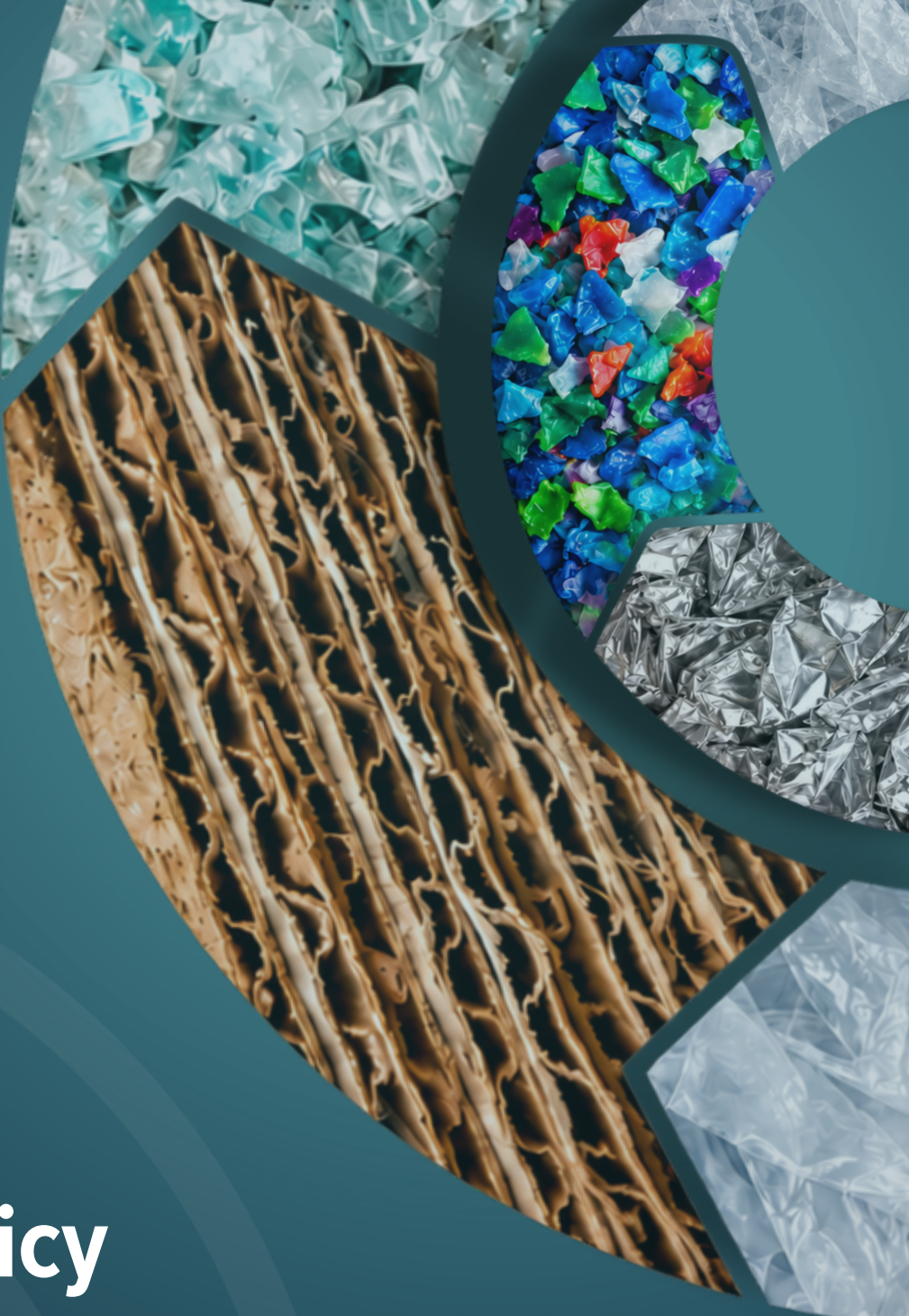




APCO Policy Platform

Principles and policy positions for Australia's packaging stewardship and extended producer responsibility framework.

September 2026

About The Australian Packaging Covenant Organisation

The Australian Packaging Covenant Organisation (APCO) manages and administers the national regulatory framework for minimising the environmental impact of packaging, the Australian Packaging Covenant. The Covenant defines the collective responsibility of governments and businesses across Australia, with APCO bringing together businesses along the packaging supply chain with Commonwealth, state and territory governments, as endorsed by environment ministers.

APCO is driven by a vision for an Australia where all packaging stays in the economy and out of the environment through a trusted, efficient national stewardship system.



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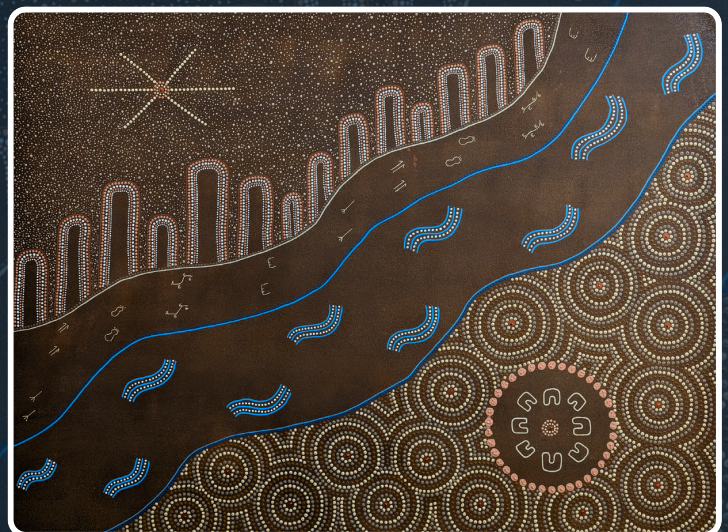
Acknowledgement of Country

We, at APCO, acknowledge the cultural and spiritual connection with the lands, air, and waterways of the Traditional Custodians of the lands on which we work and live.

Together we commit to being a force for good as we seek to see, listen to, and understand the Cultural values and knowledge of Country and Australia's First Nations peoples.

Our work aims to celebrate, respect, and protect our shared planet while also caring for Country for future generations and in practicing our commitment to sustainability.

We are proud to walk this path with our Partners and Aboriginal and Torres Strait Islander people and acknowledge these lands always were and always will be Aboriginal land.



Tanya Antaw
Yulanbay Art, Proud Gamilaraay woman

Australia has developed significant national packaging stewardship capability through the Australian Packaging Covenant. The next phase requires stronger regulatory accountability, a clear focus on system-wide outcomes, and economic mechanisms that address the barriers that have hindered progress towards national targets.

This document sets out APCO's policy positions on future settings for Australia's packaging stewardship and extended producer responsibility (EPR) approach. It explains the case for change, the principles APCO believes should guide their development, and the practical policy settings required to deliver better packaging outcomes.

These positions are informed by APCO's engagement with members, governments and system stakeholders and will continue to be reviewed as the policy and operating environment, market conditions and the packaging system evolve.

Contents

The case for reform	4
Principles for design	6
The Australian Packaging Covenant	7
What APCO is delivering now	14
Looking ahead	15
Glossary	16

APCO's policy positions 8

1. Governance and administration	8
2. National Packaging Targets	10
3. EPR fee design	10
4. Design standards	11
5. National labelling: the ARL	11
6. Australian recycled content	12
7. Waste and recycling system standards	12
8. Assurance, traceability and data integrity	13
9. Phasing and cost impact management	13

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When the National Packaging Targets were established in 2018, they set a clear national ambition for improving packaging design, recycling and recycled content. At the same time, APCO and its members implemented a substantial body of work in support of the targets, including the Australasian Recycling Label (ARL), new Sustainable Packaging Guidelines, and member data reporting. Also in 2019, APCO published the first comprehensive material flow analysis of packaging in Australia.

Along with APCO's annual [Packaging Consumption and Recovery Report](#), the material flow analyses have provided, for the first time, a comprehensive understanding of what happens to packaging after it is placed on the market and disposed of by consumers. This evidence has shown that, despite strong action by brand owners to improve packaging design and labelling, Australia was not making sufficient progress towards national targets, with the target of 70% of plastic packaging being recycled or composted proving particularly difficult.

70% of plastic packaging being recycled or composted is proving particularly difficult.

In 2022, APCO published a report on its review of the National Packaging Targets. This report showed that the barriers that were preventing achievement of the targets were economic in nature, and proposed measures to address those barriers, including extended producer responsibility (EPR). The economic barriers identified included inconsistent consumer recycling behaviour, the availability and efficiency of collection, sorting and recycling systems, and shortfalls in markets for recycled materials. In particular, it costs more to collect and recycle some materials in Australia than the recycled materials are worth at market. In short, the economics of the system do not currently support the outcomes Australia is seeking.



The next phase of packaging reform therefore needs to address the economics of the packaging system as a whole.

In line with its responsibilities as Australia's co-regulator for packaging, APCO developed a strategy to address the challenges identified through the review of the National Packaging Targets. This strategy – [APCO's 2030 Strategic Plan](#), was released in August 2024.

It set out an approach based on strengthening existing programs and introducing additional economic mechanisms to address these system barriers. These include eco-modulated fees to incentivise better packaging design and allocate costs more fairly, service payments to support increased collection, recycling and end-market development, and consumer education to improve collection and reduce contamination.

Together, these measures provide the foundations of an extended producer responsibility approach. Importantly, the approach is designed for implementation under an industry-led, co-regulatory framework like the Covenant, that has strong government support to ensure accountability and participation by all brand owners. Under the approach, producers take greater responsibility for the downstream impacts and costs associated with the packaging they place on the Australian market, and are able to acquit this responsibility efficiently through collective action.

APCO's engagement with members, governments and other system stakeholders since the release of the 2030 Strategic Plan has reinforced the case for a nationally consistent EPR approach.

The design of the EPR approach matters.

It must be nationally consistent, effectively enforced and accountable for measurable outcomes. It should minimise unnecessary cost and complexity for businesses, reward better packaging decisions, protect existing investment and ensure that funds raised from producers are directed to interventions that improve packaging outcomes.

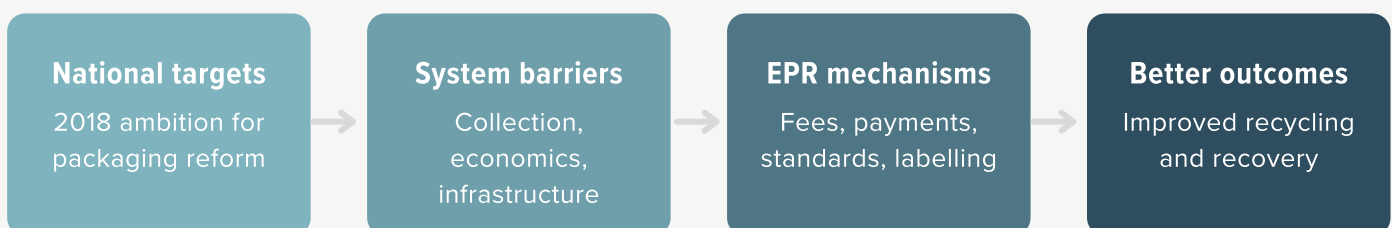
The introduction of new mechanisms must also be carefully phased. New obligations and costs need to develop alongside the collection, sorting, reprocessing and end-market capacity required to deliver the intended outcomes.

It will be important to build on the infrastructure and capability that already works. This includes the [Australasian Recycling Label](#) (ARL), the [Sustainable Packaging Guidelines](#) (SPGs), national packaging data and reporting systems, recyclability assessment capability and established stewardship programs.

These capabilities represent significant investment by industry and government and provide a practical foundation for the next phase of reform.

The approach must be grounded in economic reality. Nationally consistent EPR, implemented under a national measure – whether new regulation or the existing framework of [The National Environment Protection \(Used Packaging Materials\) Measure 2011](#) (NEPM) and Covenant - offers the lowest-cost, most effective long-term approach. State-by-state regulation (as is the case with container deposit schemes, for example) would increase cost and complexity for businesses operating nationally.

Reform logic flow



The Australian Packaging Covenant has provided a nationally consistent framework for packaging stewardship in Australia since 1999, and has evolved substantially over that period.

The **current Covenant commenced in 2017** and introduced independent governance, stronger government oversight, and an increased focus on measurable industry outcomes.

Since then, participation has grown from fewer than 900 brand owners to more than 2,400. Australia has established a national consumer recycling label through the ARL, strengthened packaging design guidance and recyclability assessment, and developed national data and monitoring capability to track packaging consumption, recovery and progress against national targets.

These capabilities should be built upon as Australia moves to stronger packaging regulation and EPR.

The existing framework should not constrain the design of future regulation. Where new regulatory authority or mechanisms are required, they should be introduced. Equally, reform should avoid unnecessarily replacing national infrastructure, capability and investment that can support the future system.

APCO has consistently supported the development of new Commonwealth regulation to underpin a national EPR scheme for packaging. However, in its role as co-regulator of the existing national framework, APCO has also provided an EPR model designed for implementation under the Covenant.

This model is set out in APCO's 2030 Strategic Plan. When APCO consulted on implementation of the 2030 Strategic Plan in 2025, members indicated they would support an EPR approach under the Covenant only if it was backed by effective government enforcement of the NEPM, there was clarity over future regulatory change, and they had confidence that the model was right.

The following policy positions set out the principles and system settings APCO believes should guide the transition to a nationally consistent EPR framework. They will continue to be reviewed as government policy, market conditions and the packaging system evolve.



Policy
01

Governance and administration

APCO's governance position rests on a clear division of responsibility: government sets the outcomes and a single, independent administrator delivers them.

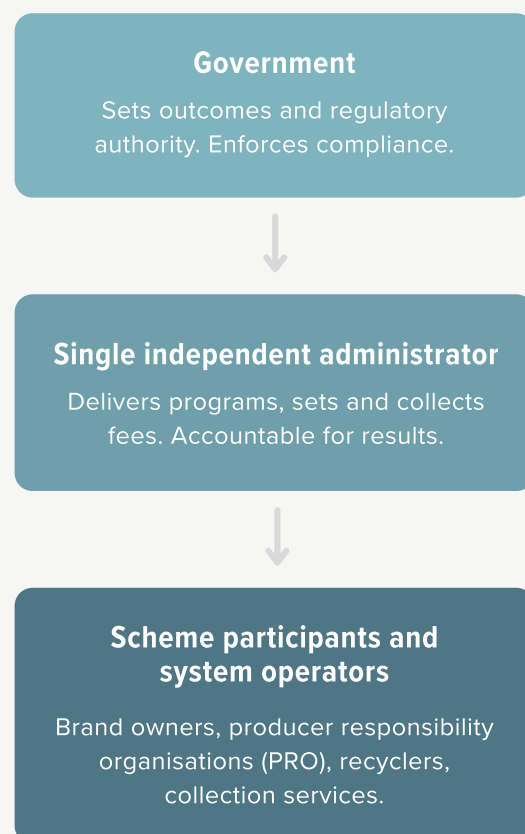
Regulatory framework

APCO considers that a co-regulatory model would deliver the best outcomes for industry, government and the system. Under a co-regulatory model, government sets the outcomes and industry delivers them through an accountable, independent administrator (also called a co-regulator). This provides for greater engagement of industry expertise in the design and implementation of technical elements of the approach, such as design standards, recyclability labelling, and waste system standards.

Two key considerations in delivering a co-regulatory framework are national consistency and ensuring participation by all liable brand owners.

A nationally consistent approach is essential to avoid the unnecessary cost and complexity caused by having multiple schemes, each with their own compliance pathway. APCO has sought the development of a Commonwealth-led scheme for that reason. In the absence of a new national scheme, the existing NEPM and Covenant provide a national co-regulatory framework that could, with the support of governments and industry, underpin an EPR approach for packaging.

Under any approach, effective enforcement by government is needed to ensure full brand owner participation. Inadequate enforcement was identified in the 2021 review of the existing co-regulatory arrangement as a barrier to its effectiveness. Enforcement by state and territory EPAs has been strengthened in recent years, but will need to be strengthened further if the existing arrangement is to underpin packaging EPR.



Single administrator

A scheme with a single administrator is preferred, as a scheme with multiple administrators could have potential perverse outcomes, including:

- Duplication of administrative overheads.
- A 'race to the bottom' in the quality of system outcomes, which has been seen in existing co-regulatory schemes where administrators compete on cost for market share.
- Reputational damage and poor system outcomes when collection and recycling services are withdrawn at short notice due to changes in administrators' market shares.
- Added complexity in managing national programs, such as the ARL.

Accountability

Under a co-regulatory scheme, the independent scheme administrator is normally accountable for outcomes, and this is APCO's preferred position. This enables liable brand owners to acquit their obligations collectively, and efficiently, through the administrator. To enable this, the administrator must have sufficient regulated authority to deliver on its obligations, for example by contracting with PROs and requiring actions by members (e.g. labelling, reporting). Power to enforce liable brand owner participation would rest with government (as is currently the case with the NEPM).

The alternative, which is more common under direct regulation models, is for government to hold liable parties individually accountable for obligations, such as use of design standards and inclusion of recycled content, which would increase complexity and reliance on government's regulatory capability.

National Packaging Targets

The current targets have played a critical role in guiding the actions of APCO and brand owners since they were established in 2018.

To guide the new EPR approach, new targets must be established that are sufficiently ambitious to drive action that wouldn't otherwise occur, but also achievable to enable appropriate accountability.

- The targets should be part of a broader framework of outcomes that integrates targets for things such as recycling and recycled content, into a broader set of outcomes and indicators for the future co-regulatory arrangement. These could include, for example, outcomes relating to design standards and labelling, and other indicators of the ability of the system to enable target achievement over time.
- The Administrator should be required to report on the targets and other outcomes and indicators to inform any remedial action needed to keep the system on track.
- Transitional arrangements under the Recycling and Waste Reduction (RAWR) Act should give brand owners credit toward the new targets for eligible recycling and recycled-content activity undertaken before the scheme commences.

EPR fee design

The 2030 Strategic Plan sets out an EPR fee model based on the packaging that each brand owner places on the market.

Fees must stay within the system. Government should not collect and spend fees.

All fees should be kept within the system, to pay for interventions such as collection and recycling and administer programs such as the ARL. The administrator should be responsible for setting and collecting fees, and for determining how the fees are spent.

- Under the model, fees applicable for packaging materials would be linked to costs associated with that packaging, for example costs associated with increasing collection and recycling of those materials.
- Fees could also establish incentives for design choices, such as increasing recyclability or avoiding disruptive materials.
- The model should be transparent, fair and proportionate, aligned to system need, and designed to avoid duplication, including where packaging is already funded through other high-quality recovery pathways.

Design standards

Clear design requirements need to be in place for brand owners.

Under the current framework of the NEPM and Covenant, brand owners are required to refer to the SPGs. Brand owners using the ARL are required to put their packaging through an evidence-based recyclability assessment.

Under an EPR approach, design standards should be developed and administered by industry, within a regulatory framework established by government, and should build on the SPGs and ARL recyclability assessment. Government should set the required outcomes and accountability framework rather than directly determining technical packaging design standards. Standards should include clear compliance thresholds supported by reliable reporting and assurance data.

APCO's existing capabilities in packaging design guidance, the SPGs, and the ARL recyclability assessment provide a practical foundation for the development of packaging design standards and can support government as these obligations are developed and introduced.

National labelling: the ARL

A nationally consistent labelling scheme should be mandatory for all at-home B2C packaging, with the ARL operating as the national scheme.

Under a co-regulatory model, mandatory use of the ARL should be established as an enforceable member obligation administered by the scheme administrator. Building on the ARL, which has been established since 2018 as the national labelling scheme, will provide continuity for businesses and consumers, and protect the considerable investment made in it by brand owners and system stakeholders.

Where labelling is required for other packaging, such as away-from-home B2C packaging, the ARL should be adapted for that purpose.

APCO is strengthening the ARL through the Uplift Program; reviewing and updating the evidence base, rules and supporting systems behind the label to ensure it remains credible, practical and fit for purpose. This work includes considering how future ARL settings should operate within a changing regulatory framework and how member experience across reporting and compliance can be streamlined over time.

The ARL is uniquely positioned to deliver value to members, provide consistent information to consumers and strengthen national recycling capability during the transition to a future regulatory framework. In an extended transition period, it should continue to serve as a shared national asset that supports consumers, members and the broader system.

Australian recycled content

Recycled content requirements are a critical driver of demand for recycled materials and must be mandatory.

Demand for Australian recycled content is essential to addressing the economic barriers to recycling in Australia, and support for Australian recycled content must be part of the EPR approach.

Care is needed in designing and implementing these requirements because of the risk of perverse outcomes and the need to align demand and supply (e.g. ensuring collection and reprocessing are sufficient to meet increased demand for materials).

The scheme must include measures to preference Australian recycled content. These could include:

- Service payments to reprocessors that are sufficient to enable the recycled materials to be placed on the market at a competitive price.
- Where appropriate, specific targets or other mechanisms that increase demand for Australian recycled content in packaging.
- Targeted support to facilitate uptake of Australian recycled materials for packaging/non-packaging uses.

Waste and recycling system standards

Waste and recycling system standards, including MRF standards, are essential to provide certainty for brand owners about the materials that will be collected and sorted within the national system, and for the integrity of design standards and labelling.

While it may be possible to establish MRF standards through regulation, they could also be established and implemented directly by industry. Industry-owned standards could be given effect under a co-regulatory EPR approach through the administrator's contracts with waste and recycling system operators.

Assurance, traceability and data integrity

An effective data and assurance program is critical to ensuring integrity, accountability and confidence in EPR outcomes and administration. It must be core business for the scheme administrator.

- Data reporting and assurance for brand owners should be implemented as member obligations.
- Reporting, assurance and traceability for scheme partners such as PROs and their downstream contractors should be implemented through contractual arrangements.

APCO is investing in its packaging data and reporting capability to support more robust data quality, reduce duplication for members and build the foundations for future EPR reporting and assurance requirements. This work is designed to deliver practical value to members now while ensuring APCO's systems are ready to support the requirements of a future mandatory framework.

Phasing and cost impact management

Phasing will be necessary to manage implementation risks for brand owners, system stakeholders and outcome delivery.

- Risks include the ability of businesses to absorb the cost of EPR fees, potential misalignment between system collection reprocessing and end market capacities, and inefficient targeting of delivery mechanisms.
- Phasing must be undertaken as a coordinated approach that addresses targets and other outcomes, the amount of fees payable, and the complexity of obligations (e.g. reporting) for liable parties.

A staged reform pathway increases the importance of building and demonstrating practical implementation capability ahead of regulation. APCO's existing systems, industry reach, packaging data, the ARL and program delivery experience provide a practical bridge between current arrangements and a future mandatory framework. These should be maintained and strengthened throughout the transition.

While the EPR approach remains in development, APCO is progressing work across several areas that deliver value to members today and build readiness for the future approach.

ARL Uplift Program

Strengthening the evidence base and rules behind the label.

Data and reporting

Reducing duplication and improving member experience.

Sustainable Packaging Guidelines

Practical packaging design guidance.

National packaging data

Tracking consumption, recovery and progress.

Stakeholder engagement

Working with governments, industry and the recycling sector.

Member support

Compliance, reporting and program access.

ARL Uplift Program

APCO is currently reviewing elements of the label to improve alignment across packaging design, labelling, reporting and compliance. This work includes reviewing the evidence base that informs the ARL packaging rules and considering how the label can best support consumers.

Data and reporting capability

APCO is progressing work to improve how reporting and information are managed across APCO requirements, with the aim of reducing duplication, improving usability, strengthening data quality and supporting a simpler member experience.

Packaging design support

The Sustainable Packaging Guidelines and recyclability assessment continue to provide members with practical, evidence-based tools to inform packaging decisions and demonstrate progress.

National packaging data

APCO's annual Packaging Consumption and Recovery Report and supporting data programs provide visibility across the system and inform the evidence base for designing and implementing EPR mechanisms.

State and territory engagement

With administrative and enforcement responsibility for the NEPM, state and territory governments are key stakeholders and allies in the Covenant. APCO is working to strengthen the practical value of the Covenant to state and territory governments, including through the ARL, packaging data and areas of shared interest such as members' action to phase out PFAS.

Looking ahead

Effective EPR provides the opportunity to connect producer responsibility with investment in collection, recycling and end markets.

APCO's objective is a nationally consistent system that uses what already works, adds new mechanisms where these are needed to address gaps, and gives governments, businesses and the community confidence that increased producer responsibility will translate into better packaging outcomes.

Whether this is delivered through the existing co-regulatory arrangement or through new regulation, the practical requirements remain the same: nationally consistent rules, credible labelling, robust data, workable design standards, fair fee structures and accountable administration. APCO is building these capabilities now and will continue to do so as the approach develops.

APCO will continue to work with its members, governments and system stakeholders to develop these positions as Australia's packaging framework evolves.

Glossary

APCO	The Australian Packaging Covenant Organisation. A member-based organisation and co-regulator of the Australian Packaging Covenant.
ARL	The Australasian Recycling Label. On-pack labelling providing consumers with disposal information for each packaging component.
Covenant	The Australian Packaging Covenant. The industry-led component of Australia's national packaging framework.
Eco-modulation	Adjustment of producer fees according to the environmental performance of packaging, so that better-performing formats attract lower fees.
EPR	Extended producer responsibility. An approach under which producers are financially or physically responsible for the management of their packaging at end of life.
Material recovery facility	A facility that receives, sorts and bales collected recyclable material. Commonly abbreviated to MRF.
NEPM	The National Environment Protection (Used Packaging Materials) Measure 2011, the legal instrument giving effect to co-regulatory packaging obligations across jurisdictions.
Producer responsibility organisation	An entity that arranges collection, recycling or related services on behalf of producers to meet their obligations. Commonly abbreviated to PRO.
Reprocessing	Industrial conversion of collected packaging material into usable inputs, such as plastic pellets or paper pulp.
Sustainable Packaging Guidelines	APCO's framework for assessing and improving packaging design against sustainability criteria. Commonly abbreviated to SPGs.



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