



Senator the Hon Murray Watt
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2 September 2026

Dear Minister

Re: Urgent action required to protect Australia's recycling industry and domestic circular economy

I write following advice received from the Department yesterday (1 September 2026) that the Australian Government will not introduce a new Commonwealth packaging scheme during this term of Government.

This advice is deeply concerning to WMRR and our members, particularly when considered alongside your correspondence to me dated 20 March 2026, regarding the Government's approach to export exemptions for low-density polyethylene (LDPE). In that correspondence, you advised that exemptions for the export of unprocessed LDPE would become increasingly limited, with the objective of ensuring that recyclable material capable of being processed in Australia is processed here. You also expressly recognised the importance of supporting the ongoing viability of domestic soft-plastics processors.

Overnight we have been advised that an Adelaide recycler has entered voluntary administration – one that received a \$20 million grant to process soft plastics – jeopardising 60 local jobs and significantly impacting local council contracts in both SA and other states.

WMRR supports the objective of building a strong Australian recycling and remanufacturing industry. But that objective cannot be achieved by looking at one part of the system in isolation. Australia's waste and resource recovery sector operates as a system. Collection, sorting, processing and remanufacturing only work when there are viable markets for the materials recovered.

Government policy has progressively constrained recyclers' access to global markets through waste export restrictions. That policy was predicated on Australia developing domestic processing capacity and a circular economy for these materials.

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Yet we are now being told that the complementary packaging reforms that could drive better design, producer responsibility, recycled-content demand and investment certainty will not occur during this term of Government.

We cannot close one market without creating another.

The reality is, that whilst the Federal government closed Australian recyclers access to global markets from 2020, nothing has been done by Government to prevent imported materials either via packaging or low-cost recycle. Australia is literally drowning in foreign waste that is clogging our system, which we cannot return.

If Australia requires more material to remain onshore, we must have the economic and policy settings that enable Australian businesses to process and sell that material sustainably. Otherwise, we risk creating an increasingly serious imbalance: more recovered material being retained in Australia without sufficient end markets or demand to support it.

That is not a circular economy. It risks stockpiling (which we cannot do), falling commodity values, increased disposal and the failure of Australian recycling businesses.

The recent challenges facing Australian recyclers should be a warning that processing capacity alone is not enough. We need to create the conditions in which that capacity can operate commercially.

This is why WMRR has consistently argued that packaging cannot be considered separately from the recovery system it relies upon, or the export restrictions created. Packaging placed onto the Australian market creates costs throughout its life cycle. Those costs already exist. They are currently borne disproportionately by households, councils, ratepayers and the waste and resource recovery industry.

Contrary to claimed, proper producer responsibility does not invent a new cost. It allocates an existing cost to those best placed to influence it — the businesses deciding what products and packaging are placed onto the Australian market.

We are particularly concerned that delaying Commonwealth packaging reform potentially means Australia will remain without a fit-for-purpose national framework until at least 2028, while international jurisdictions continue to move rapidly.

The *EU Packaging and Packaging Waste Regulation* (PPWR) is now being implemented, meaning many multinational businesses supplying the Australian market will increasingly operate under substantially stronger design, recycled-content and producer-responsibility requirements elsewhere. Australian manufacturers and packaging businesses are also being left behind by the absence of comparable policy certainty here, creating a risk that Australia becomes a dumping ground for inferior packaging including products containing hazardous substances such as PFAS.

Given the Government's decision not to proceed with Commonwealth packaging reform this term, we believe there is now an urgent obligation to examine how the entire Australian recycling system can remain economically sustainable under the policy settings that remain.

WMRR therefore requests that you urgently convene industry, recyclers, reprocessors, packaging producers and state and territory governments to develop an immediate package of measures that can be implemented without waiting for a new Commonwealth packaging scheme.

At a minimum, this should consider:

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- markets: how Australian recyclers maintain access to viable domestic and international markets for recovered materials, including whether current export restrictions remain appropriate where adequate domestic markets do not exist;
- demand: immediate measures to stimulate demand for Australian recycled materials, including procurement and recycled-content requirements;
- design: implementation of design standards that drive recyclability and must align with the EU PPWR and not create another bespoke set of standards that hinder Australian companies competing on the global market;
- imports: measures to prevent Australia continuing to accept low-value and poorly designed packaging while simultaneously restricting the movement of recovered materials;
- investment: certainty for existing Australian recyclers and reprocessors, not simply funding for additional capacity without corresponding markets for their outputs; and
- producer responsibility: practical measures available to governments now to ensure producers contribute fairly to the costs their products and packaging create across the system.

There is an inherent contradiction in asking Australia's recycling industry to retain and process more material domestically while failing to put in place the economic mechanisms necessary to make that processing viable.

Australia cannot recycle its way out of a packaging problem while continuing to allow unlimited quantities of poorly designed foreign material onto the market, restricting recyclers' access to global markets, and leaving councils, households and recyclers to carry the cost.

If national packaging reform is genuinely off the table for this term, then Government cannot simply wait. The immediate question must become: what are we going to do now to keep Australian recyclers operating, Australian workers employed and Australian recovered materials circulating in productive markets?

WMRR would welcome an urgent meeting with you and the Department to work through practical measures that can be implemented immediately. Our sector wants to invest, employ Australians and build the domestic circular economy the Government says it wants.

A circular economy requires a circular market — not simply an obligation to keep material in Australia.

Yours sincerely



Gayle Sloan
Chief Executive Officer
Waste Management and Resource Recovery Association of Australia