**Member Note:**

This submission template has been developed to support AFGC members with submitting to the Department of Climate Change, the Environment, Energy and Water (DCCEEW) [Packaging Reform Consultation](https://consult.dcceew.gov.au/reform-of-packaging-regulation/new-survey?page=1). The consultation closes on 28 October 2024.

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**Insert Letterhead**

Xx October 2024

DCCEEW

Packaging Reform Taskforce

[Company Name] welcomes the opportunity to submit to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) consultation on reforming packaging regulation.

We recognise the significant impacts of packaging and are committed to change as we strive for greater circularity in our value chains. It is essential to acknowledge that packaging is designed to protect food, drink, household and medicinal products in supply chains and the home, to minimise climate change impacts, and to ensure community health and safety. Changes to packaging inevitably bring significant cost impost, operational and technical challenges and has commercial implications to a sector that is currently under pressure.

To ensure the highest environmental outcomes with the lowest cost to community, all supply chain parties, including - collection, sorting and processing, need to play a role to avoid brand owners being disproportionately burdened with the costs required to transform our national waste system, which would result in a significant inflationary effect.

Having reviewed the options paper, we support the high-level framework in **option 3** presented by DCCEEW. However, we recommend that this option must be underpinned by the following principles and policies to support a true circular economy system for packaging in Australia:

1. Regulation enabling a whole of system, whole of nation and whole of lifecycle approach (**Section 1**).
2. Targeted Extended Producer Responsibility must align with Best Practice EPR Principles (**Section 2**) and is coupled with mandatory standards and traceability requirements for the waste and recycling industry.
3. Government needs to provide capital tax incentives/ grants to support changes in packaging as well as changes in packaging equipment (**Section 3**).

## Enabling Regulation

The following regulatory enablers are essential for an effective and circular packaging system. These enablers support whole of system, whole of lifecycle, and whole of nation approach to circularity. Without these enablers, there will be severe gaps in the policy and regulatory landscape and risk option 3 failing.

**Packaging Design Standards**

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| Goal  | Policy Action |
| Packaging design regulations that support a nationally harmonised circular system. | Minimal variation to the Australian Recycling Label with adequate transition time  |
| Consistent and harmonised federal, state and territory (single-use packaging) regulation.  |
| Alignment with New Zealand and EU regulation  |
| Adequate transition time for industry to make packaging changes  | 3- 5 year timeframe for brands to transition  |
| Packaging design standards that are fit for purpose and protects food, drink, household and medicinal products.  | Industry-aligned Lifecycle Assessment Framework overlaying packaging design standards.  |
| Recycled content must reflect the technical requirements of a product.  |

**Waste and recycling**

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| Goal  | Policy Action  |
| Waste and recycling regulations that align with packaging design standards.  | Harmonised national kerbside standard.  |
| Minimum mandatory MRF standards that reflect packaging design standards.  |
| Ensure adequate systems and services for all waste sources outside of residential sources, such as commercial and resource management centres. |
| Increase access to recycled content.  | Waste export bans are revised to allow the free trade of proven, traceable recycled commodities. |
| Certification and trust for the purchasing of post-consumer recycled content (PCR).  | Mandatory traceability PCR from collection/MRF to packaging for a whole of system approach with acknowledgement of international traceability certifications. |

**Traceability**

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| Goals  | Policy Action  |
| Prevent unscrupulous recyclers and other players across the value chain from passing virgin materials off as PCR, therefore undermining capital investment and placing brand owners at risk of greenwashing.  | National Framework for Recycled Content Traceability is mandatory.  |

**Governance**

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| Goals  | Policy Action |
| Effective and efficient EPR model underpinned by the Best Practice EPR Principles in Section 2.  | Eco-modulated levies based on tonnes placed on market are paid to a scheme administrator (not government), with 100% of funds reinvested back into solutions for collection and reprocessing of packaging, packaging innovation, and household education and behaviour change programs. |
| Strong data collection and transparency regarding movement of packaging through the collection and recycling system to track and communicate outcomes. |
| Legislation enables cost recovery for brand owners. |
| There is no double dip of recycling costs on community to unnecessarily increase the cost of living for households (e.g. council rates and on retailer shelves). |

## Best Practices EPR Principles

These principles are aligned with the best practice guidance from the [Extended Producer Responsibility Alliance](https://expra.eu/beliefs/) and the Consumer Goods Forum.

* **EPR compliance schemes should be not-for-profit / profit-not-for-distribution.**
* **There should be a robust EPR legal framework enforced by a public authority.**
* **Targets should be set in partnership with the PRO and/or scheme administrator to ensure community expectations are met while being technically, operationally and financially viable.** For example, targets should be enforced by government but established through co-design with industry.
* **Successful EPR must be based on a partnership between the public authority and EPR providers.**
* **There should be a level playing field for the provision of EPR services.**
* **Companies should receive equitable treatment and share the allocation of EPR costs based on their packaging design and volumes that are placed on market (PoM).** For example, technical recyclability, actual recycling rates, recycled content and market development.
* **EPR organisations should support companies to improve the environmental performance of their packaging**. Where companies have no control over consumer behaviour and end life such as kerbside collection, household behaviours, education and MRF capabilities, clearly defined responsibility and accountability should be included in targets.
* **The industry-owned PRO should pursue a public service mission of circularity**. The scope should be clearly articulated to prevent packaging from being captured where there is no existing market failure.
* **EPR compliance schemes should be operated by organisations that are responsible to fund and deliver recycling outcomes.** Parties who are liable to fund the system and deliver the outcomes should have majority control of the Producer Responsibility Organisation (PRO).
* **Packaging suppliers, collectors, sorters and recyclers of waste should not be active in EPR governance**. Any beneficiaries of the scheme, upstream or downstream, should only be engaged in an advisory capacity to avoid any conflicts of interest.

## Tax incentives

Given the broad inflationary pressures facing food and grocery manufacturers, we call for tax incentives to be provided to food and grocery manufacturers to support our transition to new, multi-million dollar capital equipment needed to support new packaging design standards and more sustainable packaging formats.

A factor often overlooked is the significant capital investment required by food and grocery manufacturers to upgrade or install new packaging plants and equipment in order to meet new design standards. Where new packaging formats are required, costs can exceed $100 million per facility.

In addition, food and grocery manufacturers are simultaneously facing additional costs of procuring recycled content and participation in product stewardship schemes.

Significant government funding is in place at a state and federal level to support changes needed in the waste and recycling industry, yet nothing is in place to support food and grocery manufacturers with a costly transition, which risks increasing cost of living or moving manufacturing offshore to contain costs.

## Additional Feedback

**Member Note: Consider including a case study or data** – such as access to recycled content, traceability of recycled content (certification), format changes, challenges or requirements (fit for purpose/health, etc.).

## Conclusion

We believe that to ensure the highest environmental outcomes with the lowest cost to the community, all supply chain parties need to play a role in transitioning to a circular economy for packaging.

While we support the high-level framework in **option 3**, we believe that including the policy enablers and best practice EPR principles (set out above) is paramount to the success of option 3. We strongly encourage DCCEEW to consider these as part of a further consultation on packaging reform. We would also appreciate the opportunity to consult on the Packaging Recyclability Grading Framework developed by the Design Standards Working Group, which was presented to the industry (APCO webinar 14 October 2024).

We thank the department for the opportunity to provide feedback and welcome the opportunity to discuss our submission further with DCCEEW.

Regards

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