

## Productivity Commission Inquiry – Opportunities in the Circular Economy Submission

### Introduction

Reloop<sup>1</sup> is pleased to make a contribution to the Productivity Commission (PC) Inquiry into the Circular Economy (CE).

Our comments herein are restricted to two policy areas of interest, namely used packaging regulations and container deposit schemes.

### Used Packaging and CE Opportunities

In addition to this brief, I'm attaching Reloop's submission to the recent (closed Monday 28<sup>th</sup> October) Reform of Packaging Regulation, Consultation Paper from the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW).

The Federal process is the most important potential contribution to CE outcomes for used packaging in Australia's history. Reloop and other's analysis of a draft Federal position on packaging regulations are I'd suggest of value to the PC thinking in the realm of packaging recovery.

Reloop is genuinely congratulatory of the Departments 'Reform of Packaging' Consultation Paper and the extensive analysis undertaken by the researchers and authors. The paper provides a good basis from which to advance packaging regulation in Australia.

However, we are also concerned the proposed scheme could replicate the challenges associated with last years '[Red Cycle](#)' scheme and 'collapse', in particular as the generator of this scheme commented, that along with supply chain issues was, '... the lack of procurement by end markets.'

While Australia is party to the so called 'High Ambition Coalition'<sup>2</sup> regarding a legally binding UN Treaty on plastic pollution and seeking increased CE outcomes for plastics internationally, at home the policy agenda seems decidedly unambitious.

In particular, Reloop is concerned with the following aspects of the current policy debate on used packaging.

- The Commonwealths apparent lack of intent to impose through regulations (it appears they are proposing some kind of Extended Producer Responsibility (EPR) scheme) the 'Full Net Costs' of Recycling (FNC) on producers and liable parties
- A true EPR scheme will oblige liable parties to pay the FNC<sup>3</sup> of the collection, sorting and processing of their packaging materials.
- A current consultation for a plastic EPR scheme in New Zealand embodies exactly this principle (though we are working through the details of the final fees)
- And throughout European packaging EPR schemes FNC is imposed which results in:
  - Hundreds of millions of Euros of fees
  - Fees are used to reimburse councils for their kerbside packaging-collection-programs, as well as additional retail based and other collection schemes for used packaging

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<sup>1</sup> <https://www.reloopplatform.org/reloop-work/> Reloop works across five program areas related to Reuse, Collection, Measurement, Circular Economy and Financial Mechanisms related to packaging and includes work on a ambitious UN Plastics Treaty.

<sup>2</sup> <https://hactoendplasticpollution.org/>

<sup>3</sup> <https://clarity.eu.com/knowledge/extended-producer-responsibility-the-complete-guide/>

- Schemes build and operate new specifically designed MRF's for sorting and processing packaging materials

At present the consultation paper states that fees might be used to fill 'gaps in collection, sorting, recycling and reprocessing capacity'. This is insufficient and will maintain the existing cost burdens on councils for packaging collection and MRF's for existing sorting demands.

A true packaging EPR scheme should be setting ambitious collection and recycling targets; raising funds for existing and new collection infrastructure and programs; and following the lead set by Europe which enjoys packaging recovery and recycling rates in the high 90% range. A packaging scheme and its fees should be removing the cost burden on councils kerbside programs and reallocating this to producers and users.

Most importantly, scheme fees must be sufficient and targeted in a way that drives the three crucial elements of a CE for packaging, i.e. collection → processing → end markets. This would include potential subsidies (to help guarantee off-take contracts) for processed materials in order to bring parity for these materials with virgin materials.

Without a comprehensive scheme that takes used packaging right through to its 'recycled/ new product' phase Australia will not generate a CE for this material and any scheme is likely to fail.

### Container Deposit Schemes (CDS) and the CE

Australia has now (almost – Tas in 2025) universal coverage of a CDS. These state-based schemes are amongst the best examples of EPR and CE schemes in the country, and yet they underperform and could deliver so much more to the packaging circular economy.

The following table shows the recovery rate of used containers under CDS globally. While European schemes achieve very high recycling rates and CE outcomes, including Germany with a recovery rate of 98% and other EU states at 90%+, Australia's new-CDS are recycling only around 65%, while South Australia is around 75%.

The result of which is that around 3.5Billion drink containers that could be captured by Australia's CDS are still being littered or landfilled every year. That is a significant waste of material into the environment and away from the CE and represents an inefficiency that could be addressed.

While it is now difficult to amend the governance frameworks and the nature and extent of the collection networks – to make them more convenient for consumers to access – Ministers could simply increase the refund value (10c → 20c) and significantly increase the recycling rate. Recent analysis<sup>1</sup> suggests Australia could get up to 90% of bottles and cans back for recycling and consumers identify the low-value of the 10c refund as a principle impediment to their willingness-to-participate.

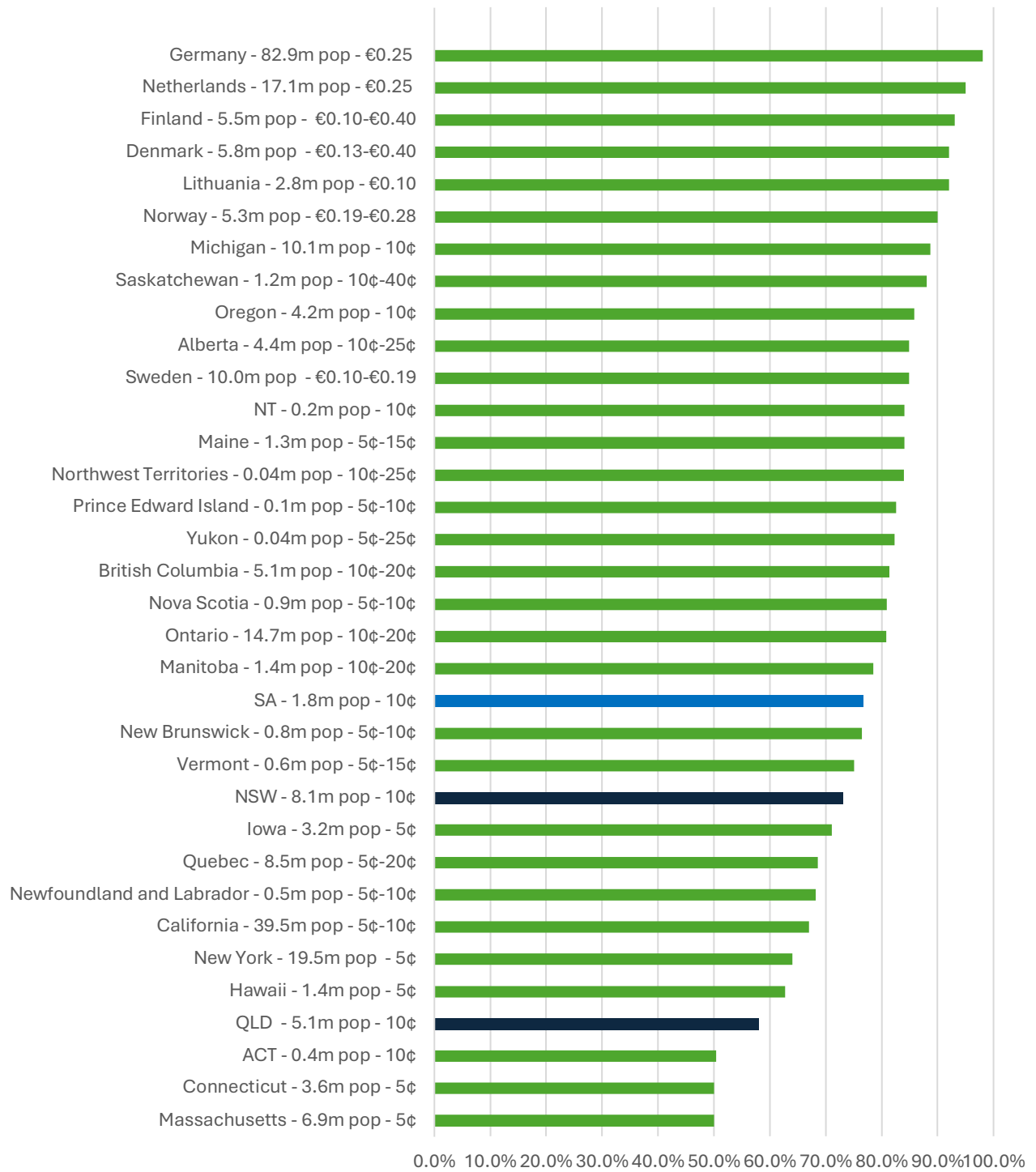
Importantly, as the summary analysis outlined above demonstrates, there are also significant job and economic outcomes from an increased return of containers into the CDS.

In addition to increases in recycling rates for existing eligible containers there is an ongoing policy discussion to include additional glass bottles of wine and spirits. ReLoop supports this proposition as glass cullet is readily absorbed into the manufacture of new bottles and yet large volumes of this material are also lost the CE.

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<sup>1</sup>[https://assets.nationbuilder.com/boomerangalliance/pages/21/attachments/original/1715301490/HH\\_20c\\_Fact\\_sheet.pdf?1715301490](https://assets.nationbuilder.com/boomerangalliance/pages/21/attachments/original/1715301490/HH_20c_Fact_sheet.pdf?1715301490)

## GLOBAL RETURN RATES



**END**

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