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## House of Representatives Standing Committee on Industry, Innovation, Science and Resources Inquiry into Australia's Waste Management and Recycling Industries

### Submission by the Australian Packaging Covenant Organisation (APCO)

#### Executive summary

The Australian Packaging Covenant Organisation (APCO) is a not-for-profit organisation established to administer the Australian Packaging Covenant (the Covenant) on behalf of the Australian, State and Territory Governments, and its industry Signatories. The Covenant is part of a compulsory, co-regulatory product stewardship framework established under the *National Environment Protection Council Act 1994* and the *National Environment Protection (Used Packaging Materials) Measure 2011* (the NEPM) to reduce the harmful impact of packaging on the Australian environment.

Packaging makes up only around 8% of Australia's total waste, but it is of greater significance to consumers, many businesses, and local, state and territory governments. It also offers considerable opportunity for innovative recycling approaches and market development.

#### The Australian Packaging Covenant and the 2025 National Packaging Targets

At 30 June 2019, APCO had 1467 Members representing 153 different industry sectors across the packaging supply chain, including packaging manufacturers, brand owners, and retailers, with combined revenue in excess of \$360 billion. As Signatories to the Covenant, APCO's Members have committed to achieving the outcomes of the Covenant.

In 2018, these outcomes were given renewed expression and clarity through the adoption of the 2025 National Packaging Targets (2025 Targets), which are:

- 100% of packaging to be reusable, recyclable or compostable;
- 70% of plastic packaging recycled or composted;
- 30% average recycled content across all packaging (note that APCO's analysis in 2019 indicates that this target has already been achieved, and a higher target is in development); and
- Phase out problematic and unnecessary single-use plastic packaging through redesign, innovation or alternative delivery methods.

On 8 November 2019, the 2025 Targets were formally adopted by all governments as part of the National Waste Policy Action Plan.

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## The co-regulatory product stewardship framework for sustainable packaging in Australia

The Australian Packaging Covenant operates alongside the NEPM as part of a compulsory, co-regulatory framework established under Paragraph 14(1)(f) of the National Environment Protection Act, which provides for NEPMs to be made on 'the re-use and recycling of used materials'.

Under this framework, obligations are placed on liable parties, which are brand owners in the packaging supply chain with an annual turnover greater than \$5 million. Responsibility for enforcing these obligations rests with the Australian, State and Territory Governments in respect of companies operating within their jurisdictions.

## Delivering on the 2025 National Packaging Targets

To deliver on the 2025 Targets, APCO has identified three key priority areas: Design, Systems and Education and Materials Circularity:

### Design

- Better design will deliver packaging that is recyclable, reusable or compostable and reduce problematic and unnecessary waste. APCO is supporting its Members to achieve better design through resources including the Sustainable Packaging Guidelines (SPGs) and the Packaging Recyclability Evaluation Portal (PREP).
- PREP enables packaging designers to assess whether an item of packaging is recyclable in Australia. PREP considers how widespread the collection services are for the item, as well as how the item will behave at a Materials Recovery Facility (MRF).

### Systems and Education

- Increasing the amount of packaging being recycled, reused or composted will require a focus on the capability and education of all stakeholders. A key resource for this work is the Australasian Recycling Label (ARL) Program.
- The ARL Program is an evidence based, nationwide labelling scheme that provides clear, consistent on-pack recycling information to inform consumers of the correct disposal method. Following analysis of packaging through PREP, the packaging recyclability assessment informs the use of the corresponding ARL logo on-pack.

### Materials Circularity

- The development of commercially viable markets for recycled materials is crucial to delivering a circular economy for packaging. APCO is supporting technological and market place initiatives to help deliver this.
- APCO is working with Planet Ark to establish a Circular Economy Hub, a new online platform and marketplace that will help drive innovation in the transition to a circular economy in Australia.
- APCO has also undertaken:
  - a baseline study on the availability of key materials for reuse and the quantities of recycled materials currently being used in new packaging;
  - economic analyses of options for the uptake of recycled materials, including increased use in civil construction and packaging; and
  - an assessment of how APCO can support industry and governments to overcome barriers to increasing procurement of recycled materials.

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## **Benchmarking for the 2025 National Packaging Targets: Packaging and consumption and resource recovery data**

In 2019, APCO released *Australian Packaging Consumption and Resource Recovery Data*, a major study into packaging material flows for the period 2017–18. The report provides benchmark data for the 2025 Targets, and is informing the development by the APCO Collective Action Group of a roadmap for delivery of the 2025 Targets.

Total packaging placed on the market (POM) in Australia is estimated at 5.45 million tonnes. POM is defined as packaging that has been made available to the end-consumer (including business users), and covers imported and domestic, primary, secondary and tertiary packaging.

Of the 5.45 million tonnes of packaging POM, over half the total volume was paper and paperboard packaging (53.2%), followed by glass packaging (23.3%), plastic packaging (19.6%) and metal packaging (3.9%).

Of the 5.45 million tonnes of post-consumer packaging POM in Australia in 2017-18, it is estimated that 2.67 million tonnes was recovered. Over two thirds of this was paper and paperboard packaging (68.0%), followed by glass packaging (21.8%), plastic packaging (6.5%) and metal packaging (3.8%).

The post-consumer packaging recovery rate in 2017–18 is estimated at 49%. Paper and paperboard have the highest recovery rate at 63%, followed by metal packaging at 48%, glass packaging at 46% and plastic packaging at the low level of only 16% (Table 4).

Packaging placed on the market contains, on average, 35% post-consumer recycled content, or a total of 1.9 million tonnes of material. Of the remaining material, a further 0.7 million tonnes (12%) is pre-consumer recycled content, and nearly 2.9 million tonnes (53%) was sourced from virgin (primary) feedstocks.

It is estimated that 4.7 million tonnes (86%) of packaging POM has good recyclability. This is dominated by paper and paperboard (of which 92% has good recyclability) and glass (of which 100% has good recyclability). 96% of metal packaging is classified as having good recyclability, but only 54% of plastic packaging is classified as having good recyclability.

Around 0.5 million tonnes (10%) of packaging is classified as having poor recyclability or not being recyclable. Around 51% of these quantities is plastic packaging, and another 47% is paper & paperboard packaging.

## **Issues and potential solutions with the existing national regulatory framework for packaging**

Based on APCO's experience in administering the Covenant, issues that governments may wish to prioritise in any consideration of regulatory frameworks for plastics and packaging include:

- Broadening the scope to include plastics other than packaging
- Availability of adequate financial resources to drive change
- National governance and oversight
- Ensuring achievement of the 2025 Targets

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- Dealing effectively with greenwash
- Dealing effectively with free riders

### Recommendations

APCO recommends that, in relation to packaging waste, the Australian Government consider opportunities to work with industry, state, territory and local governments and other stakeholders on the following priorities:

- i. In relation to plastics, provide support and funding for a Plastics Pact between governments and industry across Australia, New Zealand and the Pacific region (ANZPAC Plastics Pact)
- ii. Support a national public education campaign based on the ARL
- iii. Support the development of targeted solutions for difficult and local waste streams
- iv. All governments (Commonwealth, states and territories) need to deliver on their obligations under the NEPC framework to enforce compliance with the Used Packaging NEPM
- v. Work towards consistent approaches between jurisdictions.

## 1. Introduction

The Australian Packaging Covenant Organisation (APCO) welcomes the opportunity to provide a submission to the House Standing Committee on Industry, Innovation, Science and Resources Inquiry into Australia's Waste Management and Recycling Industries.

APCO is a not-for-profit organisation established to administer the Australian Packaging Covenant (the Covenant) on behalf of the Australian, State and Territory Governments, and its industry Signatories. The Covenant is part of a compulsory, co-regulatory product stewardship framework established under the *National Environment Protection Council Act 1994* and the *National Environment Protection (Used Packaging Materials) Measure 2011* (the NEPM) to reduce the harmful impact of packaging on the Australian environment.

Packaging makes up only around 8% of Australia's total waste, but it is of greater significance to consumers, many businesses, and local, state and territory governments. It also offers considerable opportunity for innovative recycling approaches and market development. APCO and its Members and partners are playing a significant role in driving innovation and improvement in Australia's packaging waste management and recycling outcomes. This submission will focus on this role, and how co-regulatory framework of the NEPM and the Covenant can help government and other stakeholders to realise the opportunities presented by waste materials. The submission will address:

- The Australian Packaging Covenant, APCO's role and the 2025 National Packaging Targets;
- The co-regulatory product stewardship framework for sustainable packaging in Australia;
- The approach that APCO and its Members and partners are taking to drive packaging sustainability throughout the supply chain;
- Packaging material flows and resource recovery data and benchmarking for the 2025 Targets;

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- Issues and potential solutions; and
- Recommendations.

## 2. The Australian Packaging Covenant and the 2025 National Packaging Targets

The current Covenant, which is the fourth iteration, was agreed by the National Environment Protection Council in November 2016 and commenced on 1 January 2017.

A number of significant improvements were implemented through the fourth Covenant, including:

- Refocusing the goals of the Covenant to areas where industry can have the most influence, including improving the design of packaging to deliver greater sustainability, and collaboration along the supply chain;
- Establishing independent governance through an independent Chair and Directors, and oversight by a Government Officials Group comprising senior representatives of all jurisdictions;
- Establishing APCO as an independent body, directly accountable to Ministers for the performance of the Covenant; and
- Streamlining procedures for delivery of key elements of the Covenant, including the Sustainable Packaging Guidelines (SPGs), Signatory reporting, and identification of liable parties.

The improvements made to the Covenant by the National Environment Protection Council in 2016 have enabled APCO to make considerable progress and develop considerable momentum since 2017.

One key area of progress is the engagement of industry working towards the aims of the Covenant. During 2018-19 alone, Signatories to the Covenant increased by 68%, from 873 organisations to 1467. These include companies representing 153 unique sectors across the packaging supply chain, including packaging manufacturers, brand owners, and retailers; they contribute in excess of \$360 billion in annual revenue to the Australian marketplace. As Signatories to the Covenant, APCO's Members have committed to achieving the outcomes of the Covenant.

In 2018, these outcomes were given renewed expression and clarity through the adoption of ambitious national targets, developed and led by APCO. On 27 April 2018, Australia's Environment Ministers announced a historic target to make 100% of packaging in Australia reusable, recyclable or compostable by 2025 or earlier, and committed governments to working with APCO to achieve this. Under APCO's leadership, industry has taken this commitment further through the adoption of additional 2025 National Packaging Targets (2025 Targets). The four targets, to be achieved by 2025, are:

- 100% of packaging to be reusable, recyclable or compostable;
- 70% of plastic packaging recycled or composted;
- 30% average recycled content across all packaging (note that APCO's analysis in 2019 indicates that this target has already been achieved, and a higher target is in development); and

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- Phase out problematic and unnecessary single-use plastic packaging through redesign, innovation or alternative delivery methods.

These targets were formally adopted as part of the Covenant framework on 1 January 2019, through their inclusion in APCO's Strategic Plan 2017-2022. On 8 November 2019, they were formally adopted by all governments as part of the National Waste Policy Action Plan. Each target covers all packaging made, used or sold in Australia, including business-to-business, consumer and imported packaging.

The delivery of the 2025 Targets requires the collaboration of many stakeholders and has a range of interdependencies. APCO has a coordinating strategy-setting and administration role to drive collaboration throughout the supply chain between all three tiers of government, APCO Members, the waste and recycling sector and other stakeholders.

Figure 1 sets out an overview of some of the areas of influence of the six key stakeholder groups: APCO, APCO Members, Local Government, State Government, Federal Government, and the recycling industry.

The role of APCO, as the administrator of the Covenant, can be summarised as:

- Fostering and strengthening whole-of-supply chain collaboration, to deliver better outcomes through shared knowledge, expertise, networks and actions;
- Managing the backbone organisational activities for the APCO Collective Impact Initiative that deliver the circular economic model for the Covenant;
- Undertaking and supporting work to identify and address technical and knowledge barriers; and
- Empowering, enabling and influencing individual companies and industry sectors to do better than they otherwise would.

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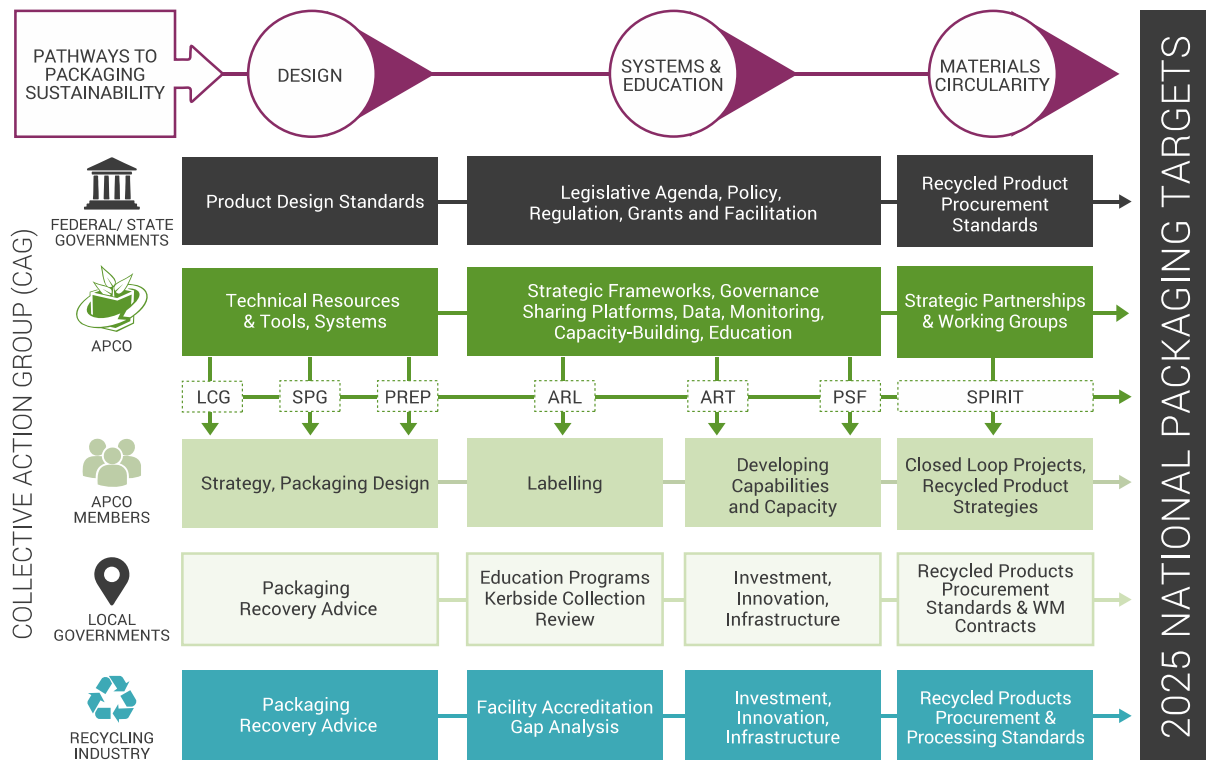


Figure 1: Sustainable Packaging Pathway and Stakeholder Activities.

### 3. The co-regulatory product stewardship framework for sustainable packaging in Australia

The Covenant operates alongside the NEPM as part of a compulsory, co-regulatory framework established under Paragraph 14(1)(f) of the National Environment Protection Act, which provides for NEPMs to be made on ‘the re-use and recycling of used materials’.

Under this framework, obligations are placed on liable parties, which are brand owners in the packaging supply chain with an annual turnover greater than \$5 million. There are three ways in which liable parties can acquit their obligations; by:

- Becoming a Signatory to the Covenant (these Signatories also become Members of APCO).
- Submitting to direct regulation by state and territory governments in relation to:
  - The recovery of used packaging materials.
  - The re-use, recycling or energy recovery of packaging materials.
  - Demonstrating that the recovered materials have been re-used or exported.
  - Demonstrating that reasonable steps have been taken to advise consumers as to how the packaging is to be recovered.
- Being part of an industry or sectoral arrangement that produces equivalent outcomes to those achieved under the Covenant.

Responsibility for enforcing the NEPM rests with the Commonwealth and State and Territory governments in relation to companies operating within their jurisdictions. A summary of the implementation frameworks, targets specified for non-Signatories to the Covenant, and enforcement provisions in each jurisdiction is provided in Table 1 below. Targets are specified in four jurisdictions, two jurisdictions can impose criminal penalties for non-compliance, and four jurisdictions can impose civil penalties.

**Table 1: Summary of implementing instruments for the NEPM**

Jurisdiction	Summary of implementation frameworks	Targets for non-Signatories to the Covenant	Enforcement provisions
Commonwealth	Section 7 of the NEPC Act requires the Commonwealth to implement the NEPM in respect of companies with over 50 per cent government ownership such as Australia Post.	No target specified.	Nil.
New South Wales	The NEPM is implemented by the Protection of the Environment Operations (Waste) Regulation 2014.	80 per cent of all packaging material must be recovered. 100 per cent of new and existing packaging must be reviewed using the SPGs by June 2020.	Civil penalty provisions included in the implementing Regulations.
Victoria	The NEPM is currently implemented by the Waste Management Policy (Used Packaging Materials) 2012. From 1 July 2020, this will be replaced by provisions in new Environment Protection Regulations.	70 per cent of packaging materials must be recovered.	Civil penalty provisions are included in the proposed Environment Protection Regulations.
Queensland	The NEPM is implemented by the Waste Reduction and Recycling Regulation 2011.	70 per cent of packaging materials must be recovered.	Civil penalty provisions are included in the Regulation.
Western Australia	The NEPM is implemented by the Environmental Protection (NEPM—UPM) Regulations 2013.	Recovery targets are differentiated by material type: Aluminium 75%; Glass 60%; Paper and cardboard 80%; Steel 65%; HDPE	Civil penalty provisions are included in the Regulations.



Jurisdiction	Summary of implementation frameworks	Targets for non-Signatories to the Covenant	Enforcement provisions
		60%; PET 60%; Other plastics 35%.	
South Australia	The NEPM is legally enforced by the Environment Protection (Used Packaging Materials) Policy 2012.	No target specified.	Criminal offences are specified in the Environment Protection Policy.
Tasmania	The NEPM is a state policy under the <i>State Policies and Projects Act 1993</i> .	No target specified.	The State Policies and Projects Act establishes that a breach of a state policy is a criminal offence.
Australian Capital Territory	A new instrument to implement the NEPM in the ACT has not yet been put in place following commencement of the <i>Waste Management and Resource Recovery Act 2016</i> .	No target specified.	Nil.
Northern Territory	There is provision under the <i>Waste Management and Pollution Control Act 1998</i> to enforce the NEPM if needed.	No target specified.	Nil.

To date, all compliant liable parties have acquitted their obligations through the option of becoming Signatories to the Covenant; no other alternative options have been established. The Covenant has existed in various forms since 1999.

## 4. Delivering on the 2025 National Packaging Targets

### a. Priority areas for action

To deliver on the 2025 Targets, APCO has identified three key priority areas: Design, Systems and Education and Materials Circularity. APCO will focus delivery on each of these areas.

#### Design

Sustainable packaging design is a critical obligation for APCO Members. Better design will deliver packaging that is recyclable, reusable or compostable and reduce problematic and unnecessary waste. APCO is supporting its Members to achieve better design through resources

including the Sustainable Packaging Guidelines (SPGs) and the Packaging Recyclability Evaluation Portal (PREP).

- **SPGs**

The SPGs are an essential part of the co-regulatory framework. The Covenant states that in applying the SPGs, the aim for Signatories is to reduce packaging waste at the design stage by minimising materials used, optimising recyclability or re-use, and reducing the potential for litter.

The SPGs are developed by APCO and agreed by governments. They establish ten principles for sustainable packaging:

1. Design for recovery;
2. Optimise material efficiency;
3. Eliminate hazardous materials;
4. Use recycled materials;
5. Use renewable materials;
6. Design to minimise litter
7. Design to reduce product waste;
8. Design for transport efficiency;
9. Design for accessibility; and
10. Provide consumer information on sustainability.

The SPGs provide guidance for APCO Members on how to implement the ten principles in their operations without compromising product quality and safety, and also articulate common definitions and principles of sustainable packaging. While the application of the SPGs varies depending on the nature of Members' operations, their use ensures that all parties in the packaging supply chain work toward the same vision. Members are required to provide evidence of regular reviews of packaging against the SPGs in their annual reporting to APCO.

- **PREP**

The Packaging Recyclability Evaluation Portal (PREP) is a tool for brand owners or packaging designers and manufacturers to assess whether an item of packaging could be classified as 'recyclable' in Australia through kerbside collection. PREP considers how widespread the collection services are for the item, as well as how the item will behave at the Materials Recovery Facility (MRF) and processing facilities. It produces a report for each project that is assessed. APCO's Strategic Plan 2017-2022 establishes an objective of having 50% of APCO Members using PREP by 2020, and states that mandatory uptake of PREP by Members is a critical success factor for achieving the 2025 Targets.

## **Systems and Education**

Increasing the amount of packaging being recycled, reused or composted will require a focus on the capability and education of all stakeholders. APCO is driving better systems and education through research initiatives, strategic development and facilitating collaboration between Members and other stakeholders.

A key resource for this work is the Australasian Recycling Label (ARL) Program. The ARL Program is an evidence based, nationwide labelling scheme that provides clear, consistent on-

pack recycling information to inform consumers of the correct disposal method and designed to be used in conjunction with PREP. Following the analysis of packaging through PREP, the packaging recyclability assessment informs the use of the corresponding ARL logo on-pack. Since its launch in 2018, more than 300 APCO Members are now committed to using the ARL Program. APCO's intention is to have 50%, or around 750 of its Members using the program in 2020. Mandatory uptake of the ARL by APCO Members is identified in APCO's Strategic Plan 2017-2022 as a critical success factor for achieving the 2025 Targets.

Capability amongst APCO Members is also being developed through APCO's Annual Reporting Tool (ART) and the Packaging Sustainability Framework (PSF).

The ART is a centralised online resource for self-assessment that promotes continuous improvement and capacity-building of all APCO Members. It monitors and tracks Member progress towards packaging sustainability over time and it allows Members to:

- Access information on the PSF, the basis for evaluation;
- Complete and submit annual reports;
- Access reporting scoring and feedback;
- Monitor and benchmark Members' performance against other APCO Members;
- Submit 1 to 3 year customised Member action plans; and
- Review and track packaging sustainability performance over time.

The PSF aims to provide a consistent and transparent framework for assessing and tracking packaging sustainability. The PSF consists of thirteen independent criteria in three categories: Leadership, Outcomes and Operations.

### **Materials Circularity**

The development of commercially viable markets for recycled materials is crucial to delivering a circular economy for packaging. APCO is committed to working with stakeholders to close the loop on packaging materials by supporting technological and market place initiatives that will help to deliver this, including through working groups and advisory committees and supporting pilot projects with local governments and other stakeholders.

APCO is working with Planet Ark to establish a Circular Economy Hub, a new online platform and marketplace that will help drive innovation in the transition to a circular economy in Australia. In addition to highlighting the latest sustainability education and resources, the site will match buyers and sellers in waste resources to help them identify products with sustainable materials, including recycled content. This online marketplace functionality will help to build the critical end markets for recycled products in Australia and provide essential education to the supply chain about the availability of sustainable options.

A range of APCO's other priority projects in 2019 also addressed markets for recycled materials. A baseline study for the 2025 Targets has provided greater detail on the flow of packaging materials through the supply chain, including the availability of key materials for reuse and the quantities of recycled materials currently being used in new packaging. An economic analysis project is looking at the economic viability of a range of options for the uptake of recycled materials, including increased use in civil construction and packaging. APCO has also

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undertaken projects looking at how APCO can support industry and governments to overcome information gaps and other barriers to increasing procurement of soft plastics and other recycled materials. In 2019, these projects have involved sharing case studies, conducting workshops on barriers, challenges and solutions, and strategic analysis of institutional capabilities to integrate recycled content into broader sustainable procurement frameworks. The results of these foundational projects are informing the development of APCO's work program on recycled content for 2020 and beyond.

### **b. Implementation approach**

APCO is implementing the 2025 Targets over three phases, some of which overlap. The first two phases will be completed within the timeframe of the 2017–2022 strategic plan, while the third phase will commence in 2021 and continue into the 2022–2027 strategic plan.

#### **Foundation Phase: 2019-2020**

This period aims to ensure the fundamental groundwork required to support the long-term achievement of the targets is in place. In this phase, the focus will be on research, preparing guidance for stakeholders, setting baselines and monitoring frameworks, and establishing the CAG, working groups and networks.

#### **Development Phase: 2019-2022**

This period will focus on further building collaboration and networks required for achieving the 2025 Targets. Working groups and the advisory committees will come together to identify infrastructure gaps, technology opportunities and solutions to barriers. Research on identified problem areas will commence. This will include pilot projects with local governments and stakeholders.

#### **Realisation Phase: 2021-2025**

This period will deliver outcomes and realise the benefits of strong foundations and collaborative networks established in the previous two phases. This phase will also see the monitoring and evaluation of program outcomes and the scale up of successful pilot projects.

### **c. Engaging stakeholders in planning and delivery**

APCO has established a governance framework and strategic approach through the collective impact model to engage its Members and partners in driving the priority projects in 2019 that will enable Australia to deliver on the 2025 Targets.

The Collective Action Group (CAG) is a high-level group of experts from the entire value chain for all packaging, from packaging manufacturers, brand owners, retail, civil society, governments and recovery sectors. The CAG's role is to work with APCO to oversee the development of a systemic model for how Australia can deliver the 2025 Targets. The primary task for the CAG in 2019 is to develop a paper setting out the roadmap for all stakeholders and identifying the critical interventions required to successfully transition Australia to a circular economy for packaging.

APCO has also established four Working Groups to oversee delivery of its priority projects in 2019 and moving forward. The Working Groups include representation from a wide range of APCO Members and partners in government and industry. Three of the Working Groups are

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focused on the priority areas of Design, Systems and Education, and Materials Circularity. The fourth Working Group is focused on National Packaging Targets Implementation, and is overseeing key data-gathering and analytical work.

#### **d. The role of Government**

The roles of the Commonwealth and State and Territory governments in providing oversight of and support to the operation of the NEPM and Covenant are set out in the NEPM and the Covenant. These roles include oversight by senior officials through the Government Officials Group, ministerial oversight through the National Environment Protection Council, enforcing compliance with the NEPM, and collecting and reporting packaging data.

In addition to their role in overseeing implementation of the NEPM and Covenant, the Commonwealth and State and Territory governments can influence the effectiveness of actions by APCO, its Members and partners.

The types of actions governments can take that will help deliver on the 2025 Targets include:

- Providing strategic direction: Developing and implementing holistic, evidence-based waste and circular economy policies and strategies;
- Providing effective enforcement of the NEPM to ensure that all liable parties are contributing to the outcomes, and that Signatories to the Covenant are not disadvantaged by free-riders;
- Supporting waste management and resource recovery through grants programs, infrastructure planning, including the acceleration of infrastructure approval processes and planning for excess materials storage during the transitional period; and
- Exploring opportunities to realise broader government objectives, including productivity and other economic and social benefits, through improvements to the packaging and waste value chains and circular economy.

### **5. Benchmarking for the 2025 National Packaging Targets: Packaging and consumption and resource recovery data**

In 2019, APCO released *Australian Packaging Consumption and Resource Recovery Data*, a major study into packaging material flows for the period 2017–18. The report provides benchmark data for the 2025 Targets, and is informing the development by the APCO Collective Action Group of a roadmap for delivery of the 2025 Targets. The information presented in this section of the paper is derived from this report.

#### **a. Packaging consumption**

Total packaging placed on the market (POM) in Australia is estimated at 5.45 million tonnes. POM is defined as packaging that has been made available to the end-consumer (including business users), and covers imported and domestic, primary, secondary and tertiary packaging.

Of the 5.45 million tonnes of packaging POM, over half the total volume was paper and paperboard packaging (53.2%), followed by glass packaging (23.3%), plastic packaging (19.6%) and metal packaging (3.9%).

Estimates for packaging POM by material group are provided in Table 2. The estimates include consumer and business-to-business (B2B) packaging.

**Table 2: Packaging POM in 2017–18, by material group**

Material group	Total packaging placed on the market		Accuracy Range (±%)
	(tonnes)	(% of total)	
Paper and paperboard	2 901 000	53.2%	7%
Glass	1 273 000	23.3%	17%
Plastic	1 067 000	19.6%	21%
Metal	213 000	3.9%	23%
<b>Total</b>	<b>5 453 000</b>	<b>100.0%</b>	<b>13%</b>

### b. Quantity of packaging recovered

Of the 5.45 million tonnes of post-consumer packaging POM in Australia in 2017-18, it is estimated that 2.67 million tonnes was recovered. This number is measured at the out-going gate of the secondary processing facility for the used packaging.

Of the packaging recovered in 2017–18, over two thirds of this was paper and paperboard packaging (68.0%), followed by glass packaging (21.8%), plastic packaging (6.5%) and metal packaging (3.8%).

Estimates for post-consumer packaging recovery by material group are provided in Table 3.

**Table 3: Post-consumer packaging recovery in 2017–18, by material group**

Material group	Recovered packaging		Accuracy Range (±%)
	(tonnes)	(% of total) <sup>a</sup>	
Paper and paperboard	1 817 000	68.0%	11%
Glass	582 000	21.8%	23%
Plastic	173 000	6.5%	15%
Metal	102 000	3.8%	21%
<b>Total</b>	<b>2 673 000</b>	<b>100.0%</b>	<b>14%</b>

a) Percent contribution to the total amount of packaging recovered, and not the recovery rate.

### c. Packaging recovery rates

The post-consumer packaging recovery rate in 2017–18 is estimated at 49%. This is based on the recovery of each material group as measured at the out-going gate of the secondary processing facility for the used packaging (summarised above), divided by the related packaging POM by material group.

Paper and paperboard have the highest recovery rate at 63%, followed by metal packaging at 48%, glass packaging at 46% and plastic packaging at the low level of only 16% (Table 4).

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**Table 4: Post-consumer packaging recovery rates in 2017–18, by material group**

Material group	POM (tonnes)	Recovery (tonnes)	Recovery rate (%)
Paper and paperboard	2 901 000	1 817 000	63%
Glass	1 273 000	582 000	46%
Plastic	1 067 000	173 000	16%
Metal	213 000	102 000	48%
<b>Total</b>	<b>5 453 000</b>	<b>2 673 000</b>	<b>49%</b>

#### d. Packaging recycled content

Estimates of the recycled content incorporated into packaging POM, by material group, are provided in Table 5. As show in Figure 2, the post-consumer recycled content across all packaging was 1.9 million tonnes, or 35% of total packaging POM, the pre-consumer recycled content was 0.7 million tonnes (12%), and nearly 2.9 million tonnes (53%) was sourced from virgin (primary) feedstocks.

**Table 5: Packaging POM in 2017–18, by material group and recycled content**

Material group	Post-consumer source (tonnes)	Pre-consumer source (tonnes)	Virgin source (tonnes)	Total (tonnes)
Paper and paperboard	1 421 000	441 000	1 038 000	2 901 000
Glass	407 000	146 000	720 000	1 273 000
Plastic	23 000	7 000	1 037 000	1 067 000
Metal	64 000	68 000	81 000	213 000
<b>Total (tonnes)</b>	<b>1 915 000</b>	<b>661 000</b>	<b>2 876 000</b>	<b>5 453 000</b>
<b>Total (%)</b>	<b>35%</b>	<b>12%</b>	<b>53%</b>	<b>100%</b>

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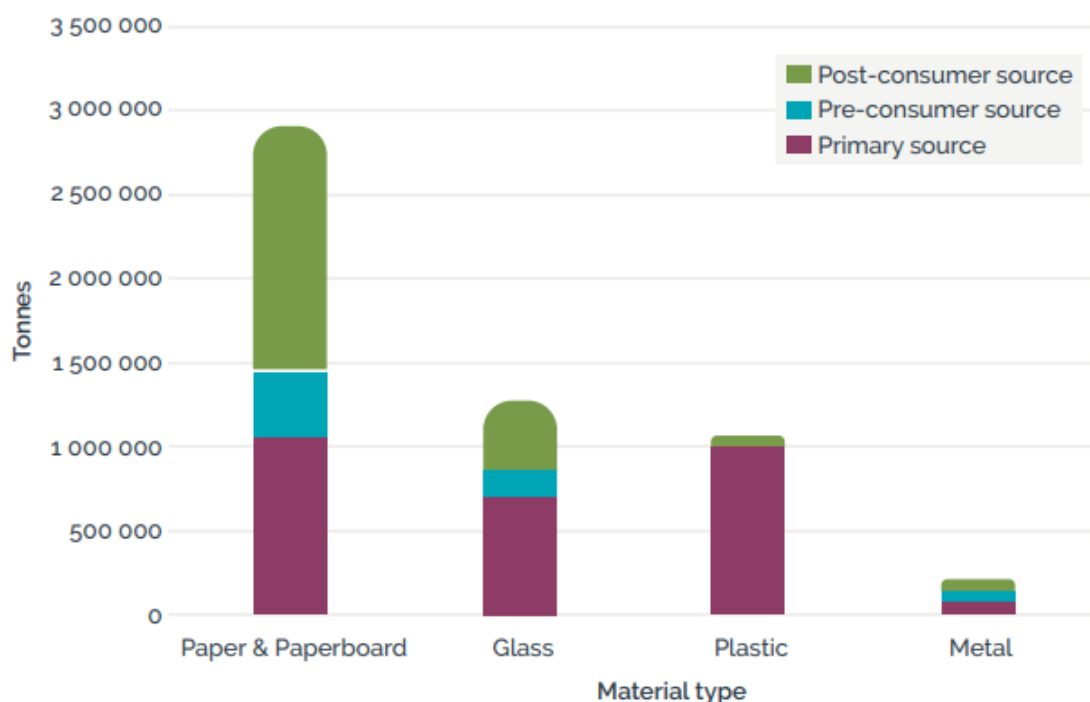


Figure 2: Packaging POM in 2017-18, by material group and recycled content (tonnes)

### e. Packaging recyclability

Table 6 below provides an outline of packaging recyclability classifications and definitions that have been adopted for the purpose of the roadmap.

Estimates of recyclable packaging POM in 2017-18 are provided in Table 7. The agreed determination of the recyclability, compostability and reusability of all packaging formats is a developing area, and the estimates provided here are indicative only.

Table 6: Packaging recyclability classifications and definitions

Classification	Description	Scope
Good recyclability	Technically recyclable, collection and recycling services are widely available and there are viable end markets.	All bottles and jars, all cans, fibre-based cartons and boxes (but not PCPBs), tubs, trays and punnets, LDPE film, fibre-based 'other'.
Poor recyclability	Recyclable with lost value and/or more limited recycling services and/or may contaminate other recycling streams.	PCPBs, PVC, all wraps and film seals (except for LDPE film), EPS.
Not recyclable	Not technically recyclable and/or no recycling service available.	Remaining material (except for 'Unknown').
Unknown recyclability	Insufficient information to determine recoverability.	-

Note: All classifications are applied at June 2018.

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**Table 7: Recyclable or compostable packaging POM in 2017–18, by recyclability classification**

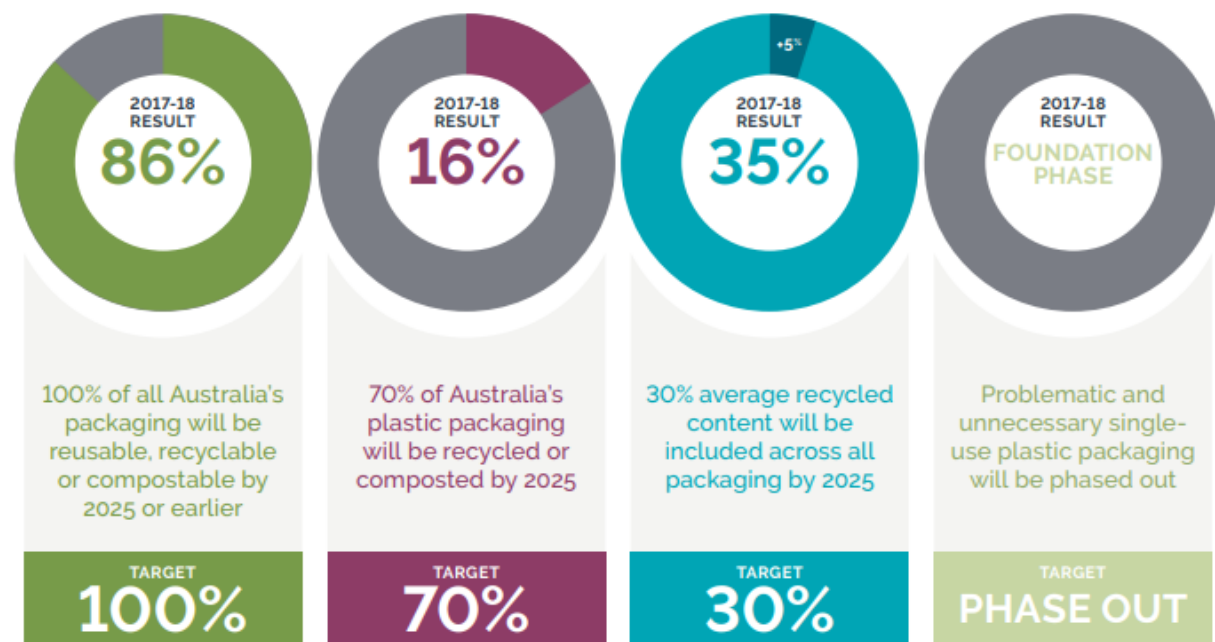
Material group	Good recyclability (tonnes)	Poor recyclability (tonnes)	Not recyclable (tonnes)	Unknown (tonnes)	Total (tonnes)
Paper and paperboard	2 658 000	227 000	15 000	0	2 901 000
Glass	1 273 000	0	0	0	1 273 000
Plastic	572 000	181 000	83 000	231 000	1 067 000
Metal	204 000	0	9 000	0	213 000
<b>Total (tonnes)</b>	<b>4 707 000</b>	<b>408 000</b>	<b>107 000</b>	<b>231 000</b>	<b>5 453 000</b>
<b>Total (%)</b>	<b>86%</b>	<b>8%</b>	<b>2%</b>	<b>4%</b>	<b>100%</b>

It is estimated that 4.7 million tonnes (86%) of packaging POM has good recyclability. This is dominated by paper and paperboard (of which 92% has good recyclability) and glass (of which 100% has good recyclability). 96% of metal packaging is classified as having good recyclability, but only 54% of plastic packaging is classified as having good recyclability.

Around 0.5 million tonnes (10%) of packaging is classified as having poor recyclability or not being recyclable. Around 51% of these quantities is plastic packaging, and another 47% is paper & paperboard packaging.

**f. Benchmarking against the 2025 Targets**

Figure 3 and Figure 4 summarise the key packaging consumption (POM) and recovery data, compared to the related 2025 Targets.



**Figure 3: Summary of the 2025 Targets and related 2017-18 results**

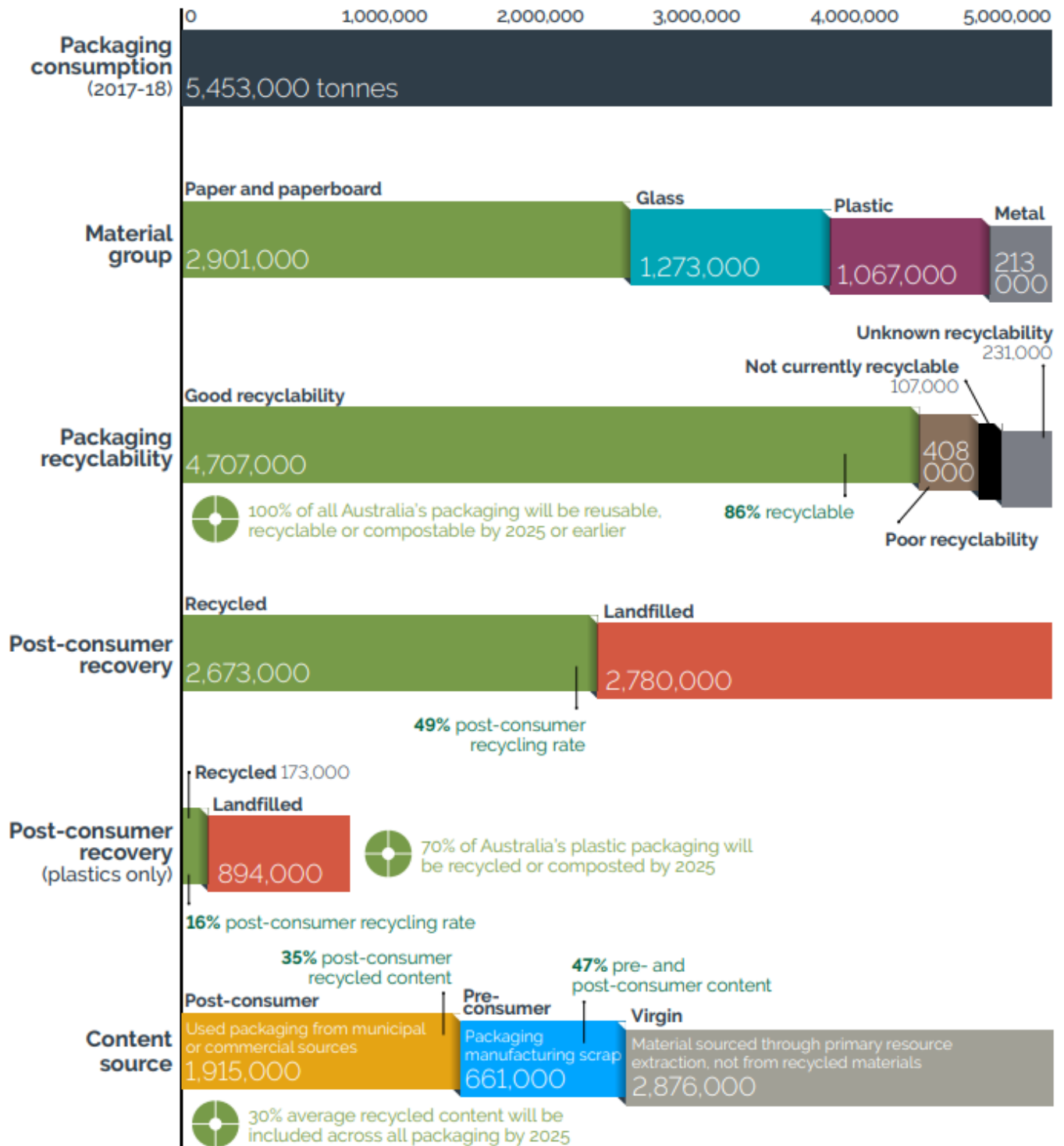


Figure 4: Packaging data in 2017–18 and the 2025 Targets (tonnes)

## 6. Issues and potential solutions with the existing national regulatory framework for packaging

Any regulatory model will have strengths and weaknesses. This section of the paper provides an assessment of the issues and challenges with the existing co-regulatory framework, based on APCO's experience in administering it. APCO suggests that these should be addressed as a matter of priority, regardless of the framework. We have also suggested how these issues might be addressed. For illustrative purposes, the solutions are presented as possible changes to the NEPM, but could equally apply to any regulatory framework.

### a. Broadening the scope to include plastics other than packaging

The scope of the current co-regulatory framework is restricted to packaging. There is some disagreement about whether some plastic items are or are not packaging. For example, some stakeholders regard disposable plastic cutlery provided with take away food as packaging in that it is provided as part of the marketing and handling of a retail product (which is part of the NEPM definition of 'consumer packaging'). Others regard the plastic cutlery as something other than packaging.

In some circumstances, whether cutlery is considered packaging or not is inconsequential. For example, where APCO is working with its Members on a project to trial compostable food service packaging, it is impractical and counterproductive to exclude trialling of compostable cutlery from the project. In addition, there are some materials that are packaging in some circumstances, and not in others. For example, plastic containers and plastic film may be sold to food service businesses as packaging, and to householders as products.

From a governance perspective, there would be benefit in having a single program addressing all relevant plastics. The scope of the existing framework could be expanded to include all plastics. Subsection 14(1) of the NEPC Act lists the matters in relation to which NEPMs can be made. The used packaging NEPM is made under Paragraph 14(1)(f), which provides for NEPMs to be made on 'the re-use and recycling of used materials'.

### b. Availability of adequate financial resources to drive change

Resourcing being expended by industry in connection with the Covenant includes:

- Approximately \$6 million raised annually by APCO through membership fees.
- Expenditure by APCO Members within their own operations.
- Associated costs of enabling senior personnel to engage in collaborative forums, advisory groups, project analysis, support and delivery of key activities with no remuneration.

The funding expended by APCO is used to develop resources, knowledge and capability, in-house and amongst its Members, to drive achievement of the 2025 Targets. This reflects the strategic focus of the updated Covenant since 2017, and differs from the approach taken under earlier iterations of the Covenant, where the Covenant was co-funded by governments and provided grants for activities such as litter reduction projects.

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There are a range of other activities that could usefully be supported under a product stewardship model, such as:

- Establishing and supporting waste and litter management and recycling programs.
- Investing in research, development and commercialisation projects.

APCO does not currently have adequate resources to invest in these activities. Any increase in funding would need to come from:

- Increased membership fees (an increase in membership fees would be likely to result in some companies ending their membership to APCO and opting to be directly regulated by state and territory governments under the NEPM, which would require significant resource capacity to be developed by governments to administer and regulate the NEPM).
- Government grants for specific projects.
- Other funding provided by governments.

### **c. National governance and oversight**

To be effective, a regulatory system needs strong governance and oversight. In relation to the environmental impacts of packaging and plastics, many of APCO's Members and partners are showing excellent leadership; the challenge is not only to support and encourage these companies, but to address barriers to action and bring the rest of the market along. This requires the ability to deal effectively with false and misleading environmental claims or greenwash, bring reluctant companies into compliance, and ensure appropriate implementation of standards and nationally compatible approaches across jurisdictions.

The governance and oversight of the current framework have improved considerably since 2017, and the co-regulatory model, with an independent organisation resourced to administer the scheme, is now working effectively and would ideally be maintained under any future framework. The body of work delivered since 2017 – including adoption of the 2025 Targets, development of significant tools and resources and an ambitious forward work program, and the strong engagement of governments, industry and other stakeholders in the working groups and advisory committees of the Covenant, show the value of having an independent body (such as APCO) dedicated to administering the scheme.

The oversight mechanisms could be further strengthened, however. Under the existing framework, this could be achieved both through a NEPM review and by continuing to improve implementation of the current provisions, for example through stronger enforcement.

As noted in section 2 of this paper, the NEPM and the Covenant are overseen and enforced by the Commonwealth and all State and Territory environment ministers. Since 2017, the Covenant has had a national oversight body – the Government Officials Group (GOG) – comprising senior officials from all jurisdictions. The Covenant requires that GOG meets biannually and specifies its role in approving key elements of APCO's work and advising ministers on APCO's performance. If necessary, a more formal national committee could be convened under Section 33 of the NEPC Act.

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#### **d. Ensuring achievement of the 2025 National Packaging Targets**

While there has been discussion through a number of forums about whether the 2025 Targets should be made mandatory, the targets are defined at the national level and it is not clear how the legislative obligation to achieve them would be applied to individual companies. Considerable work is already underway to address key challenges in meeting the targets, including within individual companies and through projects addressing industry sectors, materials and formats.

Regardless of the legislative mechanism, achieving the 2025 Targets will require the same set of resources, tools and processes that APCO currently has in place, including the SPGs, the ART, PREP, the ARL, and detailed analysis and definitions.

A key challenge is in ensuring that all participants in the packaging supply chain use these tools. The existing framework of the NEPM and Covenant enables APCO to make the use of these tools and resources a requirement for Members, which would effectively make them mandatory provided liable parties continued to prefer to be Signatories to the Covenant than submit to regulation by states and territories under the NEPM. The status of APCO's tools and resources could be further strengthened through their inclusion in an updated NEPM.

#### **e. Dealing effectively with greenwash**

The complexity of packaging and plastics is such that it is insufficient to work towards targets if the system is not also dealing effectively with any false or misleading environmental claims, made by companies about their products and services. APCO is currently implementing projects that will provide a basis for evidence-based policy and action by APCO and other organisations in areas where there is a high risk of unsubstantiated environmental claims, such as recyclability, compostability and inclusion of recycled content.

For example, in relation to recyclability, PREP enables an evidence-based assessment of the recyclability of each individual packaging item, based on details of its material content, shape, size, components, inks, dyes, additives and so on. Most importantly, PREP takes into account how the item will behave in a Material Recover Facility (MRF), i.e. whether it will be sorted into the correct waste stream and will not contaminate the output materials. Items are assessed as 'recyclable' if they are able to be sorted and recycled through MRFs that manage the kerbside co-mingled recycling of 80% of the population in both Australia and New Zealand.

Use of the ARL is available only for packaging that has been assessed through PREP. Consumers can therefore be confident that if the ARL indicates that a packaging item is recyclable, then it will be successfully recovered through the majority of MRFs. This contrasts to other labelling systems that either indicate only the material the packaging is made from, or suggest a method of disposal with no evidence base. For example, a PVC bottle may bear a number 3 inside a Mobius loop, which indicates that it is made of PVC, and carry an additional Mobius loop with the word 'recycle' on the label; however, the bottle will generally not be recyclable through MRFs servicing kerbside systems.

In relation to recyclability, APCO has provided notice through its Strategic Plan 2017-2022 that it intends to make PREP and the ARL mandatory for its Members, as this is a critical success factor for achieving the 2025 Targets. Action to eliminate greenwashing could be further enhanced under the existing framework through a concerted effort by governments and APCO, for example by governments specifically tasking APCO, either through

a variation to the NEPM or through a policy statement by governments (e.g. the MEM or the GOG), with addressing greenwash in specific sectors. This could include working with other

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organisations to administer existing standards and develop new codes and standards where necessary.

#### **f. Dealing effectively with free riders**

Free riders – liable parties that do not acquit their obligation to contribute to the achievement of the outcomes of the scheme – undermine any environmental program by diminishing the resources available to it and by disadvantaging those companies that do the right thing. Dealing effectively with free riders under a regulated scheme requires effective legislative powers, and action by regulators to identify liable parties ensure that any recalcitrant parties acquit their obligations.

Under previous iterations of the Covenant, responsibility for identifying non-compliant liable parties and enforcing the NEPM framework rested solely with governments. With the update to the Covenant in 2017, responsibility for identifying non-compliant liable parties passed to APCO. Therefore in 2018-19, APCO undertook an economy-wide process to identify and contact potential liable parties, with the result that the number of Signatories to the Covenant increased. Despite this increase, there remains a number of liable parties that are not acquitting their obligations under the NEPM.

Responsibility for enforcing the NEPM in relation to those parties that choose not to become Signatories to the Covenant, or Signatories that subsequently withdraw from the Covenant, still rests with governments. Section 2 of this paper outlines the legislative provisions in place in each jurisdiction for enforcement of the NEPM, and the alternative ways in which non-Signatories to the Covenant can acquit their obligations. APCO is required to publish a list of companies that have withdrawn from the Covenant and elected to be regulated directly by government regulators. This list is available at <https://www.packagingcovenant.org.au/withdrawnmembers>.

Another means of free rider protection available under the existing framework is cost recovery for kerbside recycling services. The NEPM provides for participating jurisdictions to enable cost recovery by local government from brand owners that are not Signatories to the Covenant, for the cost of kerbside recovery systems. To date, this provision has not been implemented in any jurisdiction.

APCO anticipates that consideration of the effectiveness of free rider provisions and their implementation by governments would be part of a review of the NEPM, which is currently being scoped by government. A review could consider:

- Whether the three options for achieving the outcomes, i.e. the Covenant and the two alternatives, remain appropriate.
- If the current framework of the Covenant and alternatives is retained:
  - Establishing more clearly how a liable party or industry arrangement would demonstrate that they were producing 'outcomes equivalent to those achieved through the Covenant', for example with regard to the scope of such arrangements, target-setting, public reporting, and accountability to Ministers.
  - How provisions for cost recovery by local governments, and regulation of non-signatories by participating jurisdictions, could be made more effective.

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## 7. Recommendations

APCO recommends that, in relation to packaging waste, the Australian Government consider opportunities to work with industry, state, territory and local governments and other stakeholders on the following priorities:

- i. In relation to plastics, provide support and funding for a Plastics Pact between governments and industry across Australia, New Zealand and the Pacific region (ANZPAC Plastics Pact)

At present there is a great deal of distributed effort in Australia, New Zealand and the Pacific Islands across a broad range of initiatives to address plastics issues, including marine debris, hazardous materials, resource recovery and sustainability objectives. Whilst this momentum and engagement is admirable, there is a great risk that the fragmented nature of the current landscape could diminish the potential impact of the circular transition for plastics.

The Ellen MacArthur Foundation's Plastics Pact Network is a network of national and regional initiatives, all working towards a common global vision of a circular economy for plastics. Each initiative unites governments, businesses, and citizens of a region behind the transition to a circular economy for plastics and works towards a set of concrete, ambitious, time-bound, national targets.

Uniting the ANZPAC region under the Plastics Pact Network leverages the Global Commitment of over 400 organisations (see <https://www.newplasticseconomy.org/projects/global-commitment>) behind a common vision for a circular economy for plastics. Signatories include companies representing 20% of all plastic packaging produced globally, as well as governments, NGOs, universities, industry associations, investors, and other organisations.

The key benefits of the Plastics Pact approach include:

- Addressing the issue systemically: concerted efforts on both design and after-use side to keep plastics in the economy and out of the environment.
- Bringing everyone in the region together to work on solutions that apply to the local market.
- A credible effort with clear, measurable, time-bound targets; supporting activities and providing annual progress reporting.
- Overcoming the fragmentation, acting as a central resource, connected and aligned with the approach in other countries and by many other organisations and governments.

- ii. Support a national public education campaign based on the ARL

There is strong support for resource recovery and recycling by Australians but considerable confusion as how to do it properly. A substantial, consistent and ongoing national education campaign is needed to increase recycling and organics diversion from landfill and avoid contamination.

The level of contamination in waste streams is one of the key challenges to the viability Australia's kerbside recycling system, and the level of confusion amongst consumers about what can be collected for recycling through the kerbside system and scepticism about the integrity of recycling outcomes are key drivers of this. As noted in Section 4(a) of this submission, the ARL program, combining the ARL logo and PREP, is the only on-pack labelling system that provides

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the correct, evidence-based information on the recyclability of specific packaging. The ARL should therefore be an integral part of any public education program on recycling.

Public education is fundamentally important to improving recycling outcomes, by contributing to cleaner waste streams and minimising loss of valuable materials. Over time, as more APCO Members use the ARL on more products, the ARL will become ubiquitous on Australia's retail packaging, and it will be important to increase public awareness of it. APCO and Planet Ark will also be working towards evidence-based labelling approaches for recycled content in packaging.

Building trust in recycling and the associated systems is also critical to improving waste and recycling outcomes, and needs to be part of an education campaign. Planet Ark commissioned research by Pollinate in 2018 and 2019 which found the level of trust in kerbside recycling has declined dramatically in the last 12 months across the country.

**Table 8: Results of a survey on what people think happens to packaging in kerbside recycling bins**

Answer	2018	2019
Most of it goes to landfill	21%	36%
Most of it is stockpiled	10%	12%
Most of it is recycled	42%	33%
I am unsure	27%	19%

iii. Support the development of targeted solutions for difficult and local waste streams

There are some excellent examples of small and medium enterprises developing innovative solutions based around the collection and utilisation of otherwise problematic waste streams. In Victoria, Australia has a world class soft plastic reprocessing capability with Replas and Close the Loop. Working with RED Group, Coles, Woolworths and other stakeholders, these companies have driven a growth in the diversion of soft plastics from landfill, with national reach. The REDcycle program (see <https://www.redcycle.net.au/>) is underpinned by the purchase of recycled plastic products by retailers, state and local governments. The emerging use of soft plastics in roads is a further example of what can be achieved with the appropriate investment and passion for change.

Innovative uses of local waste streams include collection of plastic waste from agricultural sources by Envorinex in Tasmania (see <https://envorinex.com/>) and Sustaining Endeavour in South Australia (see <https://sustainingendeavour.com.au/>). A more granular understanding of local material flow analyses will enable more opportunities to be identified, that deliver both efficient local waste management solutions and development of innovative local businesses providing solutions including reuse models, recycling and utilising or supplying recycled materials. APCO would welcome the opportunity to work with the Australian Government and interested local, state, territory government agencies to progress such initiatives.

Glass is problematic because of its low value following recovery through MRFs, and must be a high priority for action, including to reduce the significant sorting losses due to breakage and crushing during collection. Potential options for consideration include separate glass collection containers for kerbside recycling and/or street based drop off bins, and enhancement of container deposit schemes could improve recycling outcomes for glass and remove contamination from other kerbside streams. Source separated glass streams could be accommodated through expansion of beneficiation plants. Crushed glass sand may be cost competitive with virgin sand in regional areas and use in civil works is likely to have a net benefit.



- iv. All governments (Commonwealth, states and territories) need to deliver on their obligations under the NEPC framework to enforce compliance with the Used Packaging NEPM

Together, the NEPM and the Covenant provide a framework to engage the whole supply chain in effective action, but governments have been reluctant either to enforce the NEPM in relation to those companies that withdraw from or fail to join the Covenant, or to establish the program management capability needed to deliver effective regulatory compliance outside of the Covenant. Governments should immediately commence both a comprehensive review of the NEPM, and establish effective compliance programs at a State and Territory level. We anticipate that a review would address the issues discussed in section 6 of this submission.

- v. Standardise and expand collection and recycling approaches between jurisdictions

An estimated 86% of packaging is currently recyclable but only 49% was recycled in 2017-18. While some recyclable packaging is lost to landfill during manufacturing, sorting or recycling, most is simply put into the wrong bin by consumers. This indicates that limiting these losses through improved source collection practices, may have the most impact on improving used packaging recovery.

Of the 2.5 million tonnes of packaging material that end up in landfill, 45% (1.1 million tonnes) is paper or cardboard, 15% is glass, 35% is plastic and 4% is metal (Table 8). The largest single category is corrugated cardboard, which is highly recyclable. Options to increase diversion from landfill include standardising the materials collected by each council and educating households on how to recycle correctly (discussed at Recommendation ii above).

Figure 5 shows the proportion of councils not collecting specified materials. Materials not accepted by significant numbers of councils are:

- foil-lined juice and milk cartons – these materials are not collected by a majority of Queensland and Tasmanian councils and between 16% and 24% of councils in NSW, Queensland, SA and Victoria; and
- plastics 4 to 6 – these materials are not collected by about half of councils in Queensland and WA and around a third of councils in NSW, SA and Tasmania.

Currently, 23% of councils do not provide any kerbside recycling service at all – these are in rural or remote areas with small and dispersed populations. This could be addressed by developing shared infrastructure and collection processes for packaging waste.

Standardising bin colours across Australia's councils is one way to reduce confusion amongst consumers. The Australian Standard AS 4123.7 prescribes the following bin colours:

- General Waste – Dark Green or Black body with Red lid
- Mixed (Commingled) recycling (glass, plastic, metal and paper combined) – Dark Green or Black body with Yellow lid
- Green Waste/Organics – Dark Green or Black body with Lime Green lid

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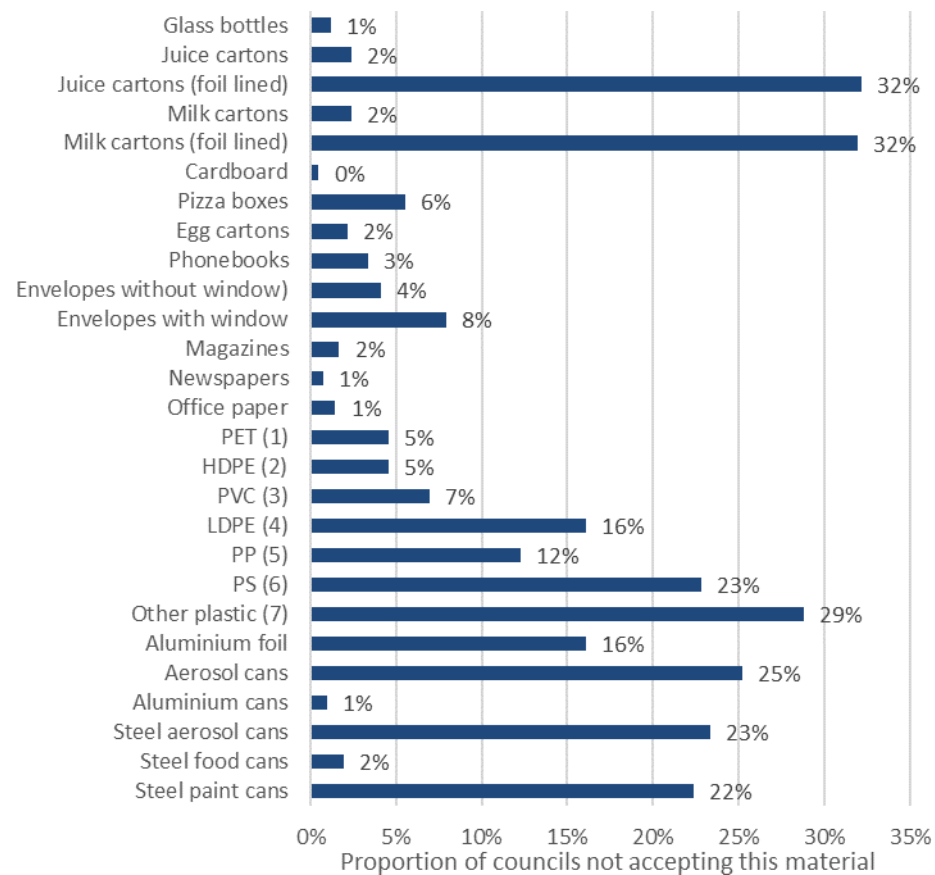


Figure 5: Proportions of councils with kerbside recycling that does not collect specified materials

## 8. Conclusion

As the co-regulatory organisation charged with responsibility for managing the sustainable packaging pathways in Australia, APCO has a unique insight, ability and responsibility to support the objectives of governments, industry and the community on packaging waste. The ability of the Covenant to engage industry in designing more sustainable packaging and support better waste management and the transition to a circular economy is unique amongst product stewardship approaches. We look forward to working with the Australian Government and our other stakeholders in our journey towards the 2025 Targets.