

Recycled content in packaging: Leveling the playing field for Australian recyclers

December 2024

Overview

Australia's Environment Ministers have agreed to introduce National Packaging Laws based on the principle of minimising waste so that all packaging is made with recycled material and can be recovered, recycled and remanufactured after it has been used.

Australia's recycling sector strongly supports the intent of the laws, which will drive our nation's transition to a circular economy and encourage growth in the domestic recycling and packaging manufacturing sector.

However, there are some concerns about potential unintended consequences if the planned laws and design standards do not adequately incentivise the use of Australian-made recycled materials.

Australia is a net importer of packaging material, all of which ends up in 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 our move towards a circular economy.

Governments must provide proper support for local recyclers to prevent Australia running the risk of being inundated with low-cost and unregulated imported recycled products that could threaten the viability of domestic producers and manufacturers.

Necessary policy measures to support Australian recycled content

State and Federal Governments have provided millions of dollars in funding and grants for new and upgraded recycling facilities across Australia. They cannot allow these facilities to be undermined by cheap and unverified products.

For example, a significant and increasing volume of food-grade recycled PET (resin and packaging)—with questionable provenance—is already being imported and sold at or below the cost of Australian manufactured products.

The proposed packaging laws will need to ensure there are mechanisms to incentivise the use of verified recycled content made in Australian facilities from recovered packaging, including but not limited to plastic resins (PET, HDPE, LDPE and PP) and fibre.

A suite of necessary measures 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, potentially including tax offsets. Such a system would 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 targets 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.

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. 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.

About ACOR

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, plastics, paper, textiles and e-product reprocessing and remanufacturing, road recycling and construction and demolition recovery. Our mission is to lead the transition to a circular economy through the recycling supply chain.

Australian Council of Recycling

Level 23, 520 Oxford Street, Bondi Junction NSW 2022

02 8074 7007 | Email: admin@acor.org.au | www.acor.org.au

ABN 60 574 301 921