local recycling and packaging manufacturing industry is not disadvantaged by either rogue domestic operators or the importation of cheaper materials from overseas facilities where environmental, health and labour standards may not meet Australian standards.

Further, the promotion of the use of locally recycled content in plastic packaging is based on the premise that the material was collected, processed and produced in an environmentally sustainable way, and thereby contributing to Australia's carbon footprint reduction efforts.

[Environmental exceptions in trade agreements](#) already exist, as set out in the WTO Uruguay Agreement on '[Technical Barriers to Trade](#)'.

- **Eco-modulated fees/levies:** A tiered, incentive-based fee system is required to ensure brand owners meet packaging design standards. Such a fee system should set a base fee for all packaging placed on market and apply discounts for certain characteristics such as packaging reduction, reuse, recyclability and use of Australian-made recycled content. The fees need to be calibrated to ensure locally recycled products are competitive with imported recycled content or virgin materials.
The fee structure should be administered by an independent or statutory body and set at a level so that businesses are commercially incentivised to meet the minimum recycled content threshold—set to reflect an optimal balance of product performance, cost and material availability—and the funds collected adequately cover the total cost of recovery and recycling of the used packaging. The net proceeds should be reinvested into strengthening the domestic circular economy, targeting improvements and scale in collection, sorting, recycling and packaging manufacturing infrastructure.
- **Recycling to substitute virgin materials:** Not all packaging will achieve the optimal outcome of being recycled back into packaging. To maximise resource recovery, lower-grade materials should be repurposed into alternative products. These products, however, can be recycled for use into other secondary applications that have both commercial and environmental value. Eco-modulated levies must therefore also recognise the participation of packaging producers in expanded markets for products derived from recycled packaging materials, potentially through a certificate trading scheme.
- **Minimum recycled content:** Mandatory minimum thresholds, supported by environmental standards, as outlined above, would guarantee that demand is genuinely stimulated, ensuring that levies are not treated merely as additional taxes but as catalysts for meaningful action and further investment in domestic recycling infrastructure. An example of this is Article 7 of the EU Packaging and Packaging

Waste Regulation, which sets minimum recycled content for plastic packaging. See further discussion at 2.5.1 below.

1.2 Effective ecomodulation

The success of driving circular packaging design under an EPR scheme will depend on ecomodulated fees pitched at a level that drives change, rather than being absorbed as a cost. Care should be taken to avoid conflating cost-benefit analysis with final EPR fees, resulting in ineffectually low ecomodulation amounts.

Fees must be appropriately set to support infrastructure and close the gap between virgin and recycled materials.

The Consultation Paper outlines a possible risk of high fees pushing ‘producers to use alternative materials with unintended market and environmental consequences’. This risk should be mitigated against through design standards, informed by credible life-cycle-analysis, underpinning ecomodulation.

1.3 Contamination and community engagement

The kerbside recycling system is a successful model with potential for further resource recovery and efficiency. It is also a valuable resource that must be safeguarded. Contamination is a critical issue that threatens the integrity of the recycling system.

When improperly sorted and non-recyclable materials are placed in recycling bins, they compromise the quality of the recyclable materials being processed. This contamination can lead to higher operational costs for material recovery facilities (MRFs), reduce the value of the recyclable materials, and increase the risk of loads being diverted to landfill, resulting in lost public trust which could further jeopardise current capabilities and future opportunities.

Much contamination is also highly dangerous: recycling workers and facilities are at risk when batteries are incorrectly disposed of.

ACOR urges the Australian Government to leverage packaging reform to much more effectively address contamination in recycling bins. Currently, there is a lack of consistent education on proper recycling practices, with many organisations running independent and varying campaigns. A more effective approach would be a unified, coordinated education campaign that directs individuals to a central source for accurate recycling information. This campaign should be implemented across communities, including schools and workplaces, and maintained as an ongoing effort.

A priority should be a comprehensive campaign that emphasises the impact of contamination and the benefits of proper recycling, alongside robust compliance measures. With some MRFs managing contamination rates as high as 35%, it is crucial for governments and industry to collaborate on reducing contamination rates to below 10%.

[Recycle Mate](#), a government- and recycler-supported national education tool, has proven effective in addressing these challenges and should play a key role in this coordinated effort.

The Australian Government is strongly encouraged to provide appropriate funding to foster collaboration and restore community confidence to ‘recycle right’ through Recycle Mate, generating better engagement with recycling nationally, and delivering more valuable data on recycling capability and community behaviours across the State. Once an extended producer responsibility model is in place, funds should be allocated from scheme revenue to ensure the value of packaging invested in throughout the supply chain is supported through best-practice disposal behaviours.

1.4 Processing infrastructure and capability

Packaging reform must consider the suitability of existing recycling infrastructure. For example, it has been proposed that post-consumer soft plastic packaging could be collected via kerbside recycling.

The capabilities of Australia’s long-running and well-established MRF infrastructure, through which kerbside recycling is sorted, vary across Australia. While investing in technologies such as optical sorting may be necessary to enhance quality at some facilities, further constraints must be addressed; many sites have limited space for plant upgrades and must also ensure that these upgrades do not disrupt essential services.

MRFs have limited control over the volume or quality of incoming materials and operate within fixed storage limits, adhering to local council and environmental protection regulations while navigating volatile commodity markets.

A critical priority for MRFs is access to dynamic markets. Although the Australian Government has focused on regulating the export of unprocessed materials, there are currently no compelling measures to support the procurement of domestic recycled materials.

Any changes to materials collected via kerbside recycling must be very carefully appraised in light of the technical and physical limitations of each of these facilities, and the sites on which they are located, the effect on the commercial viability of currently sorted materials, and the community education and engagement required to avoid further contamination of recycling streams.

Critically, processing capability for low-value materials such as soft plastics is not currently scaled in Australia. We note the recent Recycling Modernisation Fund investment into soft plastic processing capability, however timeframes for delivery of this infrastructure are unclear and any proposal to scale collection must be matched by robust processing capability and measures to drive domestic demand for the recycled product.

To rebuild confidence in recycling and encourage better behaviour at the bin, the community must trust that materials identified as recyclable are indeed being recycled. This is particularly urgent given the [ACCC's recent emphasis on scrutinising environmental claims](#).

Innovation should be encouraged, but care must be taken to avoid collecting materials without viable markets. There must be fully funded stewardship models in place to manage low- to negative-value materials at the end of their lifecycle and support economically viable recycling pathways.

1.5 Soft plastics

There are significant concerns regarding the collection of soft plastics through kerbside recycling, including the ability of MRFs to effectively sort this material, the current lack of scaled and viable markets for recovered soft plastics, high contamination rates within the system and the potential for increased contamination in sorted mixed paper.

Any consideration of scaled soft plastic collection—particularly through kerbside collection—must be underpinned by mandatory product stewardship, to fully fund a scaled recycling value chain, including upgrades for MRFs across Australia that are currently not configured to effectively manage this material. This stewardship model must also support broad community education, and robust and viable markets for the recycled product derived from soft plastics.

The following conditions would need to be met as minimum requirements if soft plastics were to be designated as ‘recyclable’ and collected through the kerbside recycling system:

- **Default setting for kerbside recycling:** The default for kerbside recycling should exclude soft plastics until the processes, markets, and technology for recycling soft plastics are fully developed.
- **Opt-in for local governments:** Local governments should have the option to participate in soft plastic recycling programs based on their capacity, resources, available infrastructure and markets for the collected material. Community education must be a priority to ensure that this form of collection does not result in increased contamination levels in kerbside recycling.
- **Offtake arrangements:** To ensure system resilience and competitiveness, any local government that opts into soft plastic collection must verify that there are at least two viable and accessible offtakes for the material downstream of the MRF.
- **Material specifications:** Only soft plastics displaying the ARL label, indicating that the material meets CEFLEX standards (specifically, polyolefins), should be accepted in soft plastic collection. Flexible PVC and PET are unsuitable for higher-value soft-plastic recycling processes.
- **Opt-in for communities:** Soft plastics must be collected under ‘opt-in’ conditions, meaning households must sign up for soft plastic recycling schemes to participate, rather than mandated collection. An opt-in system ensures that only households committed to proper recycling practices participate, reducing the risk of contamination.

- **Presentation requirements:** Soft plastics should be bagged in robust ‘program’ bags, funded through product stewardship initiatives, before being placed in kerbside recycling bins, as loose soft plastics pose a significant contamination risk for MRFs.

It should be noted that some in the sector are of the strong view that soft plastic collection via kerbside recycling should not proceed.

1.6 Design priorities

Designing for circularity is crucial for effective recycling, noting the recycling value chain is essentially comprised of three key elements: collection, processing, and end markets. Each of these elements is vital for real recycling outcomes—and each must be economically viable. Design parameters for packaging must consider scaled and viable avenues for collection at end-of-use, processing capability, and robust markets for recycled materials. Additionally, they should avoid problematic materials, contaminants and chemicals of concern.

We understand that the National Packaging Design Standards Working Group is actively considering these parameters, and we look forward to the further development of these design standards, to ensure formats are aligned with kerbside recovery capability.

1.7 A national resource recovery framework

A nationally harmonised framework for resource recovery is essential. Current fragmented State-level regulations are not well aligned with circular economy priorities, impeding investment confidence in recycling, increasing compliance costs and hindering resource recovery. A necessary step in national reform is the establishment of an Australian Resource Recovery Code Board (ARRCB), to deliver a nationally harmonised framework for resource recovery and recycling.

The proposed ARRCB’s work should underpin a nationally applied definition of ‘end of waste’, to provide certainty about when a material is a resource versus a waste. The proposed ARRCB should also oversee an aligned and consistent approach to product stewardship, including container deposit schemes, with the priority of advancing circular economy outcomes.

The ARRCB’s governance model should:

- provide a stable, nationally harmonised resource recovery and recycling framework to improve investment confidence and growth in the sector, while building community trust and ultimately supporting a balanced regulatory playing field between recovered and raw/virgin materials;
- enable the development of consistent definitions for waste and resource recovery, and incentivise the creation of Australian Standards, which can be reflected into State and Territory legislation;
- appoint industry representatives to the Board to ensure a broad range of perspectives, resulting in practical, economically viable and sustainable measures;
- ensure that regulatory processes for resource recovery and recycling are aligned with best-practice regulation, to support policy stability and encourage innovation and scaled investment;
- inform decision making relating to resource recovery and recycling infrastructure to address approval timeframes for development/redevelopment of facilities;
- determine the application of waste levies across jurisdictions and between regions to incentivise resource recovery;
- operate in parallel with other national bodies, including the ABCB, the National Environment Protection Council and Safe Work Australia, to coordinate management and reuse of recovered materials impacted by contaminants; and
- work with industry, across supply chains, to address circular economy issues and inform product stewardship regulation, as well as strong markets for recycled content.

2 Responses to Consultation Paper questions

2.1 Reform options

ACOR supports ‘Option 3: An extended producer responsibility scheme for packaging’, which must deliver reinvestment into the supply chain to ensure packaging circularity. An EPR scheme must be delivered within the next three years, given the significant delay in progressing packaging reform, which has hindered progress towards Australia’s National Packaging Targets and investment certainty in solutions that will help to reach these.

ACOR acknowledges APCO’s capability to support industry in preparing for a broader regulatory approach. The momentum delivered by the APCO under the UPM NEPM must not be hindered. ‘Option 1: Strengthening administration of the coregulatory arrangement’ and core elements of ‘Option 2: National mandatory requirements for packaging’—relating to the banning of chemicals of concern and additives—must be expediently progressed while the necessary longer-term reform through an EPR scheme is implemented.

Bans identified within Option 2 should focus on problematic materials targeted for phaseout in APCO’s ‘[Action Plan for Problematic and Unnecessary Single-Use Plastic Packaging](#)’, including fragmentable plastics, rigid PVC, expanded polystyrene foam and carbon black, as well as contaminants that are harmful to the environment or human health, and prevent or disrupt recycling, such as PFAS, flame retardants and heavy metals.

2.1.1 Effectiveness of reform options in achieving reform outcomes

Option 1: Under the current coregulatory arrangement, APCO lacks the power to address free riders, while States and Territories have not effectively supported compliance, as intended by the NEPM. While APCO’s approach has focussed on design for recyclability and sustainability, there are no strong measures to address supply chain barriers related to processing capacity or markets for recycled content.

Option 2: The recycling sector would support some bans as part of a broader EPR-based regulatory framework, however, bans alone are a blunt tool that can deliver unintended consequences. This is evidenced in the fragmented state-based approach to single-use plastic bans around the country, which have not prioritised circularity. Banning packaging formats will place a burden on States to enforce compliance, which can be expensive and challenging. Additionally, this approach misses the opportunity to leverage EPR to raise funds and support industry development towards a circular economy.

Option 3, if implemented effectively, can drive change through a system that raises funds to support whole-of-supply chain outcomes. However, this requires careful scheme design in collaboration with the recycling sector.

2.1.2 Reform principles and functions for an EPR scheme administrator

Packaging reform must support a comprehensive, scaled, economically viable and circular supply chain, which will ensure:

- a **practical and accessible collection system**, to efficiently aggregate packaging at end of use;
- **sorting and consolidation capability**, to receive, sort, consolidate and prepare material for processing;
- **processing and manufacturing capability**, to reprocess and remanufacture these materials at scale, ensuring quality, retaining value and serving customer demand;
- an economically viable and robust market for recycled packaging.

Such a system must be underpinned by an aligned and supportive regulatory framework including:

- mandated **extended producer responsibility**, with a transparent and accountable governance framework that embeds whole-of-supply-chain representation (including recyclers) and meaningful investment by brand owners, while capturing free riders. See ACOR’s ‘[Recyclers in Product Stewardship](#)’ issues paper for further priorities from the recycling sector.
- **eco-modulated levies** that set a strong enough price signal to drive real market outcomes, and are re-invested to close the gaps in a circular supply chain—particularly markets for domestic recycled

materials derived from recovered packaging. Ecomodulation must incentivise and drive use of domestically manufactured recycled products.

- **design standards** that prioritise reusability and recyclability, strongly disincentivising problematic materials, including composite formats, expanded polystyrene and PVC, as stipulated by [APCO's action plan to phaseout problematic and unnecessary single-use plastic packaging](#).
- clear, consistent and mandatory **labelling** to promote consumer awareness.
- community **education** to address contamination in recycling streams.
- mandatory thresholds for **domestically produced recycled content** in packaging, supported by ecomodulated fees, and investment in market development for other high-value applications.
- enablers for further development and scaling of necessary **recycling infrastructure and processes**.

As a regulatory transition unfolds, it is essential that the trust, confidence and engagement of the Australian community is upheld, with public expectations realistically managed—especially in light of recent widely publicised failures in the soft plastic recycling system. An EPR scheme must be properly designed in partnership with recyclers, avoiding the pitfalls of other EPR and product stewardship initiatives.

Often, the focus of EPR can be on public-facing, marketable elements of collection and processing, resulting in underinvestment in the equally critical aspect of high-value recycling outcomes and demand generation for recycled material.

Poorly governed schemes can also prioritise cost reduction over quality recycling outcomes, undermining legitimate recycling operations, and eroding community confidence in recycling when the system fails.

Recent trends indicate recovery rates for household waste have stagnated, while commercial and industrial waste recovery rates have declined. This pattern underscores the urgent need for a concerted effort to invest in genuine recycling outcomes.

The establishment of an EPR scheme for packaging must not be seen as an end in itself: it must be a means to delivering sustainable and economically viable circular outcomes, in partnership with the entire supply chain.

Engagement with the rest of the supply chain—especially recyclers, who are the subject matter experts on recycling—is essential to ensure an EPR scheme delivers genuine value to brand owners, government entities, communities, and recyclers, and supports the transition to a circular economy.

Priorities to deliver better recycling outcomes from effectively designed EPR are as follows:

- Assess and embed **actual costs** of recovery and recycling.
- **Invest revenue into addressing circular economy gaps**: An EPR scheme administrator should collect and disburse funds into circular economy investment. Very careful governance of revenue and expenditure will be required.
- Ensure **supply chain representation in governance**, with recyclers represented on the Board.
- **Clearly defined and measurable objectives** backed up with accountability measures, clear rules, and targets, including evidence-based targets for recyclability that increase over time.
- **Transparent data** about objectives, decision-making processes, recovery rates, recycling outcomes and material movement, including downstream fates.
- Supporting robust **end markets for Australian recycled content**, through minimum thresholds for Australian recycled content, economic incentives for use of recycled materials, and certification and labelling for Australian recycled content. Dumped and subsidised imported material must also be addressed.

The EPR scheme should be administered by a single operator, to avoid the adverse effects seen in other product stewardships schemes such as in the National Television and Computer Recycling Scheme, in which several co-regulators have competed on the price offered to liable parties at the expense of funding for recycling outcomes, leading to a risk of market failure in e-product recycling.

2.1.3 Education for businesses and consumers

A well-funded, ongoing national education campaign is required under any reform option, to divert recyclable materials from landfill, reduce contamination in recycling streams and support confidence in the recycling value chain. Along with bolstering awareness of recyclable materials that are appropriate for kerbside collection, it is imperative to better educate the community about items that must not go into household bins. One particular area requiring attention is batteries and consumer electronics, which should never be placed in the kerbside collection system.

2.1.4 EPR fees, funded activities and other incentives

ACOR supports ‘advanced modulation’, as outlined in the Consultation Paper, based on design standards for recyclability and recoverability identified in Design Standards. Priced appropriately, this should drive uplift in recyclability and circularity.

Ecomodulated fees should recognise and reward the procurement of domestically produced recycled content. While approximately half of all packaging placed on market in Australian is imported, it will all reach domestic waste streams at end of use. The current export licensing regulation bans the export of unprocessed plastic and glass, and, through a complex, slow and expensive licensing process, also inhibits the export of finished processed recycled commodities derived from packaging. Markets for domestically produced recycled content must therefore be prioritised to drive a circular economy for packaging in Australia.

Scheme revenue should be applied to close gaps in collection, sorting, reprocessing and remanufacturing capacity, drive markets for recycled content and support compliance strategies.

Scheme revenue should also fund consumer education to support the transition to, and maintenance of, a circular economy for packaging.

While innovation should be supported through research and development, care must be taken to prioritise uplift in existing infrastructure and practical solutions for materials in circulation.

Additional system-wide costs to anticipate include development of standards, specifications, guidance and information to support uptake of changes across the supply chain, including skills development for the workforce across the supply chain.

2.1.5 Regulations to provide industry certainty

The recycling sector must be supported to remain viable now, while brands should be encouraged to continue towards circular outcomes for their packaging.

To this end, as noted above, the Australian Government must enact Option 1 immediately, and proceed with elements of Option 2, relating to the banning of chemicals of concern and additives, while progressing towards Option 3. Essentially, in the short term, Australian Governments should support the enforcement of the existing UPM NEPM.

It is imperative to implement broader nationally harmonised EPR regulations within the next three years to support investment in a circular supply chain, avoid State-level regulatory fragmentation and ensure timely progress towards a more sustainable and circular economy.

2.2 Packaging obligations

2.2.1 Support for proposed packaging obligations on design, labelling and recycled content

ACOR supports packaging obligations to support recoverability and highest order recycling. Clear mandated and regulated labelling is essential to support consumer choice and the effectiveness of education campaigns.

Kerbside acceptance and the forthcoming design standards should be the basis for assessing recyclability.

Currently, some of Australia’s CDS schemes accept packaging, such as soft-plastic drink pouches and composite packaging, that has narrow or non-existent recovery pathways. Inclusion of a material in a product stewardship scheme does not in itself reflect recyclability—collection must not be confused for recycling.

Mandated thresholds for domestically produced recycled content will likely be the single most effective obligation. Without markets for Australian recycled content, the long-term viability of the recycling value chain is under threat. A robust, evidence-based methodology must be developed, in partnership with the recycling sector, to determine how these thresholds are set, ensuring an ambitious trajectory for growth.

2.2.2 *Anticipated benefits associated with proposed packaging obligations*

National packaging reform would allow more value to be derived from recycling streams, delivering savings to the community and local governments, and supporting more sustainable outcomes through greater resource efficiency, less waste and reduced environmental impact.

Packaging reform must ensure investment risk is spread more evenly across the economy, rather than sitting with local governments and the recycling sector. Increased industry certainty will drive investment confidence.

2.2.3 *Packaging reuse systems*

Well-designed reuse systems can significantly reduce waste, aligning with zero-waste hierarchy priorities. Reuse solutions are well suited to business-to-business settings for secondary packaging (e.g., produce crates) and tertiary packaging (e.g., shipping boxes) and should be incentivised where possible and appropriate.

To succeed, these systems must be underpinned by robust collection arrangements, economic viability, and environmental sustainability. There must be effective collection and processing systems in place for reusable packaging at end of use, as it will likely not be suitable for kerbside recycling.

To avoid unintended consequences it is crucial that reusable packaging still meets minimum design standards, based on minimum thresholds for the number of times packaging can be reused, as well as stewardship systems enabling collection and recycling of these packaging formats at end of use.

At this stage, given that reuse systems are not yet scaled, uptake should be strongly incentivised through ecomodulation.

2.3 Scope and liability for reforms

2.3.1 *Business-to-consumer (B2C) and business-to-business (B2B) packaging*

Regulatory reform should apply to both business-to-consumer and business-to-business packaging, however there are considerable opportunities for reuse through simplified collection channels in business-to-business packaging, which should be considered when determining the regulatory framework. Significant opportunities for increased use of domestic recycled content exist in both settings.

2.4 Recyclable packaging design

2.4.1 *Packaging materials and chemical additives that impede recyclability*

Certain packaging materials and additives disrupt recovery and reprocessing of packaging.

- **Composite packaging:** Composite packaging contaminates and devalues recovered material streams. For example, liquid paperboard and other multi-laminate materials devalue both paper and cardboard, and plastic streams. Composite products containing metals—such as plastic-faced aluminium blister packs, and composite cans made from cardboard, bonded aluminium and tin lids and bases—likewise devalue metal, and paper and cardboard recycling streams. There is a lack of confidence in the recycling sector that these sorts of composite products have scaled, viable and robust offtake markets.
- **Soft plastics:** As yet, soft plastic packaging has not met critical thresholds for recyclability. When disposed of in conventional kerbside recycling systems, soft plastic contaminates other material streams, reducing their value and hindering the recycling process. (Further parameters for soft plastic are outlined above in Section 1.5.)
- **Rigid and flexible PVC:** Different polymers cannot be recycled together for high value outcomes. PET, of which large volumes are recycled, is difficult to distinguish from PVC in many resource recovery processes—and even trace amounts of PVC will contaminate, devalue and disrupt PET recycling batches.

- **PFAS and other chemicals of concern:** The presence of chemicals of concern in packaging impacts the quality of recycled materials and the markets they can reach, as well as contaminating the environment. Given the high level of public concern about these chemicals, it is essential to implement regulations to limit their use in packaging.

2.4.2 *Mandatory label on packaging*

The Australian Recycling Label should be mandatory on all packaging, and all packaging must comply with the ARL, underpinned by forthcoming Design Standards for recoverability and recyclability.

Clear and consistent mandatory labelling indicating what can and can't be disposed of in kerbside recycling systems is essential to support community awareness of recyclability, however, this will only be effective if it is supported by strong consumer engagement initiatives, utilising programs like Recycle Mate, and backed up by compliance measures.

Any labelling system must be underpinned by robust, verifiable and enforceable design parameters, to avoid greenwashing or false environmental claims.

Ensuring products carry clear recyclability instructions will help to ensure packaging is recycled, valuable recycling streams are not contaminated, and consumers are not confused when disposing of packaging.

All businesses in the supply chain must have access to a single approved recyclability assessment tool to ensure consistency in labelling.

The ReMade in Australia program should be extended to consumer packaging once the packaging reforms come into effect, to provide consumer confidence about packaging origins.

2.5 Recycled content thresholds

2.5.1 *Proposed minimum post-consumer recycled content thresholds*

The proposed recycled content thresholds, presented in Table 17 of the Consultation Paper, should be considered a general illustration of possible commitment to procurement of recycled content. More robust evidence is needed to support these figures. The Australian Government should collaborate with the recycling sector to assess industry capacity and investment confidence, and ensure an ambitious trajectory for growth.

Below are indicative thresholds for domestic recycled content in plastic, by polymer type:

- **PET:** The mandatory recycled content threshold for food grade rPET should be at minimum 30% in year 1. There is ample production capacity of Australian-made rPET to service this demand.
- **HDPE:** The recycled content threshold for food-grade recycled high-density polyethylene (rHDPE) could be at least 30% by 2026, based on current capability. rHDPE is already used for dairy packaging such as milk, and in many non-food applications. The United States Food and Drug Administration has issued a 'Letter of No Objection' to mechanical technology for making food-contact rHDPE, which is available in Australia now.
- **LDPE/LLDPE:** Food-grade low-density polyethylene (rLDPE) and linear low-density polyethylene (rLLDPE) should have a minimum recycled content threshold in year 1 to encourage compliance activity by liable regulated entities.
- **PP:** Food-grade recycled polypropylene (rPP) should have a recycled content threshold in year 1 to encourage compliance activity by liable regulated entities. Where thresholds and timelines present a challenge, PET packaging can provide a viable alternative for food products in many circumstances.

Ultimately, the relevance and impact of these thresholds will depend on driving procurement of domestic recycled materials. A severe perverse outcome of not ensuring domestic materials are prioritised would be the broad importation of recycled materials from overseas, displacing markets for domestically produced recycled products and undermining the viability of our domestic industry. The importance of ensuring markets for domestically produced recycled content cannot be overstated, especially in the context of Australia's 'waste export regulation' and significant investment in recycling infrastructure, by both government and industry.

In the short term, recycled content thresholds must most strongly support existing domestic processing capability, while providing investment certainty for evolving technologies. For example, Australia's investment in rPET production—which has been backed by State and Federal funding through the Recycling Modernisation fund—should be supported by strong mandatory thresholds to drive progress of recycling targets and ensure the viability of this industry. Where there is capability and capacity, domestic recycled content thresholds should not be delayed.

Food-contact packaging is required to meet more stringent standards than non-food contact and as such is likely to attract a higher value. It is important to support methods and standards that assist in distinguishing food-contact from non-food contact, to preserve this value, while ensuring robust pathways and markets for all types of packaging.

2.5.2 Requirements to support traceability and verification for mandatory recycled content thresholds in packaging

Traceability supports the value of recycled materials, builds confidence in recycled goods and helps to verify environmental claims. Traceability must drive investment specifically in Australian recycled content: end markets for Australian recycled content are essential to generate demand for recycled products, supported by traceability to verify provenance.

- **Support procurement of Australian recycled content:** Fundamentally, traceability must be an enabler for Australian recycling, by distinguishing legitimate, Australian-made materials from imported content, virgin and raw materials, and mislabelled products. It must also be an affordable, accessible system that integrates with existing technologies and processes.
- **Level playing field between recovered and extracted resources:** The recycling sector is often subject to levels of stringency that surpass requirements for virgin products, which can impede the transition to a circular economy. Traceability must not create higher levels of stringency for recycled products than for virgin products, and should focus on provenance—verifying Australian recovered/recycled materials—rather than additional parameters already addressed by other relevant standards and specifications.
- **Traceability framework must be paired with minimum recycled content thresholds:** A mandatory and auditable traceability framework must go hand-in-hand with mandated recycled content thresholds for packaging.

Mandatory domestic recycled content thresholds will shift the price barriers to uptake, with price premiums verified and underpinned by traceability. Without mandated recycled content, traceability may become yet another regulatory impediment to recycling rather than an enabler.

- **Imported materials must not be advantaged:** An overarching priority is to ensure that Australian-made recycled materials are not disadvantaged against imported materials; imported materials must be subject to the framework to the same degree of rigour as domestic recycled materials, with clear identification of country of origin. Excluding imported materials would disadvantage Australian recycled materials by imposing higher reporting requirements on Australian products. If traceability requirements cannot be met by importers, these claims must not be made at all.
- **Quality:** The quality of recycled materials is established through existing relevant standards—for example, recycled materials used in food-grade applications are subject to food-safety requirements—or in the market, through commercial agreements between buyers and sellers. The structural integrity of recycled PET (rPET), for example, is practically indistinguishable from virgin PET.

No further parameters should be addressed that do not equally apply to virgin resources. If a traceability framework creates more onerous requirements of recycled content than virgin resources, it will perpetuate the uneven playing field between recovered and virgin materials and inhibit rather than enable circularity.

- **Verification, accreditation and data reporting:** In determining whether data should be required, a clear use case should be established. An accreditation program for Australian recyclers should underpin a traceability framework, and can deliver key data. ACOR has worked with industry and government to advance the establishment of an Australian Recyclers Accreditation Program (ARAP). The ARAP provides a framework for independent, objective and consistent assessments that determines whether a recycling site is operating to a specified standard, and therefore in a secure, sustainable and resilient manner. The ARAP provides the structure to evaluate a site, undertake a risk assessment, and determine

whether or not the site meets the ARAP standards. The results and reporting from an ARAP assessment then inform the market, government, and potentially the wider community, on whether the recycling site is achieving good outcomes.

It is recommended that the ARAP should be the national accreditation program for use by recyclers, and implementation should be supported by government. ARAP has been tested and evaluated with the recycling and resource recovery industry and will support resource recovery through an independent program that will deliver transparency and accountability, and ensure industry standards are raised, and sites are able to implement best-practice initiatives. It addresses circular economy principles by providing transparency and accountability in downstream end markets for recyclable materials, thereby promoting and ensuring reuse of recovered materials and that recovered materials have reliable end markets, including identifying and supporting domestic processing capacity and capabilities.

A benefit of ARAP is that the recycling industry is generally aware of it and is comfortable with its scope and purpose. This, along with the development to date by ACOR, means ARAP can be rolled out in the short term and be live within about a six-month timeframe.

- **Voluntary or mandatory:** Australian recycled content thresholds must be mandated, with mandatory and auditable traceability required for any claims made about recycled content (both imported and Australian). This is in accordance with the ACCC’s Environmental and sustainability claims—Draft guidance for business, particularly ‘Principle 2: Have evidence to back up your claims’.
- **Pre- and post-consumer recycled materials:** Some recyclers view the definitions of pre-consumer and post-consumer set out in ISO/AS 14021 as suitable for determining legitimate recycled content.

2.5.3 *Mass balance approach and recycled content labelling*

A priority will be to ensure any claims made are accurate and do not mislead consumers about the actual content of packaging while enabling the delivery of recycled content.

3 Conclusion

Swift delivery of a robust extended producer responsibility scheme for packaging will be a milestone in Australia’s transition to a circular economy.

The most critical measure will be for these reforms to support significant increase in the use of locally produced Australian recycled content.

ACOR welcomes this reform, which must be delivered in consultation with the recycling sector, and we would be pleased to facilitate this engagement.