



**Australian Information Industry Association**

**Submission on**

**Reform of Packaging Regulation Consultation Paper**

**28 October 2024**

## **Introduction**

The Australian Information Industry Association (AIIA) appreciates the opportunity to provide feedback on the Reform of Packaging Regulation Consultation Paper. The focus on creating a regulatory framework that supports sustainable practices is vital for long-term environmental and industry success. Ensuring that these reforms are practical, flexible, and aligned with international standards will be key to achieving the intended outcomes.

## **Principles and Outcomes for Reform**

### Principles

The AIIA agrees with the principles for reform outlined in Section 4.1.1 of the consultation paper. The introduction of onerous requirements that exceed international standards—such as the European Union’s Packaging and Packaging Waste Regulation (PPWR)—could create significant challenges for businesses operating within global markets. Therefore, we emphasise the need for a system that is based on global best practice and aligned with international standards, while maintaining the flexibility to foster innovation in packaging design and recycling technologies. We also support the proposed nationally consistent approach that will provide certainty for businesses placing packaging on the market.

### Outcomes

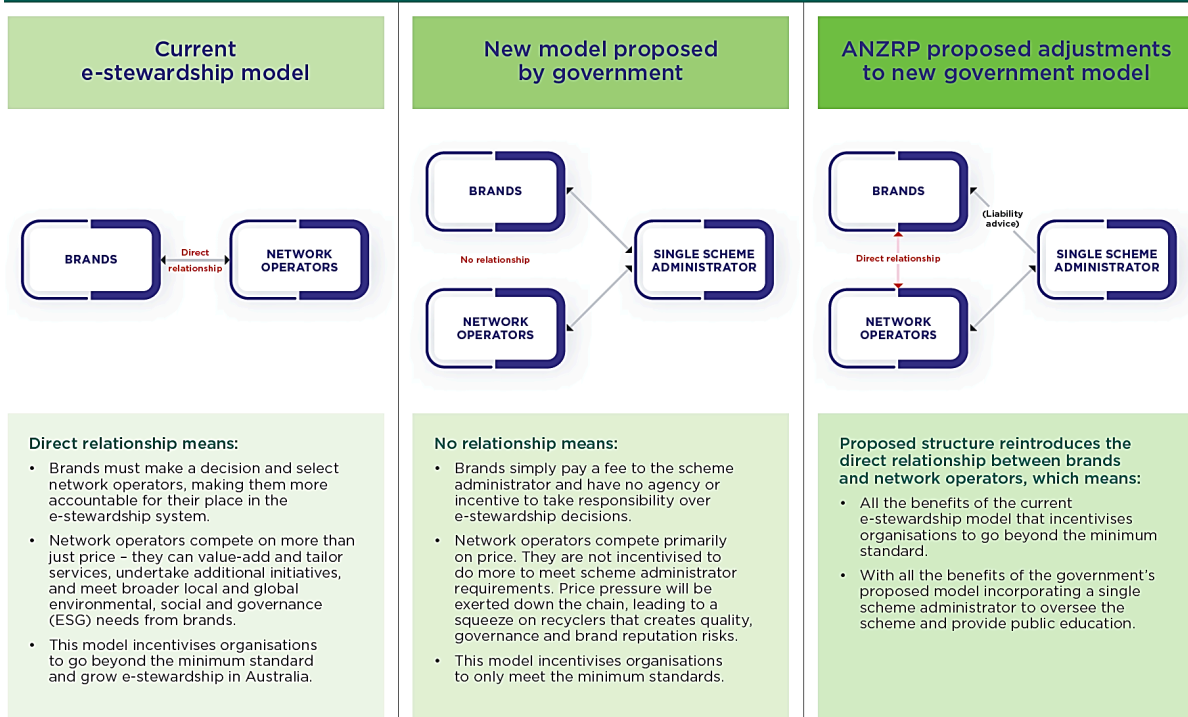
We generally agree with the stated outcomes for reform. In relation to outcomes 1a and 2b, we recommend that renewable sources be included alongside recycled content, as both material types can contribute to reducing dependencies on non-renewable resources.

## **Reform Options**

The AIIA supports Option 3, an extended producer responsibility scheme for packaging, as the preferred approach for packaging regulation reform. This option presents a more structured and flexible framework, essential for ensuring compliance and driving sustainable practices across the industry. We also support eco-modulation of extended producer responsibility (EPR) fees (provided they are simple and based on agreed standards) as a means to incentivise environmentally preferred outcomes instead of mandated bans and requirements as proposed in Option 2, which could lead to unintended consequences.

We advocate for the implementation of a competitive product stewardship model, which would enable multiple Producer Responsibility Organisations (PRO’s) to operate within a central regulatory framework. We agree that the Central Administrator should collect fees for reporting, compliance, community education and building capacity for difficult to handle wastes. However we think that the actual recycling should be paid for directly by the liable parties, allowing for competition and also brand agency. This approach encourages cost-efficiency and innovation while preventing monopolistic practices. Please see below the model that we proposed in response to the recent National Television and Computer Recycling Scheme (NTCRS) consultation. This model describes the principles that we endorse, outlining the critical relationship between brands and network operators.

## Why keeping a direct relationship between brands and network operators must be a part of the new scheme



It is also crucial that compliance is made a key responsibility of the Central Administrator, ensuring the system is adequately funded and effectively managed. The issues experienced with the NTCRS—where enforcement has been inconsistent due to fragmented oversight and funding cuts—demonstrate the importance of a well-resourced and centrally managed compliance framework. Without adequate oversight, businesses may cut corners to reduce costs, undermining the scheme's integrity. Strong enforcement is key to ensuring fairness and the scheme's overall success.

Additionally, we note that adopting a unified approach without distinguishing between business-to-business (B2B) and business-to-consumer (B2C) packaging requirements would simplify compliance and minimise interpretive challenges. However, we encourage consideration of the technical needs associated with certain product types such as size, weight and the specific nature of items that may require particular protective packaging.

While we support Option 3 in principle, we recognise that further consultation will be necessary as the details of the scheme are finalised. Potential exemptions and appropriate timeframes for implementation should be explored in future consultations to ensure packaging requirements are both practical and aligned with regulatory goals. We look forward to participating in these discussions, ensuring that the implementation reflects the practical realities faced by businesses and remains adaptable to industry needs.

### Eco-Modulation

We support eco-modulation of EPR fees as a means to incentivise environmentally preferred

outcomes. However, the criteria for eco-modulation must be simple, enforceable, and aligned with existing standards and ecolabels. Our experience with overseas schemes is that overly complex requirements discourage participation and limit the scheme's effectiveness. There is concern that overly burdensome reporting or compliance requirements could lead to companies opting to pay penalties rather than engage in eco-modulation, which would undermine the goals of the reform.

Additionally, we believe that the methodology for determining eco-modulated fees should account for the specificities of each product category. Implementation of eco-modulation should also be harmonised with existing Waste from Electrical and Electronic Equipment (WEEE) systems, such as the NTCRS competitive scheme, as well as other relevant regulations.

Importantly, funding to PROs should remain net neutral to avoid impact on current national operational structures to avoid surplus funds. The modulation should be based on compliance fees and cannot be based on the purchase price of the device.

## **Packaging Obligations**

### Design for Recyclability

The AIIA supports Option 3, which links National EPR fees to design recyclability grades. We recommend considering the following key principles in developing the recyclability grading framework:

- **Scientifically rooted, clear and user friendly:** We believe the grading framework must be constructed on the foundation of clear, scientific evidence in terms of its methodology, primarily in relation to material recyclability. The framework should be user friendly and clear to use, with transparent mechanics relating to the underpinning methodology.
- **Caters to material types:** We believe the grading framework should cater to material types rather than the recycling technologies available in Australia. The latter approach risks penalising producers designing more recyclable and resource efficient packaging with the best available technologies, in the instance the recycling infrastructure was lagging behind advancements in packaging design, materials and technologies. Moreover, it is more relevant to focus on materials instead of recycling technologies, given manufacturers control the choice in material and not the recycling technologies available.
- **Data security and privacy:** We emphasise the need for robust systems to protect sensitive information in any recyclability evaluation tool developed within the grading framework. It is essential that strong security measures are implemented to safeguard confidential packaging design data, particularly when data needs to be shared or uploaded.
- **Framework development:** We believe the grading framework should be developed with input from designers, producers and recyclers, as well as being subject to regular review in order to maximise the agility of the tool in line with innovations in sustainable packaging design and the emergence of new materials on the market. This would ensure a relevant, useful and equitable tool, catered to the needs of producers stemming from a diversity of industries.

We also recommend benchmarking and aligning with proven recyclability assessment methods in other regions, including the UK Recyclability Assessment Methodology (RAM) tool.

Additionally, we request that there be an option to allow test reports or letters from recyclers as a means to indicate recyclability of packaging that may result in poor recyclability grade when assessed using the grading framework. We recommend referencing the Confederation of European Paper Industries (CEPI) Recyclability Test Method as a recognised evaluation protocol for fibre-based packaging.

Regarding proposed problematic packaging format and additive bans, we recommend referencing the 4evergreen Circularity by Design Guideline for Fibre-Based Packaging (Version 2) which provides specific design recommendations for recyclable fibre-based packaging and allows for recyclability lab test results to inform updates to the design guidelines.

### Recycled Content

The AIIA requests that paper packaging be excluded from the proposed material categories subject to recycled content thresholds to align with the EU PPWR which currently limits minimum recycled content requirements to plastic packaging. Our experience indicates that the proposed post-consumer thresholds for paper packaging are not appropriate since not all paper manufacturers regularly track the amount of post-consumer recycled content and the amount of post-industrial recycled content in their materials. If paper packaging is to be included, we recommend setting evidence-based target thresholds that are appropriate and achievable taking the following into consideration:

- Total recycled content should be considered, not just post-consumer recycled content.
- The paper industry, including widely recognised forestry standards, calculates recycled content as “recycled fibre (g) / total fibre (g)” and excludes any additives, fillers and moisture in the paper from the calculation.
- Renewable fibre-based materials (e.g. FSC / PEFC certified materials) should be considered to have sufficiently equivalent environmental impact to that of recycled fibre-based materials.
- Adopt a phased, flexible approach, starting with less ambitious thresholds with periodic reviews to adjust the target.

We also recommend clarifying whether recycled content thresholds are based on total packaging placed on the market or if they will be applicable on a per unit basis. Clear guidance on this point is essential to ensure businesses can accurately calculate and report their compliance with these thresholds and avoid any misunderstandings in implementation.

Additionally, we strongly urge that traceability requirements be designed with the protection of sensitive data in mind, particularly given the highly confidential nature of packaging design information. Any system for tracking and verifying recycled content or material usage must include robust safeguards to ensure that proprietary data is not compromised or exposed to competitive risks.

### Recyclability Labelling

The AIIA recommends no additional obligations for on-pack recyclability labelling, as mandatory labelling could impose unnecessary burdens on businesses, particularly those operating within global supply chains. Instead, QR codes and websites offer a flexible and scalable solution for providing sorting instructions, recyclability details, and recycled content information, without requiring physical packaging changes across different markets.

If new labelling requirements are imposed, we request sufficient time to prepare for implementation. Industry requests a minimum two-year grace period after confirmation of finalised labelling requirements. We also recommend allowing 'grandfathering' for any mandatory labelling requirements to minimise the impact to industry.

### **Mandatory Obligations for Collectors, Recyclers and Reprocessors**

Mandatory obligations for collectors, recyclers, and reprocessors should include essential health and safety requirements, along with traceability standards to ensure transparency. These entities should be regularly audited; however, we caution that independent certification may impose an undue burden on smaller operators. We recommend that this process be managed by the Central Administrator to ensure fairness and compliance.

### **Conclusion**

The AIIA appreciates the opportunity to provide feedback to the Department of Climate Change, Energy, and Water and contribute to the discussion on packaging reform. By aligning with international standards and adopting a flexible, consistent approach, these reforms can help businesses navigate global markets more effectively. It is essential that any new obligations are practical and achievable, avoiding unnecessary burdens that could hinder both compliance and progress. We look forward to ongoing engagement in the development of these reforms to ensure they meet the needs of all stakeholders and foster innovation within the industry.

Should you require further information, please contact Ms Siew Lee Seow, General Manager, Policy and Media, at [siewlee@aiia.com.au](mailto:siewlee@aiia.com.au) or 0435 620 406, or Mr David Makaryan, Advisor, Policy and Media, at [david@aiia.com.au](mailto:david@aiia.com.au).

Thank you for considering our submission.

Yours sincerely  
Simon Bush  
CEO, AIIA



### **About the AIIA**

The AIIA is Australia's peak representative body and advocacy group for those in the digital ecosystem. Since 1978, the AIIA has pursued activities to stimulate and grow the digital ecosystem, to create a favourable business environment for our members and to contribute to Australia's economic prosperity. We are a not-for-profit organisation to benefit members, which represents around 90% of the over one million employed in the technology sector in Australia. We are unique in that we represent the diversity of the technology ecosystem from small and medium businesses, start-ups, universities, and digital incubators through to large Australian companies, multinational software and hardware companies, data centres, telecommunications companies and technology consulting companies