



Mr David Fredericks PSM
Secretary
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090
Canberra ACT 2601
By email: packagingreform@dcceew.gov.au.

18 April 2025

Dear Mr Fredericks

Re: Design for Kerbside Recyclability Grading Framework

Thank you for the opportunity to provide feedback to the Department of Climate Change, Energy, the Environment and Water (“the department”) on the Design for Kerbside Recyclability Grading Framework (“the Framework”). The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body representing Australia’s \$17 billion waste and resource recovery (WARR) industry. With more than 2,300 members from over 410 entities nationwide, we represent the breadth and depth of the sector, including representation from business organisations, the three (3) tiers of government, universities, and Non-Government Organisations (NGOs), including research bodies.

WMRR advocates for governments to recognise the crucial role that our essential industry has in managing material, reducing carbon impacts, improving material productivity, enhancing market opportunities and driving local investment, whilst yielding environmentally positive circular outcomes (such as using less for longer). Being at the forefront of the ongoing evolution towards a circular economy, WMRR advocates that all levels of government must apply a systems lens and consider WARR as integral within the context of broader supply chains and material flows. Our fierce advocacy of the waste management hierarchy emphasises the necessity of regulated sustainable design, extended producer responsibility (EPR) and the provision of clear regulatory, infrastructure and policy pathways for the use of secondary raw materials as ‘standard practice’, in order to keep valuable materials in circulation at their highest and best use for longer.

The Framework

WMRR understands that the Framework is an initiative by the department aimed at enhancing the recyclability of packaging through kerbside collection systems. Developed by the independent Design Standard Working Group (the members of which are not clear), the Framework assigns recyclability grades (A–G) to major packaging materials—such as rigid and flexible plastics, fibre, glass, and metals—based on their compatibility with existing kerbside recycling infrastructure. The Design Standard Working Group has recommended that all packaging should be graded in the Framework and eco-modulated fees applied without exemptions, with those that are graded E-G (non-recyclable at kerbside) either:

- re-designed to move to a higher recyclability grading level;
- moved to the ALT grade (alternative pathway), or
- eliminated the product from market.

Due to the lack of further detail, it is assumed that the fees imposed would provide enough of an incentive for the above preferred actions to be pursued by packaging brands. It is also unclear how these standards eventuated, and we note that the 9 June 2023 Environment Minister’s Meeting (EMM) resolved that “*for the first time, Australia will mandate obligations for packaging design as part of a new regulated packaging regulatory scheme based on international best practice*”. What is being consulted does not meet this commitment and appears to be a regression of the EMM outcome, whilst this Framework may be linked to what

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the department's *Reform of Packaging Regulation 2024* consultation paper identified as 'Option 3' - an EPR scheme as an option to deliver new packaging regulation – with the view that the recyclability grading could inform eco-modulated 'design requirements' under the scheme.

In that consultation process – national mandatory design requirements were identified as "Option 2". WMRR's submission was that the robust approach of EPR and mandatory design requirements (Option 2 and 3) were needed to solve Australia's packaging problem given the lack of progress with existing mechanisms and time and resources spent to date. EPR schemes complement requirements to design for optimal recovery and continual reinvestment of that material in the circular economy, and incentivises packaging companies to 'do better' through eco-modulated fees that favour improved recovery outcomes with end-market demand.

WMRR has serious concerns about the approach being taken here with the Framework, in particular the proposed approach of implementing eco-modulated fees for recyclability and attempting to equate this to implementing 'design requirements' and establishing producer responsibility. The 'design requirements' to enable a packaging product to meet a grading and pay the associated fee is not, in WMRR's view, genuine EPR as there is no consideration of the full lifecycle of the product, and no positive obligations on producers to act responsibly or be held accountable. Eco-modulated fees alone are a different concept to genuine EPR regulations that are inclusive of product design requirements to ensure that producers are responsible for the full lifecycle of their packaging, from design through to end-of-life disposal or recycling – and bearing *both* the legal and financial obligations of doing so.

WMRR does not dispute that there may be benefits of implementing the Framework. For example, the Framework would enable the collection of centralised data detailing brand packaging recyclability, and it could mitigate 'greenwashing' and 'wish-cycling' as some companies currently exaggerate the recyclability of their packaging without accountability. However, consumer behaviours are not crux of the problem with packaging – the lack of sustainable design, including enforceable recycled content targets, enabling end-markets for recovered materials and investment in recycling infrastructure is what needs to be urgently addressed.

It is important to remember that REDcycle collapsed due to misstating the amount that was actually capable of being recovered (over 450,000 tonnes being placed on market yet only 10,000 tonnes of processing capacity) - operational and logistical issues - not incorrect consumer behaviours. On the contrary, the REDcycle experience demonstrated that Australians are keen to separate materials, take back, and recycle correctly. As such it makes little sense to focus on a kerbside grading mechanism as a first step towards packaging reform - we must start with genuine design obligations and generator responsibility. To encourage investment in recyclable packaging infrastructure and establish markets for recovered materials, the onus must be on brands to design packaging that includes recycled content and is safe for reuse and recirculation. Fees corresponding to recyclability gradings do not create this obligation, and may, on the contrary, enable brands to bear the cost rather than invest in improved design.

WMRR notes that whilst the independent National Design Standard Working Group have developed the Framework for consultation, concurrently, the Australian Packaging Covenant Organisation ([APCO](#)) is consulting with its members on introducing an "eco-modulated" fee structure for members to incentivise sustainable packaging design and member contributions aligned to collection, sorting and reprocessing costs. The level of fees are not yet clear, however, when balanced against the economies of scale afforded by continuing with 'business as usual' and without a legal obligation to make change, WMRR's view is that, like the proposed Scheme, the proposed APCO reform for its members is unlikely to have the desired impact of financially and legally motivating broadscale industry change by producers in packaging design. APCO by its own admission does not have sufficient powers to deliver a mandatory national EPR scheme and we should stop deferring a national mandatory scheme with piecemeal reform proposals.

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WMRR's comments on the Framework

WMRR understands from the consultation page that the indicative Framework at this stage is intended as “guidance” only. Thus, WMRR appreciates that further details will need clarification. It is noted that the department has emphasised that the Framework is not a regulatory decision but a ‘tool to encourage best practices in packaging design’. The summary paper articulates that ‘further work is needed’ in 2025 to test the proposed Framework, and to evaluate additional packaging types and alternative collection pathways. Other mechanisms for packaging reform will also be explored including reduction and reuse, removing harmful chemicals from packaging, increasing the amount of recycled content to help drive domestic end markets, and consumer and business education. Again, we point to the EMM resolution of 9 June 2023 and query why resources have been dedicated to a guidance framework and not implementing the mandatory obligations proposed?

WMRR however makes the following comments for consideration which articulate what we believe are the shortcomings of the Framework.

i. Grading labels with associated eco-modulated fees do not equate to design requirements.

The Framework paper states that “... By introducing packaging design requirements, we can influence brand owners and manufacturers to make better design choices to ensure packaging can be recycled and create a level playing field for industry. Setting evidence-based, feasible, future-proofed, and effective design requirements will be a key part of any future regulation of Australia’s packaging.” However, the extract of the Framework provided with the consultation makes it clear that the grading of recyclables does not “require” producers to actually *do* anything, so long as their packaging is assigned the appropriate grade and they pay the appropriate fee. Why, given Government’s commitment to deliver packaging regulation and the stated commitment to mandatory design obligations, is there no requirement being placed on brand owners and those that make packaging?

Again, we state that there must be genuine EPR – wherein producers are responsible for the products they place on market (inclusive of any created waste). These positive obligations on producers to design out unnecessary packaging waste is what WMRR refers to as the need for ‘design requirements’ (as opposed to ‘guidance’).

The approach of the Framework confuses labelling and design in this regard and apportions responsibility to consumers with the expectation that grading packaging will meaningfully influence product choices to such an extent that brands will react and ‘lift their game’. It is WMRR’s view that this responsibility to shift the paradigm to circular packaging lies with producers – not consumers - and the federal government should take inspiration from Europe and establish the basis of packaging reform in producer obligations to design sustainably for circularity.

Regrettably, product lifecycle obligations are not addressed by the summary paper, which identifies in section 3.4 that packaging sustainability extends beyond its recyclability, noting that ‘*lifecycle assessment requires broader consideration before any mandatory government action*’. It is extremely disappointing that the opportunities and constraints of the packaging product lifecycle – which the federal government can significantly influence through policy and regulation given that Australia is one (1) market - has not been duly considered ahead of proposing a ‘guidance’ grading framework. This is of particular concern given the Federal Government has had a clear role in the management of packaging and its regulation for over 20 years, and has been acutely aware since 2018 and Chain’s National Sword of the need to improve recycling of packaging waste in Australia, that this work remains outstanding almost seven (7) years on.

ii. Achieving best practice packaging design requires real EPR

WMRR disagrees with the notion that the Framework will encourage best practices in packaging design. Whilst a mandatory labeling framework may result in minor wins of educating consumers about that products need to

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go in what bin, apart from having to pay fees, the Framework does not place any further obligations on packaging producers to do anything to design for recyclability. Commercial acumen informs that most businesses wait until they absolutely must make any changes. Apart from fees - there are no 'absolute musts' in the Framework, which may mean that the willingness of brands to change their packaging will also be driven by the scale of any fees related to the tonnage of packaging placed into the market.

The summary paper explains that the Framework looks to the UK and EU models for 'best practice' and attempts to align these recyclability grades to the proposed Australian model. However, the Framework lacks the fundamental basis of being underpinned by the robust systems and regulation that implement real EPR – as per the 2024 *European Packaging and Packaging Waste Regulation (PPWR)* - which supersedes the European Parliament and Council Directive on Packaging and Packaging Waste (94/62/EC) ("PPWD") - and the UK Government's 2024 *Draft Recyclability Assessment Methodology (RAM)*, which is also set against Europe's Waste Directives Framework. These 2024 European documents not only include measures to improve packaging reuse and recycling, but also measures to reduce (over) packaging and packaging waste alongside measures to drive the uptake of recycled content in packaging.

These elements work together to 'level out the playing field' between virgin and secondary raw materials by placing a positive obligation on those that make products, to take responsibility for their products and their impacts (environmentally or economically). Importantly all these aspects also fall within the European Green Deal which are aimed at transforming the EU into a modern, resource-efficient and competitive economy. The EPR mechanism is intended to shift the costs of packaging waste management and associated risks to the producer entities that place the packaging on the EU market. Similarly, RAM is a part of the UK's EPR framework, which aims to shift the cost of managing household packaging waste from taxpayers (traditionally funded by Council Tax) to the producers of packaging. Under the Framework however, we have eco-modulated fees that in reality, are likely to be passed through to consumers (resulting in no producer responsibility for the financial burden at all).

At this stage, industry remains uncertain of the proposed fees and it is safe to assume that for some producers they may not be much of an incentive to 'do better'. Rather, establishing robust regulations that enforce EPR and place obligation on producers to fund, manage and design out unnecessary packaging waste are needed. That is not to say eco-modulated fees don't play a part, but they can not in and of themselves – be considered as the base mechanism to facilitate best practice design. (That requires EPR).

WMRR contends that the best practice models referred to in the summary paper should be appreciated as evidence of packaging reform requiring robust systems that squarely place responsibility (financial and legal) on packaging producers to design out waste and embrace circular design of any unnecessary packaging across all stages of the supply chain. In such systems, producer responsibilities are enforced by legislation and reinforced and buoyed by market incentives and obligations (e.g. recycled content requirements).

WMRR reiterates the comments made in our 2024 submission to the department on packaging reform: *Australia's packaging reforms must establish clear and certain market and regulatory settings including mandating all packaging producers participating in Australian markets with a legal responsibility to create circular products by design, implementing extended producer responsibility (EPR) laws to hold manufacturers accountable (legally and financially) for the end-of-life management of their products, and motivating packaging producers to 'do better' with economic incentives (eco-modulated fees) under a mandatory EPR scheme promoting higher use recyclability of packaging materials.*

iii. *We need to fix the system rather than waste time addressing the 'symptoms'*

In addition to identifying the Framework as a guidance only, and its intention to not be used as a regulatory tool, the summary paper also discusses the need for further work around difficult to recycle packaging such as medical and agricultural packaging, B2B packing that falls outside the kerbside system etc. There is a real risk that these

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issues are going to get weighed down and stuck in rounds of consultancy and 'further work' to address specific nuances with materials. Hence, the process will continually be looking to address 'symptoms' of a broken system, rather than moving towards action to fix the system itself and shifting the paradigm.

WMRR believes this approach simply defers action (albeit government has had over 20 years to look at all packaging in circulation). The principles of designing out waste to achieve improved circular economy outcomes applies to all types of packaging. Taking a systems view of existing recycling challenges highlights the fundamental issue that undermines circularity in the first place – a lack of producer responsibility for materials placed on market and an expectation that useful commodities can be 'recovered' from products that were never intended for more than single use. Circularity requires material to be placed on market that is designed for re-use and reinvestment at the first instance, before entering the supply chain. Principles such as single polymer of single material type (eg cardboard) ensure increased recoverability, and can be applied no matter the stream.

In WMRR's view, looking at the systems as a whole, it is clear that market demand and processing capacity for recyclable packaging should be the focus outcome of reform - rather than improving recycling behaviours. The complexity of the packaging (that is multiple material types) is what hinders recovery and consumer recycling behaviours. The department has the remit (and we would argue the obligation given the EMM commitments) to implement packaging reforms at the beginning of the supply chain – at the point of product design – to set clear enforceable obligations for packaging placed on market to be designed for safe recycling and recovery. This obligation on producers will underscore investment in processing infrastructure with an effective and consistent approach on a national basis.

The systems approach of establishing producer responsibility and focusing on the start of the supply chain with design mandates and lifecycle obligations to manage out packaging waste could be achieved if Australia was brave enough to follow the lead of other jurisdictions – such as the European Union – which has built its 'best practice' recyclability grading frameworks upon a basis of EPR inclusive of design requirements engrained in its Waste Framework Directives. WMRR urges the department to sharpen its focus on Australia's achieving a circular economy that actively and enforceably designs out packaging, and reconsider its approach to packaging reform so that it can be built on a basis of real EPR and mandated sustainable design in the first instance. Assigning resources and consultation periods to frameworks that provide "guidance" is causing unnecessary delays in achieving our resource recovery and circular economy goals.

Please contact the undersigned if you wish to further discuss WMRR's submission.

Yours sincerely

Gayle Sloan

Chief Executive Officer

Waste Management and Resource Recovery Association of Australia